



MEMORANDUM

TO: D. Bruce Wheeler
FROM: Craig Seymour
DATE: 10/8/2022 (Revised)
SUBJECT: Fiscal Impacts - Cottages at Wandering Pond, Stow MA

This memo presents DRG's preliminary findings regarding the fiscal impacts of the proposed development of **140** condominium homes in Stow. This analysis is based on information provided by you and on financial and demographic data from the Town of Stow.

Project Description:

- 140 total units consisting of 20 affordable townhome units and 120 stand-alone market rate homes ranging from 1,649 to 2,400 square feet. All units are 2-bedrooms with the primary bedroom located on the first floor.
- Assuming 1.75 persons per unit, the development will result in an increase in population of approximately 245 persons.
- Applying regional market-based ratios, the number of school-age children generated by the new development is estimated to range from 8 to 23.

Assessed Values:

- Units are assumed to be valued by the Stow assessor at \$135 per square foot for the affordable units (\$240,000 per unit) and \$225 per square foot for the market rate units (\$516,000).
- Total estimated assessed value on completion (expressed in current dollars) is \$66,594,915.

Property Tax Revenues:

- Applying the current \$19.56 per thousand tax rate to the total assessed value results in an estimated annual property tax revenue of \$1,302,597.

Other Tax Revenues:

- Total FY21 Local Receipts revenues for the Town were \$231 per capita, resulting in an additional \$56,500 in annual revenues to the Town.



Municipal Service Costs:

- Total FY21 costs to provide municipal services to Stow residents were \$7,386,040. Allocating this between the residential tax base (94.5%) and the commercial/industrial tax base (5.5%) results in an average cost of \$979 per resident, or \$2,731 per household.
- These costs include expenditures for all General Government, Public Safety, Public Works Human Services and Culture/Recreation functions, and exclude any offsetting departmental revenues.
- Municipal fixed costs, such as for Debt Service and Capital Spending are not included, since the incremental increase in population will not affect these budgets.
- Education costs to the Town totaled \$18,353,077 in FY21, before state aid and other revenues. This works out to \$14,520 per school age child and includes school budget fixed costs that will likely not change due to the small number of additional children entering the system.
 - The estimated number of school-age children (SAC) is based on surveys of apartment projects in the Metro West region. Age restricted (55+) communities generally have no or very few SAC, while unrestricted communities generate larger numbers depending on location (town), unit size, number of bedrooms, number of affordable units, price range, amenities provided and other factors. In very general terms, larger units generate more SAC, affordable units more than market-rate, and rental units more than condominiums.
 - For The Cottages, which is expected to primarily attract older, empty-nester singles and couples, a range a low and high range for the number of school-age children was developed, based on the existing data and on the author's professional experience. For the low end, it was assumed that market rate units would generate 0.05 SAC per unit while the affordable units generate 0.1, for a total of 8 students. For the high range, a factor of 0.25 for the affordable and 0.1 for the market rate units was used, for a total of 23 students.
- Total estimated municipal expenditures as a result of the proposed development are \$239,738 for Town services and \$116,159 to \$333,956 for education.

Net Fiscal Impacts:

- Subtracting the total annual municipal costs of \$3555,897 on the low end and \$573,695 on the high end depending on education costs, from the total tax revenues of \$1,302,597, results in a net annual fiscal impact ranging from a positive **\$785,403 to \$1,003,201.**