

Introduction

The purpose of this study is to assess the fiscal impact of the proposed development of the Ames Shovel Shops property by Beacon Communities. The information incorporated in this analysis reflects the best data available at the time of its execution. The analysis reflects conditions of the proposed agreements between the Town of Easton and Beacon Communities as of the date of its preparation. The fiscal impact on the Town of Easton of the Beacon development was assessed in comparison to the proposed 40B development, with and without the TIF agreement.

The following methodology was followed:

1. Non school expenses were calculated on a per capita basis, and applied to the new developments;
2. School related expenses were calculated for each development
3. Tax revenues were projected for each development, and for the value of the condominiums upon conversion
4. Revenues and expenses relating to each development were projected forward for a 30 year period.
5. The net impact of each development was assessed using an NPV analysis for 10, 20, and 30 year timeframes.
6. Two scenarios were run, one reflecting the earliest condominium conversion schedule, and one incorporating a conversion at the end of a 12 year TIF period.

Ames Shovel Shops



Fiscal Impact analysis - Per capita non-school expenses

31-Mar-10

Based on population of Easton of : 23,289
 Based on 5% growth/year in expenditures

Town Budget without School Costs

	FY 2009	FY 2013	2013 Per Capita	Municipal cost coefficients-Source: Center for Urban	Total marginal expenses/capita
Selectmen	\$289,301	\$351,647	\$15	0.26	\$4
Town Counsel	\$180,000	\$218,791	\$9	0.26	\$2
Finance Committee	\$3,000	\$3,647	\$0	0.26	\$0
Reserve Fund	\$80,000	\$97,241	\$4	0.26	\$1
Accountant	\$173,833	\$211,295	\$9	0.26	\$2
Assessors	\$217,779	\$264,712	\$11	0.26	\$3
Collector/Treasurer	\$281,527	\$342,198	\$15	0.26	\$4
Town Clerk	\$249,721	\$303,537	\$13	0.26	\$3
Data Processing	\$242,315	\$294,535	\$13	0.26	\$3
Planning and CD	\$298,485	\$362,810	\$16	0.26	\$4
Police	\$3,696,109	\$4,492,644	\$193	1.10	\$212
Fire	\$2,789,269	\$3,390,374	\$146	1.10	\$160
Ambulance	\$391,014	\$475,280	\$20	1.10	\$22
Fire Alarm	\$21,792	\$26,488	\$1	1.10	\$1
Inspection Services	\$262,114	\$318,601	\$14	0.12	\$2
DPW Admin	\$2,708,764	\$3,292,520	\$141	0.50	\$71
Board of Health	\$215,409	\$261,831	\$11	0.25	\$3
Council on Aging	\$207,654	\$252,405	\$11	0.25	\$3
Veterans Department	\$238,296	\$289,650	\$12	0.25	\$3
Recreation Department	\$94,700	\$115,108	\$5	0.15	\$1
Library	\$451,465	\$548,759	\$24	0.15	\$4
Debt and Interest	\$4,521,360	\$5,495,741	\$236	0.00	\$0
EE Benefits and Insurance	#####	\$12,420,292	\$533	0.26	\$139
Other General	\$113,310	\$137,729	\$6	1.00	\$6
Water Division	\$2,492,660	\$3,029,844	\$130	0.00	\$0
Totals	#####	\$36,997,679	\$1,589		\$653

Ames Shovel Shops



Fiscal Impact analysis - Stabilized Total Town Expenses for Each Development

31-Mar-10

	Beacon Proposal				40B Proposed Development		
Non School Expenses							
Total Development Population based on 1.5 persons /bedroom	196 bedrooms		294		322 bedrooms		483
Per capital Costs in 2013 (see previous sheet)			\$ 653				\$ 653
Total Non School Expenses			\$ 192,041				\$ 315,497
School Expenses							
Cost Per Pupil Net of Chapter 70 Aid-2009			\$6,913				
Cost Per Pupil Net of Chapter 70 Aid-2013			\$7,630				
Unit Types							
Affordable rentals	No. School Age Children Per Unit	Number of units	Total # of Children	School costs	Number of units	Total # of Children	School costs
1 bedroom units	0	9	0	\$0	12	0	\$0
2 bedroom units	0.52	15	8	\$59,517	35	18	\$138,874
Total, Affordable Rentals		24	8	\$69,128	47	18	\$138,874
Market rentals	No. School Age Children Per Unit	Number of units	Total # of Children	School costs	Number of units	Total # of Children	School costs
1 bedroom units	0	33	0	\$0	34	0	\$0
2 bedroom units	0.18	62	11	\$85,156	103	19	\$141,468
Total, Market Rentals		95	11	\$85,156	137	19	\$141,468
Total School Age Children and School Expenses		119	19	\$207,384	184	37	\$280,343
Total Town Expenses - 2013			\$399,426				\$595,839

Total-2013 Marginal Expenses due to development \$ 399,426 \$ 595,839

Existing Property RE Taxes

Assessed Value- 2009	\$2,375,000
Property Tax Rate	\$13.49
Existing Property Taxes	\$32,039

Project Revenues-40 B Project at stabilization 2013

Market Rate Units	137	<i>Notes</i>
Affordable Units	<u>47</u>	
Total Units	184	

Real Estate Taxes

Valuation Analysis

	Rental Income/mo	# units	Annual Total	
Market Rate Unit - 1 Bedroom	\$1,700	34	\$693,600	<i>Estimated rents in 2013</i>
Market Rate Unit - 2 Bedroom	\$1,900	103	\$2,348,400	
Affordable Unit - 1 Bedroom	\$1,400	12	\$201,600	
Affordable Unit - 2 Bedroom	\$1,600	35	<u>\$672,000</u>	
Total Potential Income			\$3,915,600	
Vacancy at 5%			<u>-\$195,780</u>	
Effective Gross Incom EGI			\$3,719,820	
Less Operating Expenses	\$8,077 Unit		<u>-\$1,486,109</u>	<i>Operating expenses based on \$7,500/unit in 2010, inflated by 2.5% per</i>
NOI			\$2,233,711	
Value at specified Cap Rate	10.5%		\$21,273,438	<i>Based on current cap rate used by tax rate inflated at 2.5% per year; with valuation inflation at 2.5% per year results in 5% tax increase/year</i>
Tax Rate/\$1000 of valuation in 2013	\$14.89			
Tax Revenues 2013			\$316,771	

Current Assessment Analysis

Total Number of units	184
Valuation per typical apartment unit in 2010 per Easton Assessor	\$90,000
Hypothetical Tax in 2010 using current rate 13.49	\$223,394
Equivalent Tax in 2013 with 5% increase/year	\$271,537

Average of valuation and current typical assessment tax amounts

Reconciled Real Estate Tax in 2013

\$294,154

Excise Taxes

Average Cost of New Car	28,285	<i>\$25,000 average value inflated at 2.5%/yr</i>
Average Cars Per Unit	1.5	
Total Number of Cars	276	

	Percentage	Multiplying Factor	Value by vehicle age
Percentage 1st Year	20%	90%	\$1,405,209
Percentage 2nd Year	20%	60%	\$936,806
Percentage 3rd Year	20%	40%	\$624,537
Percentage 4th Year	15%	25%	\$292,752
Percentage 5th Year and Beyond	25%	10%	<u>\$195,168</u>
Total Derived Value			\$3,454,472
Excise Tax Rate per \$1000	\$25		
Total Excise Taxes			\$86,362

Commercial Real Estate Taxes

Commercial Use Area - gsf	35,000
Net Rent/gsf in 2013	\$8
NOI	\$280,000
Cap Rate	11%
Value	\$2,545,455
Tax Rate	<u>\$14.89</u>
Commercial Property Tax	\$37,903

Existing Property RE Taxes

Assessed Value- 2009	\$2,375,000
Property Tax Rate	\$13.49
Existing Property Taxes	\$32,039

Project Revenues

Market Rate Condo Units	95
Affordable Units	<u>24</u>
Total Units	119

Real Estate Taxes - Affordable Rental Units in 2013

	Rental Income/mo	# units	Annual Total	
Affordable Unit - 1 Bedroom	\$874	9	\$94,392	Rent levels at 50% ami
Affordable Unit - 2 Bedroom	\$1,023	15	\$184,140	Rent levels at 50% ami
	Total Potential Income		\$278,532	
	Vacancy at 5%		-\$13,927	
	Effective Gross Income EGI		\$264,605	
Less Operating Expenses	\$8,077 Unit		<u>-\$193,840</u>	
NOI			\$70,765	
Value at specified Cap Rate	10.5%		\$673,953	
Tax Rate/\$1000 of valuation	\$14.89			
Tax Revenues 2013			\$10,035	

Real Estate Taxes - Market Rate Rental Units in 2013

	Rental Income/mo	# units	Annual Total	
Market Rate Unit - 1 Bedroom	\$1,831	33	\$724,963	Estimated rents in 2018
Market Rate Unit - 2 Bedroom	\$2,046	62	\$1,522,293	
	Total Potential Income		\$2,247,255	
	Vacancy at 5%		-\$112,363	
	Effective Gross Income EGI		\$2,134,893	
Less Operating Expenses	\$8,077 Unit		<u>-\$767,285</u>	Operating expenses based on \$7,500/unit in 2010, inflated by 2.5% per year
NOI			\$1,367,608	
Value at specified Cap Rate	10.5%		\$13,024,838	Based on current cap rate used by Assessor
Tax Rate/\$1000 of valuation	\$14.60			tax rate inflated at 2.10 per year, with valuation inflation at 2.5% per year results in 4.5% tax increase/year
Tax Revenues 2013			\$190,189	

Current Assessment Analysis

Total Number of Market Rate units	95
Valuation per typical apartment unit in 2010 per Easton Assessor	\$90,000
Hypothetical Tax in 2009 using current rate of 13.49	\$115,340
Equivalent Tax in 2013 with 5% increase/year	\$140,196

Reconciled Market Rate Real Estate Tax in 2013

\$165,192

Average of valuation and current typical assessment tax amounts

Excise Taxes

Average Cost of New Car in 2013	28,285			\$25,000 average value inflated at 2.5%/year
Average Cars Per Unit	1.5			
Total Number of Cars	179			
	Percentage	Multiplying Factor	Value by vehicle age	
Percentage 1st Year	20%	90%	\$908,804	
Percentage 2nd Year	20%	60%	\$605,869	
Percentage 3rd Year	20%	40%	\$403,913	
Percentage 4th Year	15%	25%	\$189,334	
Percentage 5th Year and Beyond	25%	10%	<u>\$126,223</u>	
Total Derived Value			\$2,234,142	
Excise Tax Rate per \$1000	\$25			

Project Revenues-Beacon Project at Conversion beginning in 2018, 3 year sell out period

Real Estate Taxes - Market Rate Rental Units - 2018

	Rental Income/mc	# units	Annual Total	
Market Rate Unit - 1 Bedroom	\$1,923	33	\$761,664	<i>Estimated rents in 2018</i>
Market Rate Unit - 2 Bedroom	\$2,150	62	\$1,599,359	
	Total Potential Income		\$2,361,023	
	Vacancy at 5%		-\$118,051	
	Effective Gross In EGI		\$2,242,972	
				<i>Operating expenses based on \$7,500/unit in 2010, inflated by 2.5% per year</i>
Less Operating Expenses	\$9,138 Unit		<u>-\$868,112</u>	
NOI			\$1,374,859	
				<i>Cap rate currently 6.5%-estimated historic rate with valuation inflation at 2.5% per year results in 4.5% tax</i>
Value at specified Cap Rate	7%		\$19,640,849	
Tax Rate/\$1000 of valuation	\$15.81			
Tax Revenues 2018			\$310,437	
Tax Revenues 2023			\$396,205	

Real Estate Taxes - Condo Units - 2018

Market Rate Unit - 1 Bedroom Condo	\$300,000	33	\$9,900,000
Market Rate Unit - 2 Bedroom Condo	\$350,000	62	\$21,700,000
Total			\$31,600,000
Tax Rate/\$1000 of valuation	\$15.81		
Tax Revenues 2018			\$499,460
Tax Revenues 2023			\$637,451

Excise Taxes

Average Cost of New Car	31,222		
Average Cars Per Unit	1.5		
Total Number of Cars	179		
	Percentage	Multiplying Factor/value by vehicle age	
Percentage 1st Year	20%	90%	\$1,003,149
Percentage 2nd Year	20%	60%	\$668,766
Percentage 3rd Year	20%	40%	\$445,844
Percentage 4th Year	15%	25%	\$208,989
Percentage 5th Year and Beyond	25%	10%	<u>\$139,326</u>
Total Derived Value			\$2,466,075
Excise Tax Rate per \$1000	\$25		
Total Excise Taxes			\$61,652

Tax Revenue Calculations during Conversion

	Condo Units sold	Market Rental Unit	Condo Tax Revenue	Market Rental Tax Revenue	Total	Total inflated at 5%
Year 2018	32	63	214,720	\$262,747	\$477,467	
Year 2019	32	31	429,441	\$129,288	\$558,729	\$586,665
Year 2020	15	0	227,451		\$227,451	\$238,823

Fiscal Impact analysis - 30 Year Stabilized Operation Projections - Earliest Condo Conversion Scenario, 3 year sell out period

Year	Maximum TIF Period - 12 years, 10 years of stabilized operations											Full Tax Assessment																		
	Stabilized Rental Development					Condo Conversion Period			Stabilized Condominium/Affordable Rental Period																					
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Year of TIF	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32

40 B Development as Proposed

Revenues:																															
Property Tax	\$294,154	\$308,862	\$324,305	\$340,520	\$357,546	\$375,423	\$394,195	\$413,904	\$434,599	\$456,329	\$479,146	\$503,103	\$528,258	\$554,671	\$582,405	\$611,525	\$642,101	\$674,206	\$707,917	\$743,313	\$780,478	\$819,502	\$860,477	\$903,501	\$948,676	\$996,110	\$1,045,915	\$1,098,211	\$1,153,122	\$1,210,778	
Comm. Property Tax	\$37,903	\$39,798	\$41,788	\$43,877	\$46,071	\$48,375	\$50,794	\$53,333	\$56,000	\$58,800	\$61,740	\$64,827	\$68,068	\$71,472	\$75,045	\$78,797	\$82,737	\$86,874	\$91,218	\$95,779	\$100,568	\$105,596	\$110,876	\$116,420	\$122,241	\$128,353	\$134,770	\$141,509	\$148,584	\$156,014	
Excise Tax	\$86,362	\$90,680	\$95,214	\$99,975	\$104,973	\$110,222	\$115,733	\$121,520	\$127,596	\$133,976	\$140,674	\$147,708	\$155,093	\$162,848	\$170,990	\$179,540	\$188,517	\$197,943	\$207,840	\$218,232	\$229,144	\$240,601	\$252,631	\$265,262	\$278,525	\$292,452	\$307,074	\$322,428	\$338,549	\$355,477	
Total Revenues	\$418,419	\$439,340	\$461,307	\$484,372	\$508,591	\$534,020	\$560,721	\$588,757	\$618,195	\$649,105	\$681,560	\$715,638	\$751,420	\$788,991	\$828,441	\$869,863	\$913,356	\$959,023	\$1,006,975	\$1,057,323	\$1,110,190	\$1,165,699	\$1,223,984	\$1,285,183	\$1,349,442	\$1,416,914	\$1,487,760	\$1,562,148	\$1,640,256	\$1,722,268	
Expenses																															
	\$595,839	\$625,631	\$656,913	\$689,758	\$724,246	\$760,459	\$798,481	\$838,406	\$880,326	\$924,342	\$970,559	\$1,019,087	\$1,070,042	\$1,123,544	\$1,179,721	\$1,238,707	\$1,300,642	\$1,365,674	\$1,433,958	\$1,505,656	\$1,580,939	\$1,659,986	\$1,742,985	\$1,830,134	\$1,921,641	\$2,017,723	\$2,118,609	\$2,224,539	\$2,335,766	\$2,452,555	
Net Revenues or Expenses	-\$177,420	-\$186,291	-\$195,606	-\$205,386	-\$215,656	-\$226,438	-\$237,760	-\$249,648	-\$262,131	-\$275,237	-\$288,999	-\$303,449	-\$318,622	-\$334,553	-\$351,280	-\$368,844	-\$387,286	-\$406,651	-\$426,983	-\$448,333	-\$470,749	-\$494,287	-\$519,001	-\$544,951	-\$572,199	-\$600,808	-\$630,849	-\$662,391	-\$695,511	-\$730,286	
30 Year NPV at 4% discount Rate	-\$5,899,858																														
20 Year NPV at 4% discount Rate	-\$3,742,336																														
10 Year NPV at 4% discount Rate	-\$1,781,706																														

Beacon Development as Proposed with 12 Year TIF (2010-2022): TIF declines proportionate to the number of rental units remaining after condo sales

Revenues:																																			
Property Tax- TIF Determined Payment	\$38,943	\$40,890	\$42,935	\$45,082	\$47,336	\$36,337	\$22,972	\$9,547	\$10,024	\$10,525																									
Property Tax- Market Rate Condos						\$214,720	\$586,665	\$669,324	\$702,790	\$737,929	\$774,826	\$813,567	\$854,245	\$896,958	\$941,806	\$988,896	\$1,038,341	\$1,090,258	\$1,144,771	\$1,202,009	\$1,262,110	\$1,325,215	\$1,391,476	\$1,461,050	\$1,534,102	\$1,610,807	\$1,691,348	\$1,775,915	\$1,864,711	\$1,957,946					
Property Tax - Affordable Units											\$16,347	\$17,164	\$18,022	\$18,923	\$19,870	\$20,863	\$21,906	\$23,001	\$24,152	\$25,359	\$26,627	\$27,958	\$29,356	\$30,824	\$32,365	\$33,984	\$35,683	\$37,467	\$39,340	\$41,307					
Excise Tax	\$55,854	\$58,646	\$61,579	\$64,657	\$67,890	\$71,285	\$74,849	\$78,592	\$82,521	\$86,647	\$90,980	\$95,529	\$100,305	\$105,320	\$110,586	\$116,116	\$121,921	\$128,017	\$134,418	\$141,139	\$148,196	\$155,606	\$163,386	\$171,556	\$180,133	\$189,140	\$198,597	\$208,527	\$218,953	\$229,901					
Total Revenues	\$94,797	\$99,537	\$104,514	\$109,739	\$115,226	\$322,342	\$684,486	\$757,462	\$795,335	\$835,102	\$882,152	\$926,260	\$972,573	\$1,021,201	\$1,072,261	\$1,125,874	\$1,182,168	\$1,241,277	\$1,303,340	\$1,368,507	\$1,436,933	\$1,508,779	\$1,584,218	\$1,663,429	\$1,746,601	\$1,833,931	\$1,925,627	\$2,021,909	\$2,123,004	\$2,229,154					
Expenses																																			
	\$399,426	\$419,397	\$440,367	\$462,385	\$485,504	\$509,780	\$535,269	\$562,032	\$590,134	\$619,640	\$650,622	\$683,153	\$717,311	\$753,177	\$790,835	\$830,377	\$871,896	\$915,491	\$961,265	\$1,009,329	\$1,059,795	\$1,112,785	\$1,168,424	\$1,226,845	\$1,288,188	\$1,352,597	\$1,420,227	\$1,491,238	\$1,565,800	\$1,644,090					
Net Revenues or Expenses	-\$304,629	-\$319,860	-\$335,853	-\$352,646	-\$370,278	-\$187,437	\$149,218	\$195,430	\$205,202	\$215,462	\$231,530	\$243,106	\$255,262	\$268,025	\$281,426	\$295,497	\$310,272	\$325,786	\$342,075	\$359,179	\$377,138	\$395,995	\$415,794	\$436,584	\$458,413	\$481,334	\$505,401	\$530,671	\$557,204	\$585,064					
30 Year NPV at 4% discount Rate	\$2,204,022																																		
20 Year NPV at 4% discount Rate	\$475,536																																		
10 Year NPV at 4% discount Rate	-\$1,095,210																																		

Beacon Development as Proposed without TIF

Revenues:																															
Property Tax- Market Rate Units	\$165,192	\$173,452	\$182,125	\$191,231	\$200,792	\$477,467	\$586,665	\$669,324	\$702,790	\$737,929	\$774,826	\$813,567	\$854,245	\$896,958	\$941,806	\$988,896	\$1,038,341	\$1,090,258	\$1,144,771	\$1,202,009	\$1,262,110	\$1,325,215	\$1,391,476	\$1,461,050	\$1,534,102	\$1,610,807	\$1,691,348	\$1,775,915	\$1,864,711	\$1,957,946	
Property Tax - Affordable Units	\$10,035	\$10,537	\$11,064	\$11,617	\$12,198	\$12,808	\$13,448	\$14,121	\$14,827	\$15,568	\$16,347	\$17,164	\$18,022	\$18,923	\$19,870	\$20,863	\$21,906	\$23,001	\$24,152	\$25,359	\$26,627	\$27,958	\$29,356	\$30,824	\$32,365	\$33,984	\$35,683	\$37,467	\$39,340	\$41,307	
Excise Tax	\$55,854	\$58,646	\$61,579	\$64,657	\$67,890	\$71,285	\$74,849	\$78,592	\$82,521	\$86,647	\$90,980	\$95,529	\$100,305	\$105,320	\$110,586	\$116,116	\$121,921	\$128,017	\$134,418	\$141,139	\$148,196	\$155,606	\$163,386	\$171,556	\$180,133	\$189,140	\$198,597	\$208,527	\$218,953	\$229,901	
Total Revenues	\$231,081	\$242,635	\$254,767	\$267,506	\$280,881	\$561,560	\$674,963	\$762,036	\$800,138	\$840,145	\$882,152	\$926,260	\$972,573	\$1,021,201	\$1,072,261	\$1,125,874	\$1,182,168	\$1,241,277	\$1,303,340	\$1,368,507	\$1,436,933	\$1,508,779	\$1,584,218	\$1,663,429	\$1,746,601	\$1,833,931	\$1,925,627	\$2,021,909	\$2,123,004	\$2,229,154	
Expenses																															
	\$399,426	\$419,397	\$440,367	\$462,385	\$485,504	\$509,780	\$535,269	\$562,032	\$590,134	\$619,640	\$650,622	\$683,153	\$717,311	\$753,177	\$790,835	\$830,377	\$871,896	\$915,491	\$961,265	\$1,009,329	\$1,059,795	\$1,112,785	\$1,168,424	\$1,226,845	\$1,288,188	\$1,352,597	\$1,420,227	\$1,491,238	\$1,565,800	\$1,644,090	
Net Revenues or Expenses	-\$168,344	-\$176,761	-\$185,600	-\$194,880	-\$204,623	\$51,780	\$139,694	\$200,004	\$210,004	\$220,505	\$231,530	\$243,106	\$255,262	\$268,025	\$281,426	\$295,497	\$310,272	\$325,786	\$342,075	\$359,179	\$377,138	\$395,995	\$415,794	\$436,584	\$458,413	\$481,334	\$505,401	\$530,671	\$557,204	\$585,064	
30 Year NPV at 4% discount Rate	\$3,063,902																														
20 Year NPV at 4% discount Rate	\$1,335,416																														
10 Year NPV at 4% discount Rate	-\$235,331																														

Trending Rate- tax revenues and expenses **5.0%**

Cost of the TIF- Beacon to Beacon
 Difference in net revenues with TIF: **\$136,285** **\$143,099** **\$150,254** **\$157,766** **\$165,655** **\$239,217** **-\$9,523** **\$4,574** **\$4,803** **\$5,043**

