

FISCAL IMPACT STUDY

**TIVERTON CROSSINGS:
PROPOSED MIXED USE DEVELOPMENT**

TOWN OF TIVERTON, RI

FOR:

CARPIONATO GROUP, LLC

**PREPARED BY: JDL ENTERPRISES -
JOSEPH D. LOMBARDO, AICP**

AUGUST 2014

INTRODUCTION ~ This Fiscal Impact Study (FIS) has been prepared to supplement an Application for a planned Mixed Use Development. The Project is located on a 66 acre site fronting on Main road and Souza Road in Tiverton, RI. The site is vacant. The FIS will use the per capita multiplier method for estimating anticipated public revenues and expenses associated with the proposed development. The per capita multiplier is a generally accepted planning method to complete this study for review by the Town of Tiverton. The FIS will attempt to estimate both future revenues and expenses utilizing past and present statistics and financial data from a variety of sources, to be noted.

SUMMARY ~ The residential units proposed for Tiverton Crossings will be primarily marketed toward younger, single professionals and empty nesters. However, in order to determine the school age children that may result from the residential portion of the development as proposed for Tiverton Crossings, it can be expected to mirror 0.05 students per household or 5 students per 100 households that have been determined to exist in numerous other condominium and apartment developments around the state and nearby Connecticut. Thus, at 0.05 students per household, 8 students would be expected from the residential development proposed within the Tiverton Crossings That is primarily due to the proposed design of two (2) bedroom units that typically do not attract or retain families with children as potential residents.

The Town of Tiverton will realize total estimated Revenues of \$3,005,440 from Property, Motor Vehicle, Hotel and Personal Property Taxes on an annual basis with the development of the proposed Tiverton Crossings.

By subtracting the total expense estimate of \$1,325,016 from the total anticipated revenue of \$3,005,440, the Town of Tiverton will actually realize a Net Revenue Gain of \$1,680,424, with regard to expenses and revenues on an annual basis with the full development at Tiverton Crossings.

Based on the mix of Office, Retail, Restaurant and Hotel Uses, the applicant estimates that these proposed uses will generate approximately 1,500 permanent full time & part-time jobs at the Tiverton Crossings Development.

BASELINE INFORMATION ~

In order to begin the FIS, baseline information needs to be presented, including; population, housing units, Town budget numbers, and school age children. The following table presents this information, and will establish per capita multipliers for Tiverton, and this particular development proposal at Tiverton Crossings.

**TABLE # 1:
PER CAPITA MULTIPLIERS - BASE YEAR OF 2014
TOWN OF TIVERTON**

	PUBLIC SCHOOL PUPILS	SCHOOL BUDGET	MUNICIPAL BUDGET	HOUSING UNITS (2010 Census)	POPULATION (2010 Census)
TOTAL	1,795 (7/14/14)	\$28,729,425	\$18,419,880	7,467	15,780
PER CAPITA	N/A	N/A	\$1,167	2.11	N/A
PER PUPIL	N/A	\$16,005	N/A	----	----

NOTES: Source: Town of Tiverton Finance Dept. and School Dept. – FY 2014
(Municipal Budget includes capital improvements & debt service)

Rhode Island City & Town Resident Population - US Census Bureau – 2010

Therefore, in summary, the Per Capita Multipliers for Tiverton are:

- School Budget per capita**\$16,005**
- Revised School Budget per capita**\$12,804**
- Population Multiplier per household (average)**2.11**
- Municipal Multiplier per household**\$1,167**
- Revised Municipal Multiplier per household**\$992**

Revised Municipal Multiplier @85% due to private services provided by the development

The residential units proposed for Tiverton Crossings will be primarily marketed toward younger, single professionals and empty nesters. The school expense is the gross cost and does not include state aid for education, which totals **\$5,748,989** for this current fiscal year. Education aid from the State represents **20%** of the total budgetary needs for the Town of Tiverton (Education only). Thus, the per pupil cost can be reduced 20% from **\$16,005** to **\$12,804** per pupil.

TIVERTON CROSSINGS DEVELOPMENT ESTIMATES ~

Based on the per capita multipliers presented above, Table 2 presents the anticipated population projections for Tiverton Crossings – Residential Development:

**TABLE # 2:
POPULATION PROJECTIONS - PROPOSED DEVELOPMENT - 2014
TOWN OF TIVERTON**

	PER UNIT	# OF UNITS	TOTALS
POPULATION	2.05*	147	368

* The per capita population of 2.05 reflects national, regional and local residential housing data, and as described below.

The residential units proposed for Tiverton Crossings will be primarily marketed toward younger, single professionals and empty nesters. However, in order to determine the school age children that may result from a development such as proposed, normally it can be expected to mirror the national, regional and more closely, local state averages of 0.05 students per household, or 5 students per 100 households. To verify the number of school age children that may result from a development such as proposed, a recent study of the existing two-bedroom condominiums in Westerly was conducted through the Tax Assessor's Office and School Department. This survey shows that the following complexes total 268 two-bedroom townhouse condominiums: Beachwood, Captain's Watch, High Cliff, Village Terrace, King's Grant, Westwood and Springbrook. Inquiry of the Westerly School Department indicates that only 7 students are enrolled in the public schools from these 268 condominiums. The ratio is therefore one (1) school student per 38 condominiums or .026 students per housing unit (or 2.6 students per 100 households).

Similar ratios have been determined to exist in several other condominium developments around the state and nearby Connecticut (Refer to Appendix C), notably River Farms in West Warwick (Refer to Appendix B). With regard to apartment complexes, at Cumberland Crossing, a 258-unit two-bedroom style apartment complex, there were only 14 school age children residing at that location in Cumberland in 2006. (See Appendix A & D for additional information on apartment complexes).

Again, the residential units proposed for Tiverton Crossings will be primarily marketed toward younger, single professionals and empty nesters. Thus, at 0.05 students per household, only 8 students would be expected from the residential development at Tiverton Crossings. The proposed design consists of two (2) bedroom units that likely will not attract or retain families with children as potential residents. For the purposes of this FIS, **8 school age children** will be projected to be residents of the proposed development at Tiverton Crossings. A total of **368** people (including the school age children) will be projected to be residents.

Review of Conclusions from Community Opportunities Group, Inc in October 2011 in the Addendum substantiate the projected number of school age children from the residential portion of this mixed use project.

MIXED USE CENTER REVENUE ESTIMATES ~

Based on the projections presented above in Tables 1 & 2, Table 3A presents the projected total municipal revenue for Residential portion of the Mixed Use Development and Table 3B presents the projected total municipal revenue for Commercial portion of the Mixed Use Development:

**TABLE # 3A:
TOTAL PROJECT REVENUE PROJECTIONS -
RESIDENTIAL PORTION MIXED USE DEVELOPMENT –
BASE YEAR OF 2014
TOWN OF TIVERTON**

	MARKET VALUE ⁺	ASSESSED VALUE [*]	TAX RATE [*]	UNITS	TOTAL REVENUE PER UNIT	TOTAL REVENUE
RESIDENTIAL MULTIFAMILY APT UNITS – MARKET RATE	\$144,000 PER APT	\$144,000	\$19.30/ 1000	147	\$2,779	\$408,513
TOTALS				147		\$408,513

⁺ Per Carpiionato Group, LLC – Tiverton Crossings

^{*} Per Town of Tiverton Tax Assessor’s Office – Residential & Commercial rate @100%

**TABLE # 3B:
TOTAL PROJECT REVENUE PROJECTIONS -
COMMERCIAL PORTION MIXED USE DEVELOPMENT –
BASE YEAR OF 2014
TOWN OF TIVERTON**

	MARKET VALUE ⁺	ASSESSED VALUE [*]	TAX RATE [*]		TOTAL REVENUE
RETAIL	362,900 SQFT @\$242/S.F.	\$87,821,800	\$19.30/ 1000		\$5,366
CLUB HOUSE/RETAIL BUILDING	3,500 S.F. @ \$242/S.F.	\$847,000	\$19.30/ 1000		\$4,600
RESTURANTS	22,000 S.F. @ \$242 /S.F.	\$5,324,000			
OFFICE/LAB BUILDINGS	89,500 S.F. @\$242/S.F	\$21,659,000	\$19.30/ 1000		\$113,269
HOTEL - 100 rooms (61,000 s.f.)	61,000@ \$242/S.F.	\$14,762,000	\$19.30/ 1000		\$219,000
TOTALS		\$130,413,800	\$19.30/ 1000		\$2,516,986

⁺ Per Carpiato Group, LLC – Tiverton Crossings (includes land development, F, F, & E and tenant fit out, and all buildings) – All buildings averaged at \$242 per square foot, but do vary according to the use.

^{*} Per Town of Tiverton Tax Assessor’s Office – Residential, F, F, & E, & Commercial Rate @100% and same rate of \$19.30/\$1000 valuation

Total combined gross revenue from both the residential and commercial components of the proposed development is: \$2,925,500.

MOTOR VEHICLE EXCISE TAX ~

In addition, the Town of Tiverton collects an average of \$840 in Motor Vehicle excise taxes per household. This is first calculated by dividing the total valuation in 2013 of motor vehicles of \$70,000,000 (estimated – was \$62,000,000 in 2009) by 1000, then multiplying by the tax rate for MV which is \$19.30/1000. This generates total revenue of \$6,500,229 (2013 values). Then by dividing the total tax revenue collected \$1,351,000, by the number of year round households as of 2010 Census, which is 3,659, a per household value of \$370 is computed. Therefore, 147 new households times \$370 for each unit produces an additional \$54,390 of tax revenue to the Town.

In total, the Town of Tiverton will actually realize total Revenues of \$2,979,890 on an annual basis with the development of the proposed Tiverton Crossings from Property, Vehicle and Personal Property Taxes.

ADDITIONAL REVENUE ~

Also, one-time fee revenue for Building Permits, Water and Sewer connections, and Development Plan Review will accrue to the community for the Town review, building and construction of the Tiverton Crossings project.

HOTEL TAX

Also, the State of Rhode Island will reimburse the Town of Tiverton 1.0% of the hotel tax collected at the proposed hotel, which is estimated at 1.0% of a projected annual hotel income of \$2,555,000*. This equals an additional \$25,550 in annual tax revenue to the Town of Tiverton generated by this project.

* Calculated by: 100 room hotel at average occupancy of 70%. Thus, 70 rooms at an average room rate of \$100 per night equals = \$7,000 per night. At \$7,000 per night times 365 days per year, the annual income subject to the RI State hotel tax is \$2,555,000. The portion returned to the host community is 1% of that total or \$25,550 per year.

Thus, the Town of Tiverton will actually realize total Revenues of \$3,005,440 on an annual basis with the development of the proposed Tiverton Crossings from Property, Vehicle, Hotel and Personal Property (F, F, & E) Taxes.

TIVERTON CROSSINGS EXPENSES ESTIMATES ~

Based on the per capita multipliers and population and school age children projections presented above, Table 4 presents the projected total municipal expenses for the Tiverton Crossings Development:

**TABLE # 4:
TOTAL PROJECT EXPENSES PROJECTIONS –
RESIDENTIAL PORTION
TOWN OF TIVERTON - 2014**

	SCHOOL PUPILS	MUNICIPAL BUDGET	HOUSING UNITS	POPULATION
TOTAL	8	N/A	147	368
PER CAPITA	N/A	\$992*	2.05	N/A
PER PUPIL	\$16,005	N/A	---	N/A
TOTAL EXPENSES	\$128,040	\$365,056	N/A	N/A

*Revised Municipal Multiplier

Therefore, it is estimated that the proposed development will have a net annual cost to the Town of Tiverton of **\$493,096** for school and municipal related expenses as calculated in Table 4 above.

The school expense is the gross cost and does not include state aid for education, which totals **\$5,748,989** for this current fiscal year. Education aid from the State represents **20%** of the total budgetary needs for the Town of Tiverton (Education only). Thus, the per pupil cost can be reduced 20% from **\$16,005** to **\$12,804** per pupil.

Using the actual net cost per pupil of **\$12,804**, the 8 additional students projected above would cost the community a total of **\$102,432**, compared to the gross cost estimated at **\$128,040**.

Therefore, the actual cost to the Town for school and municipal expenses for the residential portion of this project is **\$467,488**.

The municipal expenses highlighted above in Table 4 are conservative as some of that projected expense will not occur as this site development is maintained by a private developer/owner versus typical residential development that has town roadways and public works related expenses on site.

TOTAL PROJECT EXPENSES PROJECTIONS: COMMERCIAL PORTION

Additional expenses for the commercial portion of the project are offset by the revenue projected. From a cost of services perspective for the Commercial portion of the project, it can be anticipated that for every dollar of tax revenue collected by the Town of Tiverton, 30% would be spent on providing municipal services. The 30% expenditure is a conservative estimate. Some of the projected expenses will not occur as this site development is to be maintained by a private developer/owner. Also, for example, the existing road network serving the complex is State owned and maintained.

The anticipated Tax Revenue from the Commercial portion of Tiverton Crossings is **\$2,516,986** as calculated in Table 3B. Taking into account that 30% of this revenue will be utilized by the Town of Tiverton for Town services this totals **\$755,096**. That would provide approximately **\$1,761,890** in available revenue to offset other townwide municipal expenses.

**TIVERTON CROSSINGS ANTICIPATED
REVENUE AND EXPENSE COMPARISON~**

Based on information and statistics presented above in Tables 1-4, Table 5 presents a comparison of the projected total municipal revenue with total projected expenses for Tiverton Crossings, as anticipated:

**TABLE # 5:
TIVERTON CROSSINGS REVENUE AND EXPENSE COMPARISON –
BASE YEAR OF 2014
TOWN OF TIVERTON**

	TOTAL MUNICIPAL COSTS	TOTAL SCHOOL COSTS	TOTAL COSTS	TOTAL ESTIMATED REVENUE	NET RESULTS
TOTAL PROJECT	\$1,222,584 (Residential & Commercial combined)	\$102,432* (8 students)	\$1,325,016	\$3,005,440	\$1,680,424

*Net Cost including State Aid

SUMMARY ~

The Town of Tiverton will realize total estimated Revenues of \$3,005,440 from Property, Motor Vehicle, Hotel and Personal Property Taxes on an annual basis with the development of the proposed Tiverton Crossings.

By subtracting the total expense estimate of \$1,325,016 from the total anticipated revenue of \$3,005,440, the Town of Tiverton will actually realize a Net Revenue Gain of \$1,680,424, with regard to expenses and revenues on an annual basis with the full development at Tiverton Crossings.

ADDENDUM – CONCLUSIONS RE: MULTIFAMILY HOUSING & SCHOOL AGE CHILDREN

Source: Community Opportunities Group, Inc.
129 Kingston Street, Third Floor
Boston, Massachusetts 02111
Judi Barrett, Planning Director, Community Opportunities Group, Inc.
Oct. 17, 2011

Our findings are very similar to statistics derived from the Census Bureau's new American Community Survey (ACS), which reports virtually no school-age children in one-bedroom units and very few in two-bedroom multi-family units. Some general findings can be gleaned from all of these sources:

- 1) Households in new multifamily housing are quite different from their counterparts in older multi-family developments. The differences range from household size and composition to household income and employment characteristics. A key factor separating new from old developments is that the former are frequently designed to cater to childless households.
- 2) The number of school-age children in new multi-family housing is driven primarily by the size of the dwelling units (number of bedrooms) and whether the units are subject to age restrictions. For non-age-restricted housing, three-bedroom units almost always attract families with children, including school-age children; two-bedroom units attract a mixed population, including some families with school-age children; and one-bedroom units rarely have dependent children, especially older children. When school-age children do occupy a one-bedroom unit, it is usually due to an emergency or short-term condition.
- 3) In addition to unit sizes, new multi-family developments have a greater or lesser tendency to attract families based on:
 - a) *Location*. Multi - family developments built next to schools, playgrounds, open space, or single - family home neighborhoods tend to have more school students than developments in isolated areas or on the edge of industrial parks, in commercial centers, or near highway interchanges.
 - b) *Density*. Higher - density developments tend to have fewer children of any age than lower density developments. However, this seems to correlate with unit size because very high density developments are usually dominated by one - and two - bedroom units.

c) *Building height.* When families with children live in newer multi - family developments, they are far more likely to occupy first - and second floor units than upper - story units. The taller the building, the less likely it is to generate many children.

d) *School district prestige.* Families of all income levels tend to gravitate toward communities with prestigious schools. As a result, sometimes units that would be relatively “child - free” in most towns will have children, including school - age children, if the public school system has an exceptionally strong reputation. This can be seen in a few very high - end suburbs around Boston.

e) *Other choices in the housing market.* Since new multi - family developments are so often designed to discourage family occupancy, families seeking rental housing will choose other options if available in the same market area. For example, units in older, established neighborhoods – such as the small multi - family buildings and rowhouses constructed for factory workers a century ago – tend to have many families even though the units lack the amenities and features offered by new rental developments. In other markets, two - family homes meet family housing needs that are not addressed in new multi - family developments.

f) *Housing costs.* In a given market area, the higher the rent, the more likely it is that a renter household will not have school - age children

4) Older multi-family dwellings are more likely to house families with children because they are relatively small buildings with yards, and the rents (or condominium sale prices) tend to run below market. Families that can afford to own a home generally purchase one.

Appendix A
COMAPARABLE APARTMENT COMPLEXES
SCHOOL AGE CHILDREN (SAC)

<i>COMMUNITY</i>	<i>APARTMENT NAME</i>	<i>TOTAL UNITS</i>	<i>SCHOOL AGE CHILDREN</i>	<i># SAC PER 100 UNITS</i>
Cranston	Springfield	216	9	4.1
No. Prov.	Windsor	240	6	2.5
Warwick	Villa Del Rio	391	25	6.3
Warwick	Briarwood Meadows	456	6	1.3
Providence	Centre Place	225	2	.8
Narragansett	Pier Village	99	0	0
W. Warwick	Greenwich Place	168	15	8.9
TOTALS		1794	63	3.5

Source: Community Impact Study for South County Commons, LLC, So. Kingstown, RI
 By Dan Varin – March 2003

Appendix B
COMAPARABLE CONDOMINIUM/APARTMENT
COMPLEXES
SCHOOL AGE CHILDREN (SAC)

<i>COMMUNITY</i>	<i>DEVELOPEMNT NAME</i>	<i>TOTAL UNITS</i>	<i>SCHOOL AGE CHILDREN</i>	<i># SAC PER 100 UNITS</i>
Cumberland	Cumberland Crossing	258	14	5.4
Westerly	7 Complexes	268	7	2.6
W.Warwick	Riverview Farms	125	4	3.2
Stonington, CT	8 Complexes (detail in Appendix C)	209	5	2.4
TOTALS		860	30	3.5

Source: JDL ENTERPRISES – March 2006

APPENDIX C

~TOWN OF STONINGTON, CT ~

PUBLIC SCHOOL STUDENTS: EXISTING CONDOMINIMUM DEVELOPMENTS

• Stonington Landing	54 units	1 Student
• Whitehall Pond Rte (Mystic)	26 units	0 Students
• Whitehall Landing	24 units	4 Students
• Hewitt Road(Mystic)	12 units	0 Students
• Mystic River Square	25 units	0 Students
• Broadway School (Mystic)	21 units	0 Students
• Riverwalk Condos (Pawcatuck)	37 units	0 Students
• Pequot Run (Pawcatuck)	10 units	0 Students
	TOTAL = 209 UNITS	5 STUDENTS

**AVERAGE NUMBER OF STUDENTS PER UNIT = $209/5 = 0.024$
OR 2.4 STUDENTS PER ONE HUNDRED CONDOMINIUM UNITS**

SOURCES OF INFORMATION:

1. First Student Bus Company – (Data Released by Mr. Frank Connolly of the Stonington School Dept. – Business Office)
2. Tax Assessor – Town of Stonington, CT

Date: February 15, 2006

Appendix D
ADDITIONAL COMAPARABLE
CONDOMINIUM/APARTMENT COMPLEXES
SCHOOL AGE CHILDREN (SAC)

<i>COMMUNITY</i>	<i>DEVELOPEMNT NAME</i>	<i>TOTAL UNITS</i>	<i>SCHOOL AGE CHILDREN</i>	<i># SAC PER 100 UNITS</i>
W. Greenwich (Apts)	Centre of NE*	240	21	8.75
S. Kingstown (Apts)[#]	So County Commons	234	16	6.84
S. Kingstown (Condo)[#]	Preserve	52	0	0.00
Coventry	Centre of NE ⁺ – Hopkins Hill	90	4	4.44
TOTALS		616	41	6.65

Source: JDL ENTERPRISES – February 2009

*Per City of West Greenwich Planning Dept – as of Dec 1, 2008. A total of 26 of the 240 units are 3 bedroom units. The balance of units is mostly 2 bedroom units, and some 1 bedroom units. These are apartments for rent.

+ Per Universal Properties – as of Dec. 30, 2008

Per Vin Murray – Planning Director – City of South Kingstown – Current school year statistics