

Hoytford Hills Sandown, NH

FISCAL IMPACT ANALYSIS

September 28, 2020



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1. Introduction

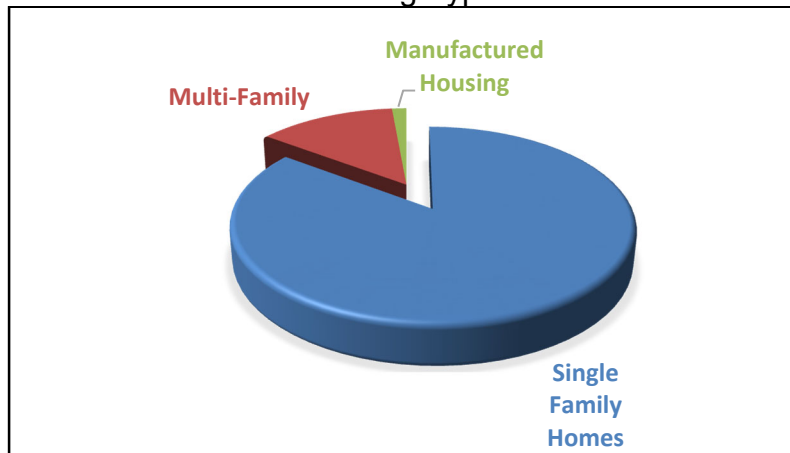
Fougere Planning and Development has been engaged by D & H Construction to undertake this Fiscal Impact Analysis for the proposed development of a 48 unit townhome condominium permitted under the Town's Open Space Development Zoning Ordinance. Thirteen buildings are proposed consisting of three & four-plex structures and will consist of two bedroom units. The 80.6 acre site is located at the intersection of Ferguson Lane and David Lane and will include 39.8 acres of open space. The entire project will be privately managed with access ways maintained by the condominium; in addition trash disposal will be private. An onsite well and community septic systems will serve the housing units.

Local Trends

Census figures report that from 2000 to 2010 Sandown's population increased from 5,143 to 5,896, resulting in a 16.3% growth rate over the 10 year period. The NH Office of Strategic Initiatives (OSI) estimates the community's 2019 population to be 6,473.

A majority of Sandown’s housing stock consists of single family homes, with 2018 OSI data reporting 2,063 homes out of a total housing stock of 2,421 units as outlined in Figure One.

Figure One
Housing Types



Budgets

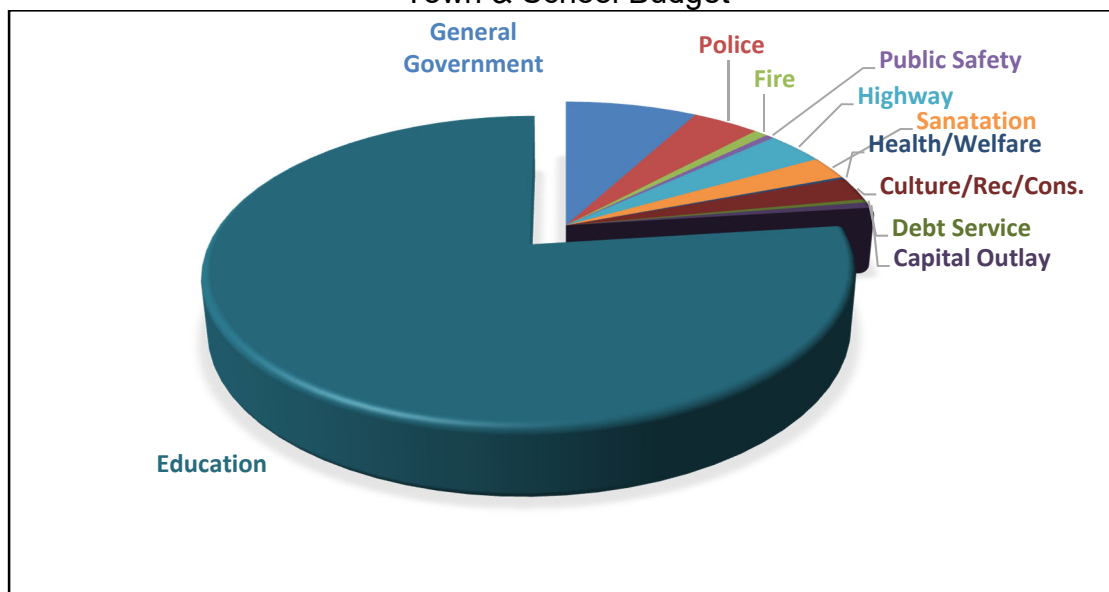
In 2019 Sandown’s total budget including school costs totaled \$18,138,083 as outlined in Table One and Figure Two. Given the nature of the development proposal, the Fire, Police and School Departments will see the most direct measurable increased demand for services and therefore will be the focus of this analysis.

Table One
Year End Budgets¹

General Government	\$1,428,395
Police	\$728,090
Fire	\$148,035
Public Safety	\$88,275
Highway	\$638,146
Sanitation	\$455,310
Health/Welfare	\$42,124
Culture/Rec/Cons.	\$460,238
Debt Service	\$69,827
Capital Outlay	\$113,712
Education	\$13,965,931
Total	\$18,138,083

¹ 2019 Town Budget.

Figure Two
Town & School Budget



II. Fiscal Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used analysis to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for a new development. The premise of this method is that current revenue/cost ratios per person and per unit are a potential indicator of future revenue/cost impacts occasioned by growth. New capital expenditures required for provision of services to a development are not added to current costs; instead, the present debt service for previous improvements is included to represent ongoing capital projects. The advantage of this approach is its simplicity of implementation and its wide acceptance by both consultants and local officials. The downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case as costs are exaggerated significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$17,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, all of

which will be minimally impacted by the addition of one student. The “true cost” could be significantly less, especially in those communities with declining enrollment.)

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, there is an existing municipal “level of service” present in Sandown to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any, impacts. In reviewing the potentially impacted departments specifically, a more accurate picture of anticipated cost impacts can be determined.

Given the nature of the proposed project, as will be shown by the analysis below, measurable impacts will be limited to a few Town departments. Any required off-site traffic and roadway improvements are expected to be addressed during the approval processes. Solid waste generated by development will be removed by a private hauler. All on-site property improvements will be maintained privately. Measurable impacts of the redevelopment are expected to result to a few town departments, most notably the School Department, along with the Police and Fire Departments. Other Town agencies are projected to experience little or no measurable impacts from the proposed development.

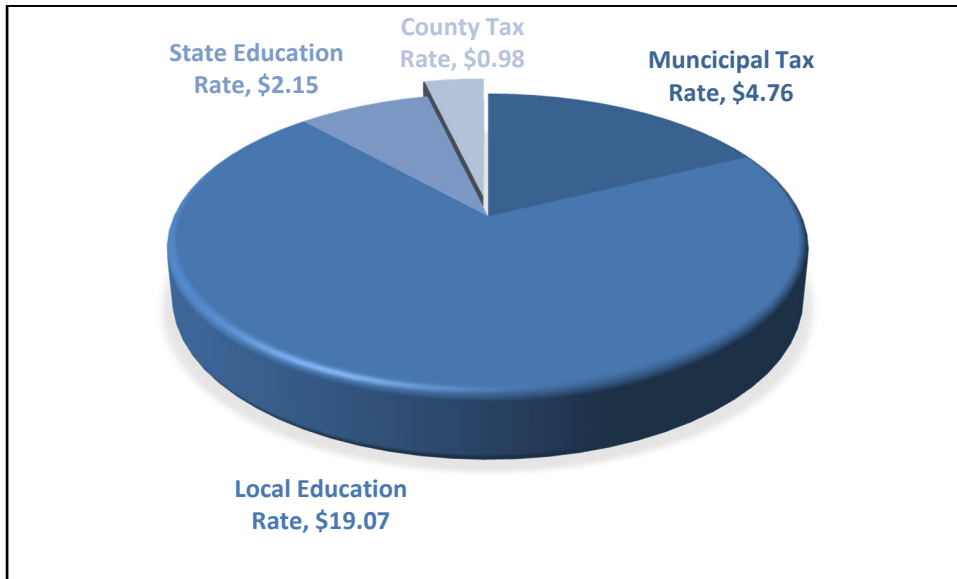
Fougere Planning spoke with a number of key Town department heads and officials during the development of this Report. The purpose of these discussions was to outline the fiscal impact approach, as well as to hear concerns about present service capacity and how the proposed development may impact their department.

III. Local Revenues from Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for New Hampshire communities. The 2019 Tax Rate for Sandown is \$26.96. For this analysis, the local tax rate of **\$25.98** will be used, excluding County taxes from all calculations. Figure Two outlines the tax rate breakdown.

Figure Two
2019 Tax Rate



Based on local market conditions, it is anticipated that the condominium units will sell in the low \$400,000. For this analysis we will use an average price point of \$420,000. We spoke with a town assessing official who indicated that given the Town's assessment ratio (77%), the sales price of the units would not be reflected in the unit's assessment. Looking forward he believes the assessment ratio will decrease to 75% and therefore we will use this ratio in this analysis. Table Two outlines the estimated \$392,818 municipal property tax revenue that will be generated by the proposed project.

Table Two
Anticipated Property Tax Revenue

Units	Est. Assessed Value	Est. Value	Property Taxes
48	\$315,000	\$15,120,000	\$392,818

B) Miscellaneous Yearly Revenues

Motor Vehicle Registration

Another major revenue source for the community is from motor vehicle permit fees. In fiscal year 2019 the Town of Sandown received a total² of \$1,410,680 from this revenue source. Table Three outlines the projected revenue stream of \$20,160 from the proposed project.

Table Three
Motor Vehicle Permit Fees

Vehicles	Average Value	Permit Fee	Motor Vehicle Revenue
84	\$20,000	\$12/\$1,000	\$20,160

C) Total Project Revenues

The proposed development is expected to generate \$412,978 in revenues from both property tax and automotive permit fees; Table Four.

Table Four
Projected Gross Revenue

	Estimated Revenue
Estimated Property Tax Revenue	\$392,818
Estimated Automotive Fees	\$20,160
Total Estimated Project Revenue	\$412,978

IV. Municipal Service Costs

Given the nature of the proposed development project, as will be seen by the analysis below, few significant impacts will be felt by Town Departments. All proposed access ways will be private and all maintenance expenses paid for by the condominium owners. This is not to infer that no costs will occur as a result of this project. Measurable impacts will be felt by both the Police and Fire

² 2019 Town Clerk Report

Departments who will see minor increases in activity, along with new students enrolled in the school system.

A. Municipal Department Impacts

Police & Fire

The Police and Fire Departments will experience some increased demand for services from the proposed project. To gain an understanding of the degree of impact this project may have on these services, emergency call volume data has been obtained from 337 condominiums³ in the region. Table Five outlines the findings from this research.

Table Five
Average Calls: Police-Fire-EMS

	Town	Units	Avg. Police Call Per Year	Avg. Police Call Per Unit	Estimated Calls
Condominiums					
Vista Ridge	Londonderry	243	106	0.436	
Sterns Lane	Merrimack	24	25	1.042	
Maple Ridge	Merrimack	70	55	0.786	
Total Units		337	186	0.552	
Hoytford Hills Condominium		48			26
		Units	Avg. Fire Call Per Year	Avg. Fire Call Per Unit	Estimated Calls
Condominiums					
Vista Ridge	Londonderry	243	15	0.062	
Sterns Lane	Merrimack	24	6	0.250	
Maple Ridge	Merrimack	70	13	0.186	
Total Units		337	34	0.101	
Hoytford Hills Condominium		48			5
		Units	Avg. EMS Call Per Year	Avg. EMS Call Per Unit	Estimated Calls
Condominiums					
Vista Ridge	Londonderry	243	16	0.066	
Sterns Lane	Merrimack	24	5	0.208	
Maple Ridge	Merrimack	70	4	0.057	
Total Units		337	25	0.074	
Hoytford Hills Condominium		48			4

Police Department

³ Garden style buildings tend to have higher call rates than townhomes. Based upon data from 955 townhome condominiums in MA; estimated police calls are 12, along with 2 fire calls and 3 EMS calls.

At project completion, the Police Department may realize an estimated increase of 26 new calls for service annually. To put these new calls in perspective, the Department received 13,763 Calls for Service⁴ in 2019 and 11,652 calls in 2018.

In order to gain an understanding on current police operations and review the call data noted above, the Consultant spoke with Police Chief Gordon. The Chief believed that the Department can accommodate the increased calls from the proposed development. In addition, the Chief believes the noted calls may be on the high side based on his experience and demands on his Department may actually be lower. This observation is consistent with footnote 3 which, based on call data from townhome condominiums in MA, estimated 12 police calls. The Chief also noted that he would expect calls during the construction phase of the project as well.

To assign some cost as a result of the increased demand for service, a number of options were reviewed including cost per call and cost per capita. Since calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$1,560 as outlined in Table Six. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development, but assigns a “cost” to account for this new land use in the community. To be conservative we will increase this estimated police cost to **\$5,000**.

Table Six
Police Department Impact

Department	FY 2019 Budget	Calls ⁵	Cost/call	Est. Calls	Annual Cost
Police	\$740,198	12,700	\$60	26	\$1,560

Fire Department

For the Fire Department, a much more modest call volume is anticipated with 5 fire calls projected, along with 4 EMS calls. In 2019 the Department responded

⁴ Police Department Data.

⁵ Average calls from 2018-2019.

to a total 500 calls. It should be noted that Trinity Ambulance service transports patients in need of emergency care, but the Department still responds to all calls.

We discussed the proposed project with Fire Chief Tapley and he believed the estimated calls noted were reasonable. The Chief did not see any concerns relative to the proposed project. He did note that the Department is covered by volunteers and aside from the Chief, all members are on-call. As with the case of many fire departments in the State, maintaining a staff has been challenging and at some point paid employees may be needed to cover daytime hours.

As with the Police Department, to account for some impact from the proposed development a cost per call ratio was used which provides an estimated annual cost of \$3,861 as detailed in Table Seven. As with the Police Department, to be conservative, we will increased the cost to **\$5,000**.

Table Seven
Gross Fire Department Impact

Department	FY 2019 Budget	Avg. Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$214,424	500	\$429	9	\$3,861

B. Other Departments:

Building

Building Department costs were not included in this analysis because they are not permanent yearly impacts and will be offset by permit fees. Building permit fees are \$.20 per square foot. Based on current units sizes, building permit fees are estimated to be \$20,000.

Miscellaneous Town Departments

All roads within the development will be private and maintained by the condominium owners. Solid waste will be handled by a private contractor with no expense occurring to the Town. It is believed few other measurable impacts will

be realized that would result in budgetary impacts. To be conservative, we have allocated \$4,000 to account for unanticipated municipal costs.

Other One-time Revenue

The Town of Sandown charges School Impact Fees and for this proposed development, a fee of \$2,567 will be due for each unit at the time of building permit. A total of \$123,216 in School Impact Fees will be collected from this development.

C. School Department

As outlined above, 77% of all taxes are allocated to schools. This high ratio is typical in most communities and demonstrates that a large percentage of local taxes go towards supporting the school system.

To allocate expected costs associated with the proposed condominium development, the number of children that may live with the proposed residential community must be calculated. As previously noted the proposed project will consist of 48 two bedroom condominiums. Housing unit type, occupancy characteristics as well as number of bedrooms all play a significant role in the number of school age children (SAC) that may reside within a proposed development. The highest per unit SAC ratio seen is from four bedroom single family homes, which can have ratios over one student per home. Garden style buildings (flats) generally generate the least amount of school children. The New Hampshire Housing Finance Authority engaged the services of Applied Economics Research⁶ to undertake an analysis statewide relative to enrollment trends based on housing types. Based in this analysis, for two bedroom single family attached units (townhomes), the Report outlined a per unit SAC⁷ ratio of .22. Applying this ratio to the subject site generates an estimated **11** (48 units x

⁶ Housing and School Enrollment in New Hampshire: A Decade of Change, June 2012 Applied Economic Research.

⁷ A lower per unit SAC ratio of .14 was reported for two bedroom single family attached units, but to be conservative, the higher ratio was applied.

.22/unit = 10.56) school age children residing within the proposed condominium complex.

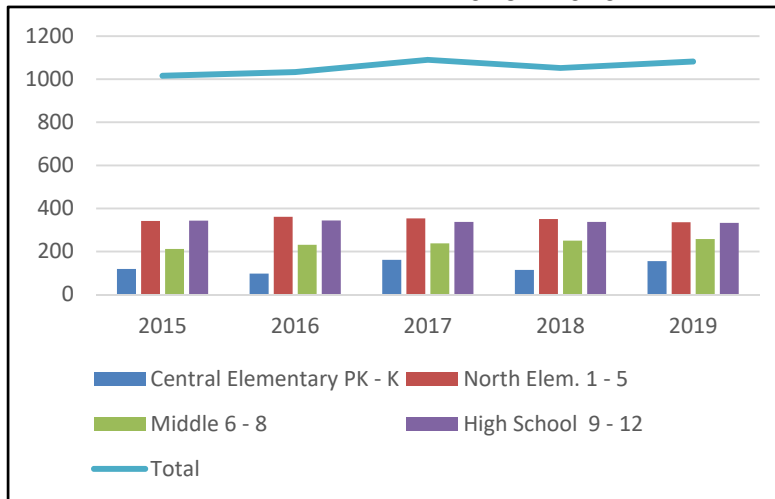
School Enrollments

The Town of Sandown is part of Timberland Regional School District consisting of four area towns. Sandown operates two local schools, the Central School for pre and kindergarten age groups and North Elementary for grades 1 – 5. Middle and High School students attend Timberland regional schools in Plaistow. As detailed in Table Nine and Figure Three, some grade levels have seen increased enrollment and others have seen decreases. At this time, adequate capacity⁸ exists within all schools.

Table Nine
School Enrollment Trends

Grade Level	2015	2016	2017	2018	2019
Central Elementary PK - K	119	97	161	114	155
North Elem. 1 - 5	342	361	354	351	336
Middle 6 - 8	212	231	238	250	258
High School 9 - 12	343	344	337	337	333
Total	1,016	1,033	1,090	1,052	1,082

Figure Three
School Enrollment 2015 - 2019



⁸ Master Plan Facilities Chapter, page 27, North Elementary capacity 500, Central 200, Middle School 900 and High School 1,500.

The average per pupil school District cost reported in school documents⁹ is \$17,463. This is a gross cost that includes many departments and overhead expenses that will not be impacted by enrollment increases. Some of these include ground and building maintenance, SAU office, School Board Services and the Office of the Principle. Based on reviewing more direct and applicable costs such as teaching services, we have estimated a per pupil cost¹⁰ of \$9,453. Applying this cost to the estimated 11 school children generates an estimated expense of **\$103,983**. It should be noted the School District receives State Aid based on number of categories including the \$3,708 per pupil which will assist in offsetting potential costs.

⁹ District 2019 Annual Report, page 46.

¹⁰ Estimated costs total \$32,528,487, District enrollment 3,441.

FISCAL SUMMARY

Table 11

Gross Rev. Taxes & Car Registrations	\$412,978
Total Municipal Costs	
Police	-\$5,000
Fire	-\$5,000
Misl. Town	-\$4,000
Schools	-\$103,983
Total Estimated Cost	-\$117,983
Net Positive Fiscal Impact	+\$294,995

Based upon the forgoing analysis, the proposed development project is estimated to generate gross annual revenues of \$412,978 and costs of \$117,983, resulting in a positive fiscal impact of \$294,995. Appropriate Town officials will assess local needs for services and will make decisions based upon facts that are before them. In all likelihood estimated costs will be lower than indicated.

Key findings supporting this conclusion include:

- ✚ The proposed project will include privately maintained access ways and refuse pickup.
- ✚ Calls to the Police Department are projected to increase by 26; a total of 13,763 Calls for Service received by the Department in 2019.
- ✚ Calls to the Fire Department are estimated to be 5 fire related calls and 4 ambulance calls. In 2019 the Department responded to 500 calls.
- ✚ A total of \$123,216 in School Impact Fees will be collected.
- ✚ Additional positive economic activity will occur in the local economy, with short term benefits of construction jobs and long term benefits of new residents supporting local businesses which contributes to local tax revenue in the community.