



April 18, 2018

Andrew Scribner-MacLean
Acting Town Administrator
Town Building
195 Main St.
Maynard, MA 01754

Reference: Proposed Powder Mill Place Multifamily Rental Development

Dear Andrew,

I am providing the following fiscal impact analysis of Powder Mill Place, a proposed 254-unit apartment development on land crossed by the Maynard-Acton town line. The focus of our work is the 81-unit component of the project that will be located in Maynard, though in some cases we have also considered the impact of the entire development. After reviewing this analysis, please let me know if you have any questions.

PROJECT SUMMARY

Powder Mill Place is a proposed 254-unit mixed-income apartment development on land that lies both in Maynard and Acton. If the project goes forward, the development would be permitted under G.L. c. 40B, §§ 20-23 ("Chapter 40B"), requiring approval from the Zoning Board of Appeals in each town. As currently conceived, Powder Mill Place would create 81 new apartments in Maynard and provide some assurance that the town meets the 10 percent minimum under Chapter 40B, at least for the next few years.

A majority of the Powder Mill Place land lies within Maynard and the site entrance is within Maynard as well. Access is from Powder Mill Road (Route 62), which extends along the site's southern boundary. The Assabet River runs around the north side. The boundaries of Maynard, Acton, and Concord converge very close to the property, and another large apartment development, the Concord Mews in West Concord, is less than a mile away. Over the past decade, Maynard's region – roughly bounded by Interstate Routes 95, 495, and 90, and State Route 2 – has attracted several mixed-income apartment communities. Powder Mill Place is indicative of growth in rental housing demand in Boston-area suburbs.

The fact that the site is spliced by a town line raises some important questions for a fiscal impact analysis. This is because the potential exists that one community will bear responsibility for

providing services to the entire project, i.e., to non-residents and residents alike. We have considered this possibility in our analysis of public safety costs because of all town departments, emergency personnel would be the most likely to respond to non-Maynard calls at Powder Mill Place. Still, there are some trade-offs because shared service delivery creates an opportunity for two towns to collaborate and perhaps work more efficiently.

In addition to options for shared service delivery, sharing utilities is an opportunity presented by projects like Powder Mill Place. In fact, that is one of the key topics on the table for the proposed development. The developer is seeking an agreement for Acton to provide public water and Maynard to provide sewer service to the entire site.

IMPACT CONCLUSIONS

Powder Mill Place will likely generate enough General Fund revenue to support the cost of municipal and school services used by its residents. **In our opinion, the cost-revenue ratio for this development is a tight but realistic 0.894, which means that for every \$1.00 of revenue generated by Powder Mill Place, the Town can expect to spend about 89 cents on services.** Service demands will be felt primarily in public safety and public schools, for as we noted in our previous analysis of 129 Parker Street, these are the services most directly affected by multifamily rental developments. Accordingly, we spoke with representatives of the Police Department, Fire Department, and Maynard Public Schools as part of our work on this assignment. The following tables summarize the General Fund revenue estimates we arrived at after consulting with Town staff, reviewing the Town’s recent financial history, and reviewing the information we received from the developer’s representative.

Table 1. General Fund Revenue (Numbers Rounded)					
A. Recurring Sources	Count	Total Assessed Value	Per Unit Value	Tax Rate	Total
Property Taxes (Units)	81	\$10,263,950	\$126,700	22.64	\$232,400
Excise Taxes (Vehicles)	154			200	\$30,800
Meals Tax	256				<u>\$1,000</u>
Total					\$264,200
B. Nonrecurring Sources					
Item	Sq. Ft.	Cost/Foot	Est. Construction	Permit Rate	Total
Construction Permit Fees	115,070	\$210.00	\$24,164,700	\$30	\$724,841
Sources: property tax revenue projection supplied by Angela Marrama, Maynard Assessor. Construction permit fees based on cost/foot assumptions and Building Department permit fee schedule.					

In addition, Powder Mill Place would generate \$889,000 in revenue for the Residential Sewer Service Connection Fee, which would be paid for the entire 256-unit project. Though not a part of the ongoing General Fund revenue stream for the project, the Sewer Service Connection Fee represents a sizeable contribution to the sewer enterprise in Maynard.

We used the **recurring** sources total of \$264,200 to estimate the fiscal impact of Powder Mill Place because the most important consideration from a community’s perspective is the ongoing demands created by new development. Arguably, the \$724,841 in building permit revenue from this project is significant. While Powder Mill Place is under construction – generating few demands except within the building department – the fee revenue it provides will help to offset the cost of operations of other municipal operations and the schools. As for permanent General Fund financing for permanent impacts, real estate taxes and excise taxes provide the primary source of support and this is why our analysis focuses on them. Sources such as the meals tax and user fees are important, too, but they will have a minor impact on the project’s total revenues.

Municipal Services

With the information available to us, we estimated the Town’s annual, recurring service expenditures at \$236,100 for the services that will experience an increase in demand from Powder Mill Place, as shown in the table below. As the Town may recall from our discussions about 129 Parker Street, the cost coefficient is a mechanism for adjusting the Town’s present average cost of a given service to simulate the predictable effects of a given land use. Since multifamily developments tend to generate a higher incidence of emergency service calls per household, we adjusted the Town’s existing per capita cost.

Table 2. Estimated Cost of Municipal Services					
	FY18 Appropriation	Per Capita	Cost Coefficient	Household Population	Total Cost of New Services
Police	\$2,469,821	\$231.80	1.15	149	\$39,800
Fire	\$2,129,172	\$199.83	1.25	149	\$37,300
General Government	\$3,370,746	\$316.35	0.19	149	<u>\$9,000</u>
Total					\$86,100
Source of town financial data: Town Manager’s Office. See Table 3 for Household Population calculation.					

The household population estimates in Table 2 are based on the following demographic analysis of unit sizes and average household sizes by unit price range.

Table 3. Household Population Projection for Powder Mill Place, Maynard						
Dwelling Units	Unit Count	Average Household Size		Household Population		Total Population
		Market Units	Affordable Units	Market Units	Affordable Units	
1BR	39	1.38	1.30	40.02	13.00	53.02
2BR	37	2.12	2.40	55.12	26.40	81.52
3BR	5	2.98	2.98	8.94	5.96	14.90
Total	81			104.08	45.36	149.44
					Rounded	149

Source of household demographic data: U.S. Census Bureau, PUMS Data, and Barrett Planning Group LLC multifamily database.
 Note: numbers may not total due to rounding.

In reviewing public safety costs, we considered the possibility that Maynard’s public safety personnel could be asked to respond to calls that actually generate from units on the Acton side of the development. We asked both the Police and Fire staff about this and what their concerns might be. The impression I have from both departments is that while that possibility exists, they did not seem concerned about it because the public safety personnel in both towns already work together and they already were communicating with Acton about the response protocol for this particular project. The more specific concern appears to be the future condition in which both Powder Mill Place and 129 Parker Street are finally built, occupied, and generating calls for police and fire response from opposite directions. However, there is no defensible way to assign a cost factor to Powder Mill Place for a situation that would be driven, in part, by activity in another part of town.

Public Schools

Dr. Robert J. Gerardi, Jr., the Superintendent of the Maynard Public Schools, is concerned about the impact of Powder Mill Place on his department. When we spoke with Dr. Gerardi in February, he seemed quite concerned about the department’s ability to accommodate enrollment growth in the school department’s existing facilities. He cited recent examples of classroom space challenges, such as moving the eighth grade out of Maynard High School because the classes for that grade significantly exceeded the school committee’s class size policies.

Dr. Gerardi provided us with recent PK-12 enrollment data (Fig. 1) and projections the school department is working with, both from the New England School Development Council (NESDC) and the school department’s own high-low analysis. Fig. 1 shows that Maynard’s total enrollment increased steadily after 2010, but it has begun to level off and may be declining – as is the case in so many school districts in Eastern Massachusetts.

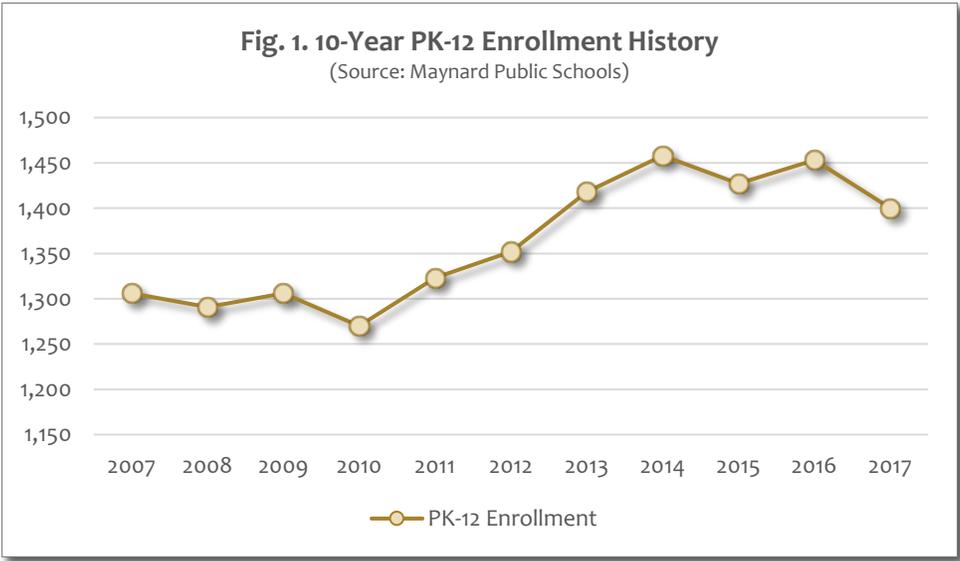
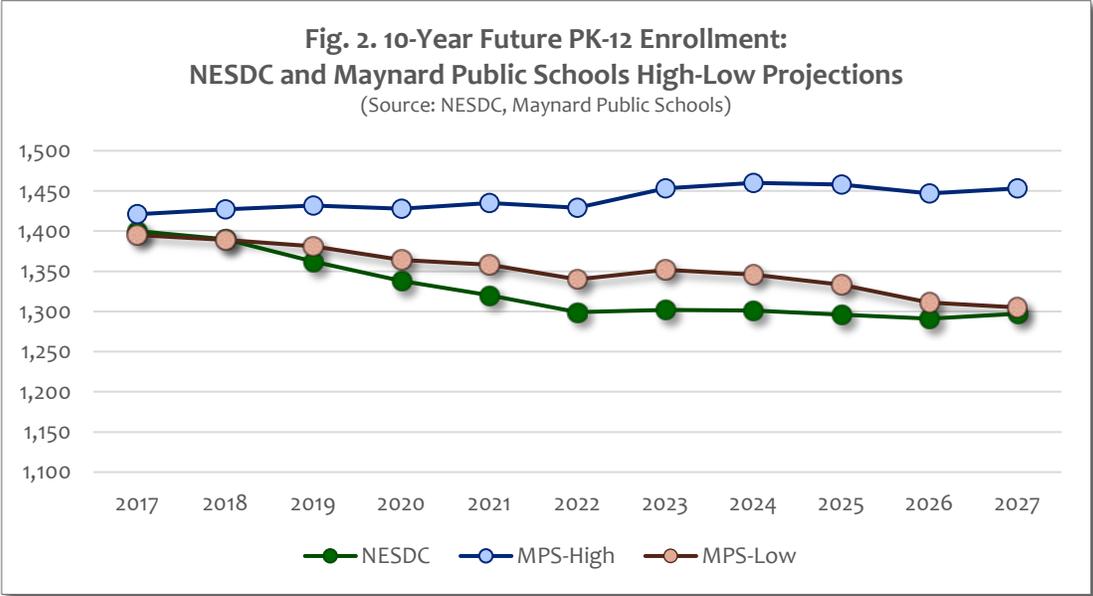


Fig. 2 shows that while the NESDC and Maynard “low” estimates are very similar, both indicating a reduction by 2027 of approximately 150 students per year, the school department’s higher projections anticipate fairly steady enrollment of about 1,450 students over the next ten years.



As we understand it, the challenge for Maynard has less to do with overall school building capacity than the Town’s ongoing, annual struggle to provide adequate funding for public education. According to data supplied by the Town Manager’s office,¹ Maynard’s three school

¹ “School Capacity Fact Sheet,” April 2015.

buildings can accommodate a combined total of 1,775 students. In 2017, the most recent year for which we have full-year enrollment data, 1,400 children were enrolled in the Maynard Public Schools, PK-12. This includes about 46 non-resident children who attend school in Maynard as “School Choice” students or who, for some other reason, are tuitioned into the Maynard school system.² Fig. 2 indicates that all the existing projections call for PK-12 enrollment well below the capacity of the schools over the next decade. Even if the highest local projection materialized (in 2024, at 1,460 students), the schools would still have design capacity for 315 more pupils.

Still, it can be misleading to focus on *total* building capacity because over-enrollment in any one grade level can create several challenges for a school system, e.g., grade reconfiguration, staffing, school bus transportation planning, scheduling, and so on. Maynard recently reconfigured the grades at Maynard High School and the Fowler School to accommodate significant growth in what is currently the eighth-grade class. Growth and decline in number of students by school can be seen in Table 4, which shows that enrollment at Green Meadow and Maynard High School has dropped while Fowler School has absorbed a 10 percent increase over the past four years. Today, Fowler School operates very close to capacity, yet the unusually large eighth grade class will be next year’s ninth grade, which means they will move on to a building that has more room to absorb them. These kinds of fluctuations are very common in public schools, and Maynard is no exception. Nevertheless, it would be highly unusual for every child in a single new housing development to be of the same age and register for the same grade in public school. In a fiscal impact study, we have to look at probabilities, not remotely possible “worst case” outcomes.

Table 4. School Building Occupancy and Operating Capacity, 2014-2017						
School	Total Classrooms	Enrollment by School			Avg. Students per Classroom	Operating Capacity
		Fall 2014	Fall 2017	% Change 2014-17		
Green Meadow	26	522	486	-6.9%	19	650
Fowler	21	471	522	10.8%	25	525
Maynard High School	24	<u>430</u>	<u>390</u>	-9.3%	16	600
Total		1,423	1,398	-1.8%		1,775

Source: Economic Development Committee, “School Capacity Fact Sheet,” April 2015; 2017 Enrollment by School from Mass. Department of Elementary and Secondary Education.

For Maynard, the operating budget appears to be the most pressing issue, and it does seem that Maynard lags in school spending relative to the more affluent communities around it. And, while Maynard has a well-respected school system recognized for its achievements, both regionally and statewide, the “prestige factor” that boosts housing values and household wealth in towns like Acton, Concord, and Sudbury *does* make a difference in household and family demographics in those communities. Their families tend to be larger, and they have a larger percentage of family

² New England School Development Council, “Maynard MA Additional Data” (slides), December 2017. According to the Department of Elementary and Secondary Education (DESE), Maynard accepts School Choice students at all grade levels.

households. The student generation rate in multifamily developments in places like Concord, Lexington, or Westford would be difficult to replicate in other towns, including Maynard.

We decided to use the same source of public school demographic multipliers for this analysis that we relied upon in our analysis of 129 Parker Street. In our opinion, the 81 units at Powder Mill Place will likely generate 15 new students in Maynard, as shown below. Based on the capacity discussion presented above, the school department should be able to accommodate 15 additional children in terms of school building capacity, but of course there will be additional operating demands. These demands are reflected in and covered by the service cost estimate in Table 6.

Table 5. Estimated Number of School-Age Children (SAC), Powder Mill Place, Maynard						
Apartments by Size	Units	SAC Multipliers		SAC by Unit Price Range		Total School-Age Children
		Market Units	Affordable Units	Market Units	Affordable Units	
1BR	39	0.02	0.10	0.58	1.00	1.58
2BR	37	0.21	0.39	5.46	4.29	9.75
3BR	5	0.73	0.73	2.19	1.46	3.65
	81			8.23	6.75	14.98
Rounded						15

Source of Demographic Multipliers: Center for Urban Policy Research, Rutgers University.
Note: numbers may not total due to rounding.

The estimated number of new students translates into new public school costs of \$150,000. Again, the cost coefficient simulates the marginal cost impact of absorbing as many as 15 new students in a single school year, i.e., when Powder Mill Place is built and occupied. We added a cost acceleration factor because a one-year, 15-student increase is higher than what is shown in most of the PK-12 projections for Maynard until 2023.

Table 6. Estimated Cost of PK-12 School Services, Powder Mill Place, Maynard						
	FY18 Actual NSS	Chapter 70 Aid	Net	Cost Coefficient	Students	Total Cost for New Students
Education	13,496	3,957	\$9,539	1.05	15	\$150,000

Source of education cost and Chapter 70 data: Massachusetts Department of Elementary and Secondary Education.

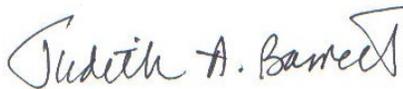
By combining the revenue and cost projections for Powder Mill Place in a summary table (Table 7), we arrive at the estimated cost-revenue ratio of 0.894. We remain somewhat concerned that the estimated assessed value of this project is low, and as a result, the tax revenue projection contributes to the narrow revenue surplus we estimate in this report. The developer may want to provide alternative data to the Town, showing assessments of comparable developments elsewhere in the MetroWest/Route 2 area, and if the numbers are significantly different, the town assessor could review her estimate. We are accustomed to seeing assessments closer to the

\$140,000 per unit range in new rental developments in other Eastern Massachusetts communities – a figure that would place Powder Mill Place’s real estates at about \$256,700 instead of the amount shown in Table 7, \$232,400. Clearly, a higher property tax yield from Powder Mill Place would increase the annual revenue surplus and provide a greater buffer against some unforeseen, one-year aberration.

Table 7. Fiscal Impact Summary, Powder Mill Place, Maynard			
Recurring Sources of General Fund Revenue	Total	Recurring General Fund Service Costs	Total
Property Taxes	\$232,400	Public Schools	\$150,000
Motor Vehicle Excise Taxes	\$30,800	Police	\$39,800
Meals Tax Est.	<u>\$1,000</u>	Fire	\$37,300
Total	\$264,200	General Government	<u>\$9,000</u>
			\$236,100
		Cost-Revenue Ratio	0.894

Sincerely,

BARRETT PLANNING GROUP, LLC



Judith A. (Judi) Barrett
 Principal