

FISCAL IMPACT ANALYSIS

TransFormations Planned Residential Development - CUP III Christian Hill Road

Amherst, NH

May 30, 2023



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Introduction

Fougere Planning and Development has been engaged by TransFormations, Inc. to undertake this Fiscal Impact Analysis. The report will review and analyze potential revenue streams as well as potential affects upon municipal operations from the addition of a 37 unit Planned Residential Development program consisting of: 33 single family homes and a four-plex. Six of these units will be sold as Workforce housing units, assisting the community in meeting its statutory housing requirements.

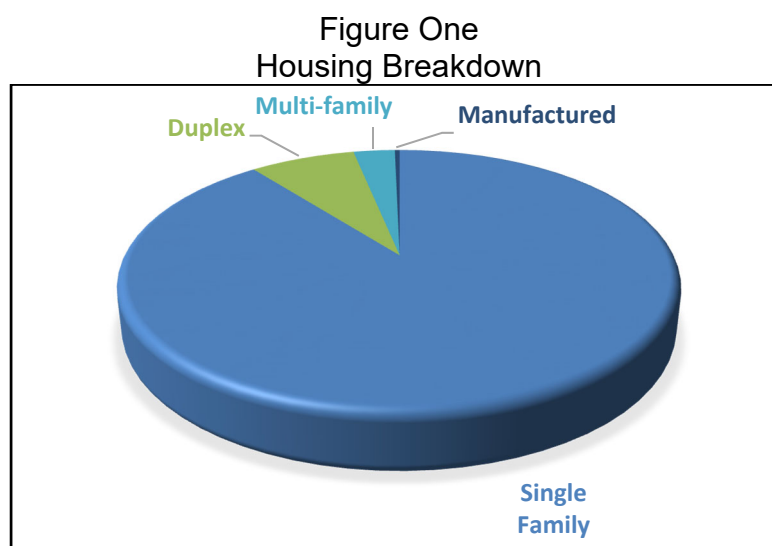
It should be highlighted that six of these units will be set-aside as Workforce housing units, adhering to the rental and price limits required by State Statute. These Workforce housing units will assist the community in meeting the target Workforce housing need highlighted in the recently published NRPC Housing Needs Assessment. The Report noted that, by 2030, the target goal for Amherst is 55 Workforce rental units and 117 owner occupied Workforce units. Each community in the State is mandated to provide a “reasonable and realistic opportunity for the creation of Workforce housing”. As part of the NH Business and Economic Affairs Department’s InvestNH Program, communities that “*issue permits for eligible housing within six months initial application*” can receive a grant award of \$10,000 per unit. The **\$60,000** Amherst would receive have few restrictions and the money may be used for any purpose the Selectmen decide upon.

The total size of the project is 119.9 acres on land that lies on both sides of Christian Hill Road and will include 49.5 acres of protected open space. Along with proposed frontage lots and units accessed via private ways, a new 1,200 foot long town road is proposed. On site wells and septic systems will serve the properties. To gain a full understanding of the fiscal ramifications to the community, this report will provide a fiscal impact analysis of the proposed project detailing the potential impacts 37 new residential housing units may have on the Town of Amherst.

Local Trends

Census figures report that from 2000 to 2010 Amherst's population increased from 10,769 to 11,201, reporting a minor increase in population over the 10 year period. 2020 Census data reports Amherst's population to be 11,753, a 4.9% increase since 2010. The NH Office of Strategic Initiatives estimates the town's 2021 population to be 11,940.

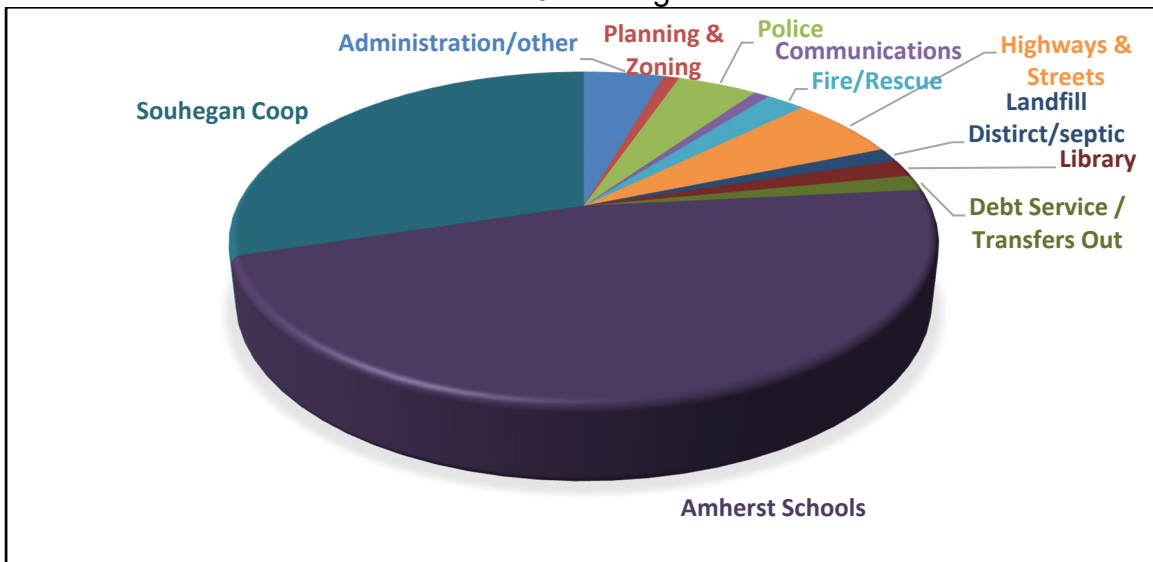
Approximately 89.4% of Amherst's housing stock consists of single family homes, with the most recent New Hampshire Office of Strategic Initiatives data reporting 4,032 single family homes out of a total housing stock of 4,506 units as outlined in Figure One.



Budgets

The Town & Schools FY2024 budgets total \$68,324,000. The School Departments, along with Police, Fire and DPW are some of the larger Departments in Amherst. Given the residential nature of the proposal, these Departments will experience measurable impacts from the proposed project and as such, they will be closely reviewed in this analysis. Figure Two details the breakdown of the Town's budget.

Figure Two
FY 2024 Budget



A. Fiscal Methodology Approach

Fiscal Impact Analysis can have many connotations, this analysis will follow the classic definition of fiscal impact as follows *“A projection of the direct, current public costs and revenues associated with residential or nonresidential growth to the local jurisdiction in which the growth is taking place.”*

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 basic premise of this method is that current revenue/cost ratios per person and per unit is 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 and costs can be understated or exaggerated; significantly in some instances. 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 \$18,000/year which includes such expenses 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, a “level of service” exists in Amherst 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 see negligible, if any impacts. In reviewing the potentially impacted town departments specifically, a truer picture of anticipated cost impacts can be determined. Both methodologies will be used in this Report. All estimated revenues and costs are in today dollars.

B. Local Revenues From Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for New Hampshire communities. The 2022 Tax Rate for Amherst is \$21.13; Figure Three outlines the breakdown of the tax rate. For purposes of this Report, a local tax rate of \$20.20 will be used which excludes the County Tax Rate.

**Figure Three
Tax Rate**

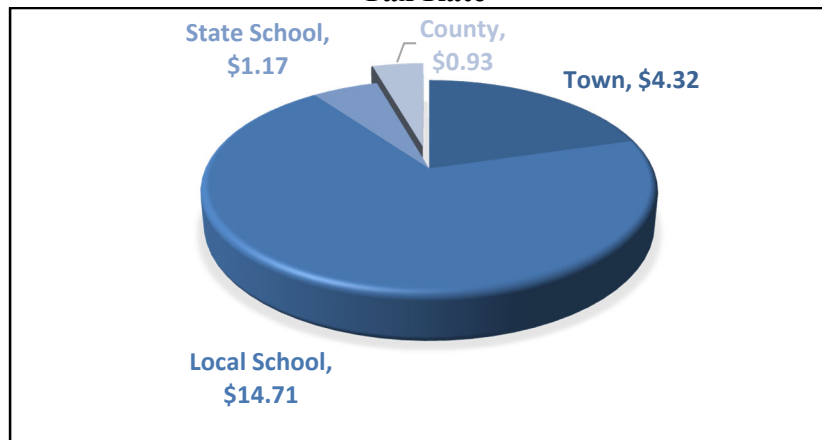


Table One outlines the estimated annual municipal property tax revenue that will be generated by the proposed development based upon anticipated sales pricing at this time. At final buildout, the project is estimated to be assessed for \$23,886,000 and generate \$482,497 in annual local property tax revenue.

**Table One
Anticipated Property Tax Revenue CUP III**

Four-plex Condo	4	\$1,170,000
Owner Occupied Units	33	\$22,716,000
Total Value	37	\$23,886,000
Annual Taxes	\$20.20	\$482,497

The subject sites are presently assessed for \$218,800 and generate \$4,419 in local property tax payments. Of the site's 119.9 acres, 117.9 acres are in Current Use and as such upon development, a 10% penalty will be due based

upon the Assessor's determination of each building lot's value. This penalty, once calculated, will generate significant one time revenues to the community.

B) Miscellaneous Yearly Revenues

Another major revenue source for the community is from motor vehicle registration fees which generated a total¹ of \$2,968,429 in FY2022. Based upon vehicle registrations and state fees, Table Two outlines the projected revenues from the proposed project.

Table Two Motor Vehicle Registration Fees			
	# ²	Vehicle Revenue	Total Value
Estimated Motor Vehicle Revenues	73	\$185	\$13,505

C) Total Project Revenues

The proposed development is expected to generate \$496,002 in annual property taxes and vehicle registration fees as summarized in Table Three.

Table Three Projected Gross Revenue	
Est. Prop. Tax Revenues	\$482,497
Est. Car Registrations	\$13,505
Total Estimated Revenue	\$496,002

B. Municipal Service Costs

Given the details of the proposed residential development project, as will be seen by the analysis below, measurable service impacts will be realized within a few Town Departments. Specifically, impacts will be felt by the Public Works Department, the School Department, the Police and Fire Departments. Very few measurable service increase impacts are anticipated to other town departments.

¹ Town Report, year ending June 30, 2022

² Fourplex-1.75 per unit and Single family homes assumes two vehicles per unit.

It should be noted the costs outlined are “estimates” and no actual tax impacts will be realized without review and approval by appropriate department heads, administrators and elected officials.

1. Residential homes

The Police and Fire Departments are projected to experience increased demand on services from the proposed project. For fiscal year 2024, the Police Department budget is \$3,007,910 and the Fire/Rescue Department³ \$1,722,730.

To estimate the potential number of police and fire department calls that this new land use could generate, we reviewed two data sources. The Town of Amherst Impact Fee Report prepared by BCM Planning, LLC reported⁴ that, on average, single family homes generate 5.04 police calls per unit annually and .44 fire department calls; in addition call data for other unit types including age restricted communities are were reported. In addition, we obtained three years⁵ of police and fire department call data from eight single family neighborhoods in Amherst totaling 119 units, along with data from four-plexes and age restricted units. As outlined in Table Four, based upon Impact Fee data sources, an estimated 180 annual police calls and 18 Fire Department calls are reported.

Table Four
Average Calls: Police & Fire/EMS

CUP III Emergency Calls	# Units	Impact Fee Report Police Calls Per Unit	Total Police Calls	Impact Fee Report Fire Calls Per Unit	Total Fire Calls
Single Family	33	5.04	166.32	0.44	14.52
Other Housing	4	3.46	13.84	0.76	3.04
Total CUP III	37		180		18

³ Includes FY22 Fire CRF cost of \$257,000.

⁴ Page 11, Amherst Impact Fee Report 2020.

⁵ Amherst Police Department supplied three years of emergency calls to eight single family neighborhoods; Edgewood Run, Mosswood Circle, Conifer Lane, Timber Chase, Ridgewood, Briarwood, Crestwood & Fernwood.

As an alternative to the emergency call data reported in the Impact Fee report, we collected three years of calls to various housing units similar to the ones proposed by TransFormations. As detailed in Table Five, the estimated calls from the proposed development is significantly less than noted above. To be conservative, we will use the Impact Fee call data in this analysis.

Table Five
Average Calls: Police & Fire/EMS – Updated

CUP III	Units	Police Calls/Unit	TransFormation Units	Est. Police Calls	Fire Calls/Unit	Est. Fire Calls
Single Family	119	0.136	33	4.488	0.075	2.475
Four-plex	40	0.25	4	1	0.18	0.72
Totals			37	5.49		3.20

Police Department

We met with Police Chief Mark Reams to discuss the proposed residential project. The Chief noted that at this time staffing levels are adequate, but they do have three positions they are attempting to fill. The Chief did not express any concerns relative to the proposed development, nor the estimated calls. The nature of the calls plays a significant role in the impact on the Department, with some calls being minor in nature and others requiring significant staff time. To assign some cost as a result of this estimated demand for service, a number of options were reviewed including cost per call, cost per capita and cost per unit. Since calls for service provides a clear measure of impact on the Department, this approach was used. 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 expanded land use in the community.

The Police Department will see the largest increase in call volume with 180 calls projected (3.4 calls a week). To put the call volume into perspective, the Department averages 10,563 calls⁶ a year (203 per week). To account for Police costs, an average cost per call was calculated and based upon an estimated 160 calls, results in a projected Police cost impact of \$51,300 as outlined in Table Six.

⁶ Emergency call data obtained from Impact Fee Report, page 11.

Table Six
Police Department Costs

Department	FY 2024 Budget	Calls	Cost/call	Est. Calls	Annual Cost
Police	\$3,007,910	10,563	\$285	180	\$51,300

Fire Department

As outlined above, the Fire Department may realize 18 new calls per year (.34 calls/week). In 2022, the Department responded to 1,648 calls, 31.6 per week. A meeting was held with Fire Chief Matt Conley and Captain Keven Hevey to review the project and discuss department operations. The Chief noted that EMS calls have been increasing and as the town grows, pressure will be placed on the Department from this project and others in the community. Overlapping EMS calls has also been a concern and the Chief just obtained approval to keep an older third ambulance as a “ready spare” to use if necessary during busy periods. This will allow the Department to respond to a calls quicker rather than having to request assistance from an adjoining community. The Chief did not have any issues with the proposed development and the Department is adequately staffed to respond to calls.

Based upon the per unit fire call ratios, an estimated 18 fire/EMS calls may be derived from the proposed development at buildout. In 2022 the Department responded to 1,648 calls per year. To account for some cost to the Fire Department, the Department’s budget was divided by the total calls to arrive at a cost per call of \$1,046 as outlined in Table Seven. This average cost approach generates a projected yearly Fire Department impact of \$18,828.

Table Seven
Fire Department Costs

Department	FY 2024 Budget⁷	Calls	Cost/call	Est. Calls	Annual Cost
Fire	\$1,722,730	1,648	\$1,046	18	\$18,828

⁷ Includes FY24 Fire CRF cost of \$257,000.

It should be noted that the Town of Amherst generates revenue from EMS calls and in FY22 collected \$414,416 in fees, an average of \$360 per call. Potential EMS calls to the subject site will assist in offsetting cost impacts to the Rescue Department.

Public Works

As noted above, the proposed PRD project will serve new homes fronting on Christian Hill Road, as well as a new cul-de-sac 1,200 feet length. We met with Public Works Director Eric Slosek to review the project and discuss potential impacts to his Department.

Road Costs:

The new roadways will require winter maintenance, as well as right-of-way clearing and drainage maintenance. To be conservative, we are using a cost average approach to account for potential increased costs associated with the new roadways. As such, we have estimated potential increased costs by reviewing the Department's total gross⁸ Highways and Streets budget and total road network. Based on this analysis, the road maintenance costs are estimated to cost \$7,044 annually for the new road as outlined in Table Eight.

Table Eight
Estimated Increased Road Costs

122 Miles Existing Roadways	Highway Budget ⁹ : \$3,786,140
\$31,033 mile	\$5.87 a foot
1,200 ft. new road	\$7,044 costs

⁸ This is a very conservative cost estimate, as this budget figure includes many non-road related town costs including town building maintenance and grounds.

⁹ Includes DPW vehicle and equipment acquisition & replacement CRF \$120,000.

Sanitation

To assign a cost for Sanitation, we reviewed the total costs to the community and divided this cost by the number of homes to arrive at cost¹⁰ per home of \$262. Applying this cost to the proposed development results in a total expense of \$8,646.

Street Lights

In addition, two new streets lights may be installed intersections with an annual operation cost¹¹ of \$376.

As summarized in Table Nine, CUP III DPW expenses are estimated to total \$16,066.

Table Nine
Estimated DPW Costs Summary – CUP III

Road Maintenance	\$7,044
Trash Disposal	\$8,646
Street Lights	\$376
Total	\$16,066

Highway Block Grant funding from the State, which is based upon the miles of maintained highway in the community, is allocated to the community each fiscal year. It is estimated that the Town of Amherst will receive \$323,653, or \$2,674 per mile, in Grant funding in FY2023. Based upon the proposed 1,200 feet of new roadway, it is estimated that the project will generate \$607 in new Highway Block Grant funding annually, assisting in offsetting new DPW expenses.

¹⁰ FY24 Sanitation costs total \$933,060, number of single –duplex –four family homes 4,450, discounted by 20% assuming some home owners have private trash pick; 3,560 homes.

¹¹ DPW report notes 133 street lights in town, costing \$24,900 annually; \$188 per light.

Other Departments

Given the type of development proposed, it is our opinion that no other measurable impacts are anticipated to other Town departments including those within the town hall and library¹². To be conservative, we will account for a miscellaneous cost¹³ of \$4,625.

¹² As reported previously, ample capacity exists within the Library, with active members increase from 5,701 in 2014 to 5,893 in 2022, a 3.3% increase over 8 years; Town Report data)

¹³ Potential other municipal costs estimated at \$125/unit.

B) School Costs

As noted above, 75.1% of the tax rate is allocated for schools. This high ratio is typical in most New Hampshire communities and demonstrates that a high percentage of local taxes go towards supporting the school system.

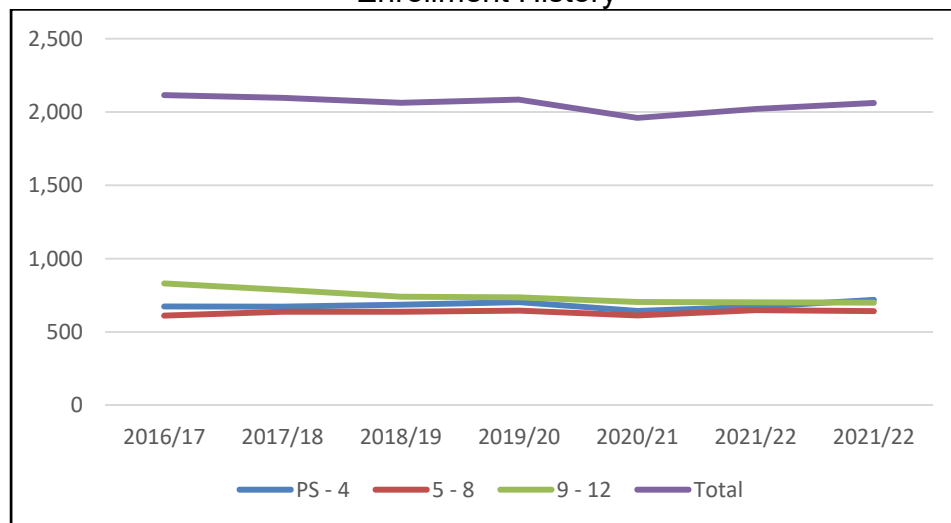
School Enrollment Trends

The Town of Amherst has two elementary schools, one middle school and one high school (the middle/high school operate as a Co-op District with Mont Vernon)¹⁴. Over the last seven years, enrollments have remained steady overall. The elementary school has realized an enrollment increase this past fall. In addition, increases have been seen in the middle school and the high school has seen a 15% decrease as detailed in Table Ten & Figure Four.

Table Ten
Enrollment History 2016 – 2022

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
PS - 4	673	672	685	703	644	671	719
5 - 8	611	637	637	645	612	648	641
9 - 12	831	787	740	736	704	702	700
Total	2,115	2,096	2,062	2,084	1,960	2,021	2,060

Figure Four
Enrollment History



¹⁴ Impact fee report notes total elementary capacity is 761 students, middle school 828 and high school 1,007.

Estimated School Age Children

To determine the potential enrollment impact to the school system, the number of children that may live in a development must be calculated; school age children ratio (SAC). To gain an understanding of potential impacts to the schools, we reviewed the Town of Amherst Impact Fees Report prepared by BCM Planning, LLC. This report notes that the SAC ratio for single family homes in .439 students¹⁵ per unit and .233 for the fourplex units. As outlined in Table Eleven, based upon BCM Planning's SAC ratio¹⁶, it is estimated that 15 school age children may reside within the proposed development. SAC ratio is also calculated based upon a ratios per 1,000 square feet of a home; using this analysis 17 SAC are estimated. Based on these figures, an estimated 15 – 17 new SAC may be generated by the 37 housing units.

Table Eleven
Estimated School Age Children

Unit Type	# Units	SAC/Unit	# SAC
Single family	33	0.439	14.49
Four-plex	4	0.233	0.93
			15

Table Twelve outlines the expected grade profile of the new students.

Table Twelve
Estimated Student Grade Profile¹⁷

Grade	SAC
K - 4	5.58
5 - 8	4.82
9 - 12	5.02

We met with Interim Superintendent Steven Chamberlin to review the proposed residential project and obtain an update relative to school operations. The Superintendent noted, for the second year in a row, the vote for a new elementary school and middle school renovation did not gain support in the community. In addition, the Amherst School budget was defeated resulting in the

¹⁵ Page 29, Table, Amherst Impact Fees Report 2020.

¹⁶ New homes, built between 2010-2019 have a lower SAC ratio of .288 per unit.

¹⁷ BCM Planning, page 29.

Default Budget being implemented. The School Board will be reevaluating the total building program again to further reduce project costs in the hope of gaining community support. It is anticipated that elementary enrollments will continue to grow in the near term.

Given the anticipated spread of new students throughout grade levels, the Superintendent believed they could accommodate the new students from the proposed project. Additional bus service will not be necessary to serve the development.

To account for potential staff increases or other costs that may impact the School District as a result of the proposed development (higher SAC of 17 is assumed), we discussed reporting a cost of one teacher (\$120,000) and an Aid (\$60,000) to account for these potential expenses. These costs would total **\$180,000** of potential school related costs and the Superintendent supported such expenses being noted.

At the request of the Superintendent, we were asked to review the number of children in a new single family home development. Based on data from the School District, 10 School Age Children live within the occupied homes located within the Founders Way development (26 homes)¹⁸. This equates to a per unit SAC ratio of .384, less than the Impact Fee ratio of .439. It should be noted that this 40 unit project has been under construction since 2010 and is still not completed. The proposed Christina Hill Road development will also take years to buildout, spreading any impacts on municipal services over many years.

It should also be noted the Town of Amherst receives Adequacy Aid¹⁹ from the State, which in for FY2024 is estimated to total \$7,780,383. At this time Base Adequacy per student aid equals \$3,866, which would generate \$65,722 in additional school Aid for the 20 new students. Other qualified State Aid that may be generated includes: Free and Reduced Lunch payments of \$1,933 per student, Special Education \$2,079, English learners \$756 and Third grade

¹⁸ As of May 2023.

¹⁹ NH Dept. of Education, FY20203 Estimated, dated Sept. 1, 2022.

reading \$756. These monies will assist in offsetting future costs to educate the estimated new student population.

One Time Fees

Aside from building permit fees which are estimated to generate over \$32,000 in revenue, the proposed project will pay police, fire, recreation, roads and school Impact Fees. Based upon preliminary unit sizes, Town Impacts Fees are estimated to total \$130,446 and School Impact Fees will total \$277,956; with total Fees estimated to be **\$408,402** as detailed in Table Thirteen.

Table Thirteen
Estimated Impact Fees

	Fee
Police	\$17,178
Fire	\$50,631
Recreation	\$24,411
Town Roads	\$38,226
Total Town Fees	\$130,446
Schools	\$277,956
Total CUP II Fees	\$408,402

In addition, as noted above, the property is presently in Current Use and a 10% penalty will be assessed upon unit site development.

C) Summary

Table Fourteen
Fiscal Summary

Gross Property Tax & Auto Registration Revenues	\$496,002
Municipal Costs	
Police	-\$51,300
Fire	-\$18,828
DPW	-\$16,066
Misl.	-\$4,625
School Costs	-\$180,000
Total Estimated Costs	-\$270,819
Net Positive Fiscal Impact	+\$225,183

Based upon the report's findings, gross yearly revenues estimated by the proposed project will total \$496,002. The anticipated yearly fiscal impact to the Town of Amherst is estimated to be \$270,819, resulting with a yearly positive fiscal impact of approximately **\$225,183**. Key findings supporting this conclusion include:

- As has been seen in the Founders Way project, the proposed development will take years to buildout, spreading any impacts on municipal services over many years.
- An estimated \$225,183 yearly positive fiscal impact will occur to the community, with actual positive revenue anticipated to exceed this figure.
- The approval of 6 Workforce housing units will allow the community to receive \$60,000 in unrestrictive revenue from the InvestNH Program.
- As each community is mandated to provide a "reasonable and realistic opportunity for Workforce housing", the proposed units will assist the community in meeting its obligation.
- Police and Fire Departments have the capacity to address new emergency calls.
- A range of 15 – 17 new school age children are estimated for the project which will be spread throughout all grade levels.
- Town Impact Fees are estimated to total \$130,446 and School fees are estimated to total \$277,956; impact fees are estimated to total \$408,402.
- Significant Current Use fees will be realized.