Community Opportunities Group, Inc.
129 Kingston Street, Third Floor
Boston, Massachusetts 02111
(617) 542-3300

LEGACY FARMS

Fiscal & Economic Impacts Analysis

May 2, 2008

Hopkinton Planning Board
Hopkinton Board of Selectmen

Community Opportunities Group, Inc.

LEGACY FARMS

FISCAL AND ECONOMIC IMPACTS ANALYSIS

In January 2008, the Town of Hopkinton asked Community Opportunities Group, Inc., for assistance with reviewing Legacy Farms. Our role involved analyzing a fiscal and economic impacts study supplied by the proponent, Boulder Capital (Legacy Farms LLC), providing comments to the Planning Board and Board of Selectmen, and consulting to the Town's negotiating team – the Town Manager, Planning Director, and Town Counsel – as they worked with Boulder Capital to develop a Host Community Agreement (HCA). We also conducted literature and case study research in an effort to identify issues that should be considered during the Legacy Farms review. This report presents our conclusions, analysis, and approach, and builds upon other reports and memoranda previously submitted to the Town.[1]

SUMMARY OF KEY FINDINGS

- Hopkinton will experience a significant increase in property tax and other recurring revenues as a direct result of Legacy Farms – even if the project never achieves a full commercial buildout of 450,000 sq. ft.

- Hopkinton will need to spend more on municipal and school services in order to accommodate the new population and businesses at Legacy Farms. Most of the demand on services will be felt in public safety – police, emergency medical, and fire – and the public schools. Other departments that will absorb noticeable impacts from Legacy Farms include the assessor's office, the building department, the board of health, the planning department, and the conservation department.

- Although Legacy Farms will require Hopkinton to devote more resources to municipal services, Boulder Capital's proposal will provide more than enough revenue to pay for its associated services and capital costs.

    - If Legacy Farms builds out in accordance with Boulder Capital plans – that is, with 940 housing units and 450,000 sq. ft. of commercial space – the Town will obtain approximately $2.2 million in net revenue per year once the project is completed and occupied, *in current dollars*. Considering both the flow of future revenue and expenditures for community services over the 12 years that may be needed for Legacy Farms to reach buildout, the project's net present value to Hopkinton is approximately $13.2 million.

[1] See Community Opportunities Group, Inc., to Hopkinton Planning Board, March 10, 2008; March 24, 2008; and March 28, 2008, at http://www.hopkinton.org/.

    - Even if the housing units sell at somewhat lower prices than Boulder Capital hopes for – prices more in line with Hopkinton's recent experience – the Town will still gain approximately $1.5 million in net revenue per year once the project is completed and occupied, *in current dollars*. Using more conservative housing sale price assumptions, the net present value of revenue and expenditures during the 12-year buildout period is approximately $7.4 million.

- Estimates of net revenue at project completion – whether $2.2 million or $1.5 million – represent a future condition that could take more than a decade to achieve. During the first few years of residential and commercial construction, marketing and sales, Legacy Farms may simply "break even" or produce a modest amount of net revenue. It will take a critical mass of housing units and commercial space at Legacy Farms before Hopkinton experiences major revenue benefits from this development. Legacy Farms is a long-term proposition, both for Boulder Capital and the Town.

- Regardless of how long it takes for Legacy Farms to provide a large, sustainable revenue stream, the Town will experience an important fiscal benefit almost immediately: land uses that place relatively few demands on Hopkinton's schools.

- Two residential components of Legacy Farms – 50 single-family homes and 240 apartments – will not have a positive fiscal impact on the Town. However, the Host Community Agreement helps to compensate for any deficit associated with these uses by requiring Boulder Capital to build other revenue-producing housing units and commercial space first.

- Assuming the maximum number of housing units proposed by Boulder Capital (940), the total household population at Legacy Farms will be approximately 2,020 and the total number of school-age children, approximately 250.

- If the 450,000 sq. ft. of nonresidential space at Legacy Farms includes an assisted living facility or a continuing care retirement community, the project's total population will be approximately 2,200.

- The proposed mix of uses and total amount of development at Legacy Farms mean that Hopkinton will need to construct and staff a fire substation in East Hopkinton. This need is already anticipated in the Town's capital improvements plan, thanks to the foresight of Hopkinton's Fire Chief. Our net revenue estimates for Legacy Farms include a share of the fire substation's operating cost and debt service payments. In addition, Boulder Capital has agreed to help mitigate the public safety impacts of Legacy Farms by contributing $500,000 toward the construction cost of a fire substation in East Hopkinton, provided the Town actually builds it within the next 15 years.

INTRODUCTION

On May 6, 2008, Hopkinton Town Meeting will be asked to adopt a unique zoning district for 733± acres of the former Weston Nurseries property in East Hopkinton. The Open Space Mixed Use Development Overlay District (OSMUD) consists of three "sub-districts," or areas designated for particular types of development, and provides for an overall maximum of 940 housing units and 450,000 sq. ft. of nonresidential space. It also requires that at least 500 acres of the site be restricted for uses such as agriculture, passive and active recreation, or municipal facilities. To achieve these ends, the OSMUD establishes a two-tier development review process that includes an "umbrella" master plan special permit from the Planning Board and site plan approval for specific projects carried out under the master plan. The OSMUD is essential for Legacy Farms, a major planned development proposed by Boulder Capital (Legacy Farms LLC).

Boulder Capital's plans for the Weston Nurseries property have come at the heels of a difficult period for the Town. When Hopkinton first learned that the land was for sale three years ago, the Board of Selectmen appointed an ad hoc committee, the Land Use Study Committee, to evaluate the Town's options. Since the Weston Nurseries land was assessed under Chapter 61A, Hopkinton had a statutory right of first refusal to acquire it if the owners decided to convert the land to another use. The Land Use Study Committee spent more than two years exploring possibilities, consulting with prospective developers, and steering a planning process that became increasingly complicated once the owners of Weston Nurseries filed for bankruptcy protection. In response, the Board of Selectmen retained special counsel to protect the Town's Chapter 61A rights, knowing that eventually, the Bankruptcy Court would issue an order to sell the land. In February 2007, the Court ordered the property to be sold to Boulder Capital, acting as Hopkinton Farms LLC. Almost immediately, Hopkinton received the long-anticipated Chapter 61A notice that triggers the 120-day period for exercising a community's right of first refusal.

Residents flocked to a special town meeting in June 2007 and nearly approved a proposal for Hopkinton to buy the land. However, a special election one week later made it clear that most voters had no appetite for raising their taxes in order to fund the $28 million land acquisition. Although some aspects of Boulder Capital's plans were not as well defined in June 2007 as they are today, it was public knowledge at the time that if Hopkinton declined to purchase the Weston Nurseries property, Boulder Capital would seek approval of a master plan with a maximum buildout of 940 housing units, 450,000 sq. ft. of commercial development, and 500 acres of open space. These basic elements endure in the OSMUD, which creates a development review and permitting vehicle for the type of project that Boulder Capital announced a year ago. It has the potential to transform the Weston Nurseries land into an extraordinarily valuable site by making it marketable for a wider variety of uses than would be allowed under Hopkinton's present zoning. To the extent that the OSMUD creates significant market value for Boulder Capital, it also creates significant taxable value for the Town.

Community Opportunities Group has worked for the Town of Hopkinton since 1997. Our first engagement is particularly memorable; Hopkinton wanted a framework for evaluating its Chapter 61 and 61A inventory and planning some acquisition priorities without the pressure of a 120-day right of first refusal period. The study was timely because after town meeting voted to purchase the Terry property on Hayden Rowe Street for a new school and open space, residents began to question whether Hopkinton had paid too much for the land. In addition, Hopkinton was growing rapidly and many vacant land parcels were in play, so it made sense to develop criteria for ranking sites because no town can buy all of the open space it would like to own. The 1997 study is memorable for another reason, however: both our firm and Boulder Capital's fiscal impact consultant, John Connery, worked on the project, and together we toured Weston Nurseries in April 1997. At the time, neither of us could imagine it as a "high risk" tract of open space due to the company's prosperity and enormous investment in capital improvements. Eleven years later, we find ourselves in a different place with respect to the Weston Nurseries land and, unfortunately, at odds.

While we disagree with Mr. Connery's fiscal impact analysis of Legacy Farms, we agree with his assertion that developing the land under existing zoning will simply perpetuate Hopkinton's financial stress. The prevailing residential land use pattern in Hopkinton, while appealing to so many residents, is very expensive to serve. It does not generate enough revenue to support both good schools and adequately staffed and equipped town departments. Like other affluent suburbs that attract families with children, Hopkinton has devoted far more revenue to building and maintaining a fine school district than providing for the essentials of town government. Despite Proposition 2 ½ overrides, the presence of thriving industries like EMC, and a history of foregoing municipal needs, Hopkinton still struggles to pay for the kind of education that parents want for their children. Meanwhile, town departments operate with barely enough staff, equipment, and space to meet the demands of new growth. For the most part, the budget direction they hear every year is "level fund," other than scheduled wage increases.

Legacy Farms offers a compelling opportunity to change the dynamics of land use and municipal finance in Hopkinton. To intervene successfully in what finance officials everywhere call the "structural deficit," communities need an approach that addresses both revenue growth and cost containment. Achieving these ends is nearly impossible without a fundamental change in land use policy, first because local governments rely on property taxes and second, the way land is used largely determines its demands on government services. For Hopkinton, Legacy Farms represents a fundamental change in land use policy. Though we cannot endorse Boulder Capital's optimistic fiscal projections, we agree that Legacy Farms will provide a substantial, lasting financial benefit to the Town. We remain concerned that in its earliest years of construction, Legacy Farms may place new demands on town services before it generates a corresponding amount of revenue. However, the Host Community Agreement does all that it can to mitigate the potential for a near-term revenue deficit. If the land were developed under existing zoning, Hopkinton would have *no* opportunity to recover the short- and long-term negative impacts of 320 single-family homes.

Fiscal impact should never be the only factor, or even the deciding factor, that leads a town to support or oppose development. Other valid planning objectives also matter, and sometimes they outweigh the importance of fiscal impact. This can be seen in Hopkinton's present zoning, which promotes clusters of single-family homes and open space as the preferred pattern of development in most parts of the community. The underlying planning objective is a low-density, family-oriented community, even though the result comes with a very high cost to residents. In 2006, the

Planning Board hired Sasaki Associates to prepare a master plan for East Hopkinton because of the probability that Weston Nurseries would be sold. The *East Hopkinton Master Plan* (2007) makes a persuasive case for accommodating a wider range of planning objectives as Hopkinton continues to evolve. People may oppose Legacy Farms because of its size, but in concept, the OSMUD clearly addresses the land use principles of the *East Hopkinton Master Plan*.[2]

DISCUSSION

Considerable attention has been paid to the fiscal impact of Legacy Farms, and somewhat less attention to the fiscal impact of the OSMUD. In fact, they are not the same. Throughout our work on this assignment, we have tried to keep two issues in view: Boulder Capital's intentions for Legacy Farms – as described in the January 2007 fiscal impact report by Connery Associates – and the land use opportunities created by the OSMUD. Approximately one month after we started our review, it became clear that it would be impossible to arrive at a "consensus" position because the Connery report examines Legacy Farms as a specific mixed-use development while we define Legacy Farms as discrete possibilities under the OSMUD. Readers who wonder why our conclusions differ from those presented by Boulder Capital need to understand that from the outset, we took a different approach because the decision facing Hopkinton today is whether to approve a proposed zoning bylaw, not whether to issue permits for a proposed development.

OSMUD v. Legacy Farms

The OSMUD is a zoning district that sets forth a series of use and dimensional regulations, design principles, and permitting standards and procedures for development of the Weston Nurseries land. Since the bylaw requires at least 500 acres to be restricted for open space and public uses, the effect of the so-called "restricted land" regulations is that the maximum development allowance for the property – 940 housing units and 450,000 sq. ft. of commercial space – will be limited to 233± acres, including interior roadways and parking areas. As a result, development that occurs in the OSMUD will consist of moderately dense, compact clusters, surrounded by open land.

The OSMUD embraces the concept of market-driven development, yet it also attempts to balance what the market may want with what the Town believes it can manage. For example, while the OSMUD allows a variety of housing types, it limits the total number of single-family homes and apartments that can be constructed within the district. The OSMUD also makes some uses easier to develop than others by allowing a wide variety of uses by right and subjecting others to a special permit. Given the numerous development privileges established in the OSMUD and the range of hurdles that may be associated with each, describing Legacy Farms as a collection of "known" uses masks what could happen under the rules and regulations of the OSMUD. Needless to say, this presents a number of challenges for a fiscal impact analysis. It also contributed to the problems we found in Boulder Capital's fiscal impact report.

[2] See Sasaki Associates to Hopkinton Planning Board, 25 April 2008, at http://www.hopkinton.org/gov/.

We had many concerns about the proponent's fiscal impact study. Since our original and supplemental comments are a matter of record in other submissions to the Town, we have not reiterated all of them here. Our primary concerns included the following:

- The proponent's report assumes, uncritically, that Hopkinton's current-year appropriations provide a reliable basis for forecasting the future cost to serve the residents and businesses at Legacy Farms, and does not place current appropriations in the context of historic trends. A historic trends review is a key part of any analysis of the marginal cost of new growth. It also affects, or should affect, assumptions about future revenue, particularly from sources such as local aid and motor vehicle excise taxes.

- The report contains unverified assumptions about the municipal departments that would be affected by Legacy Farms. As a result, it overlooks other departmental impacts that needed to be identified, accounted for, and quantified.

- The report is based on a mix of fiscal impact methods. The resulting "hybrid" is a key reason that Boulder Capital's net revenue projections are so optimistic.

- The report makes many assumptions about the mix of uses at Legacy Farms, without regard for alternative uses that would be permitted under the OSMUD.

- The report assumes high sale prices for the 325 townhouses and 325 multi-family condominiums that Boulder Capital hopes to build, but it is silent on how long it may take for the market to absorb 650 high-end units. Since the fiscal benefits of Legacy Farms hinge on these residential uses, the sale price assumptions have a major impact on proponent's revenue estimate.

- The report assumes that Hopkinton will not have to pay for any new capital improvements in order to serve the residents and businesses at Legacy Farms. While it assumes that some town departments will need additional personnel, it does not account for the shortage of suitable office space in existing town facilities or the possibility that the location of existing facilities may not be adequate to serve a new population center.

Despite the problems in Boulder Capital's study, we agree that Legacy Farms – with almost any combination of uses allowed under the OSMUD – will have a very positive fiscal impact on the Town in the long run. Using more realistic revenue assumptions and accounting for the ways in which Hopkinton's municipal and school expenditures have changed over the past 10 years, we concluded that Legacy Farms will provide about $2.2 million in net revenue per year when it is fully built and occupied. The net revenue could fall to about $1.5 million per year if the proposed housing units sell at mid-market rather than high-end prices, if the number of school-age children reaches our high-side estimate of 285, or if the development includes an assisted living facility or continuing care retirement community.

The actual revenue from Legacy Farms will be determined by the following factors:

- How the project is phased, i.e., the land uses contained within each phase and how long it takes for the market to absorb the new housing and commercial space;

- The actual mix of uses within each phase;

- How the maximum allowable number of bedrooms (1,943) is allocated among the project's residential uses. For example, a reduction in one-bedroom units in order to provide more three-bedroom units would result in fewer units overall, but more school-age children;

- Whether the Town chooses to enter into any Tax Increment Financing (TIF) agreements in order to attract businesses to Legacy Farms;

- If the buildout of Legacy Farms includes fewer townhouses and multi-family condominiums, or a reduction in commercial space, the Town's service costs will be reduced – as will the total amount of revenue generated by the development.

The effects of different phasing and use mix assumptions are illustrated in the tables in Exhibit 1.

Host Community Agreement

The substantive concerns we identified have been addressed in the Host Community Agreement (HCA), which contains restrictions and conditions that go beyond the framework of the OSMUD. It is important to point out that the future impacts of development within the OSMUD are controlled by a combination of the Planning Board's special permit and site plan approval authority *and* the provisions of the HCA. A key provision of the HCA is the "Matrix" of land uses, a conservative estimate of the amount of revenue they are expected to generate, and the amount of net revenue (or deficit) Hopkinton should expect per dwelling unit or per sq. ft. of nonresidential space. The Matrix and related provisions of the HCA establish a basis for Hopkinton to determine whether enough fiscally positive development has occurred to offset a deficit from the two land uses that are likely to involve a higher cost of services than the revenue they will generate: single-family dwellings and rental apartments. This aspect of the HCA is a reasonable mechanism for protecting both the Town's and the proponent's interests.

Our Perspective

The fiscal impact of new development is shaped by conditions in the receiving (or "host") community. The context of growth needs to be understood and accounted for if a fiscal impact analysis is to be anything more than a formulaic exercise. Hopkinton's municipal finance trends, land use pattern, government organization, and departmental operations are central to understanding how the Town has responded to growth and change and its capacity to respond to change in the future. As Hopkinton has gained households, annual spending on local government services has risen dramatically, mainly due to growth in the Town's school-age population. From 1990-2000, Hopkinton gained 1,285 new households and experienced total population growth of 4,155 people. In 2008 constant dollars, the Town's total operating budget increased by $12,452,408 in the same ten-year period. It is unreasonable to assume that if Legacy

Farms builds out with 940 new housing units in 10 to 12 years – about 73 percent of the household growth that occurred in the 1990s – that Hopkinton will spend only $3.1 million to provide municipal and school services to the residents and businesses in Boulder Capital's development.

Hopkinton has several characteristics that will influence the fiscal impact of any type of new development, particularly Legacy Farms:

- In constant dollars (2008), Hopkinton's total general fund expenditures per capita increased 123 percent between 2000 and 2007. While public school spending made up a significant share of the increase, Hopkinton's local government expenditures have generally increased across the board, with debt service and unclassified costs leading the way. The smallest percentage increase per capita has occurred in public safety: police, fire, and emergency medical services.

- Hopkinton's population growth rate has consistently exceeded that of the MetroWest region for three decades. Although intercensal estimates indicate that Hopkinton's population growth rate may have declined somewhat since 2000, its household growth rate remains very high. The town issued building permits for 547 new housing units between 2000 and March 2008, outpacing all MetroWest communities.

- Hopkinton's existing land use pattern is predominantly low-density and residential, with a few noteworthy exceptions. The downtown area, West Main Street, the business and industrial areas centered around I-495, the school complex on Hayden Rowe Street, and public amenities such as Whitehall State Park and Lake Maspenock function as concentrated activity nodes. Not surprisingly, these areas generate a sizeable share of the demand placed on Hopkinton's public safety departments today (see Exhibit 2).

- Since 2000, approximately 30 percent of all new housing units in Hopkinton have been constructed in East Hopkinton. However, 40 percent of the new units and all of the new multi-family units have been built between Route 85 and I-495; the rest exist in neighborhoods west of I-495. From a service delivery perspective, most of the growth in demand for municipal services is being generated within areas unconnected to Legacy Farms.

- Hopkinton is a prestigious town with a highly respected school system. The quality of its schools is a major draw for affluent families seeking homes in the MetroWest area. Although Boulder Capital's anticipated housing mix is designed to attract many types of households, including childless households, there will be school-age children at Legacy Farms – more than the very low numbers of school-age children found in similar housing in other towns.

- Due to Hopkinton's strong commitment to the schools, several town departments are inadequately staffed to handle their present workload, let along the additional workload generated by a major mixed-use development. Existing space constraints at Town Hall would make it very difficult (and in some cases impossible) to accommodate growth in personnel. Legacy Farms is not the cause of these problems, but it accelerates the need to address them.

Municipal Services

Most communities, including high-growth suburbs, can absorb some population growth without adding personnel, acquiring new vehicles and equipment, or constructing additional government office space or classrooms. The capacity to absorb growth without a net change in a community's existing cost structure means that sometimes growth results in reduced expenditures per capita – *in the short run*. A problem with relying on this assumption to forecast the cost of serving new development is that at some point, communities do have to expand their capacity to deliver municipal and school services. If one assumed that a town could absorb every new project, without regard for the cumulative impacts of growth, local government services would become ever less expensive on a per capita basis. This simply is not true, as Hopkinton's experience demonstrates.

There is a corollary risk in assuming that every new development will cost at least as much to serve as a community's existing land uses, measured in expenditures per capita. The risk is that a new development, even a very small one, will seem to have a negative fiscal impact when its actual impact may be neutral. Still, assuming that all developments share at least the same fundamental service cost characteristics provides a conservative window for the community, and it probably offers a more accurate picture of the long-term service costs that come with population, household, and employment growth.

For our review of the OSMUD, we estimated Hopkinton's additional cost of municipal services by identifying the demands directly associated with Legacy Farms, assigning personnel and non-personnel cost estimates to each type of demand, and allocating a share of the total to Boulder Capital's development. In some cases we assigned 100 percent of the new cost to Legacy Farms; in other cases, we assigned a share that represents the project's percentage of the total population of East Hopkinton under buildout conditions; and finally, in many cases we assigned a share that represents the project's percentage of the town-wide population in 2020 (estimated), a point that roughly coincides with the completion of Legacy Farms. We based these judgments on the degree to which Legacy Farms would cause the Town to increase spending on various services and how much of the benefit would accrue to the residents and businesses in the development. However, it is important to note that even if 100 percent of all of the costs were assigned to Legacy Farms, the project would still generate net revenue to the Town.

After completing the process described above, we conducted a separate service cost analysis using a marginal cost fiscal impact model developed by the Federal Reserve. We did this in order to test our assumptions about the impacts of Legacy Farms on Hopkinton town departments. Table 1 and Table 2 show that the overall results are strikingly similar even though the modeling methods and assumptions are quite different.

Table 1
Estimated Cost of Municipal Services and Proportion Attributable to Legacy Farms: Departmental Analysis

Service Impact[3]	Total Cost[4]	Legacy Farms Share	Explanation of Legacy Farms Share
Firefighters (12)	$1,127,900	$522,300	46.3% (proportion of E. Hopkinton buildout)[5]
Additional Ambulance	$180,000	$83,400	46.3%
Police Officers (4.5)	$405,400	$405,400	100% (staffing equivalent to an additional police beat)
Additional Cruiser, Equipped	$35,000	$35,000	100%
Assessing Department	$137,800	$15,800	11.4% (proportion of town-wide population in 2020)
Planning Department	$137,800	$96,700	100% cost of additional full-time planner; 11.4% of additional administrative support
Library	$75,400	$8,700	11.4%
Land Management/Stewardship	$87,000	$10,000	11.4%
Health Department/Public Health	$87,000	$87,000	100% cost of additional public health capacity
Public Works/Road Maintenance	$30,000	$30,000	Developer's estimated cost of road maintenance
Debt Service Fire Substation[6]	$189,500	$189,500	100%
Debt Service Town Hall Alterations	$128,000	$14,700	11.4%
Subtotal	$2,620,800	$1,498,500	
Administrative Cost Allocation @ 7%		$1,603,400	A&F and unclassified costs % town budget[7]

[3] The Building Department also will require more staff support, but the costs are not shown in Table 1 because they will (or should) be offset by building permit fees.

[4] Personnel costs include salaries, based on applicable compensation schedule or collective bargaining agreement in Hopkinton, plus 28% for employee benefits.

[5] "East Hopkinton Buildout" is the sum of East Hopkinton's estimated population today and the additional population growth that could occur on the remaining vacant land. Source of additional population growth on vacant land: Sasaki Associates.

[6] Debt service numbers represent the average annual debt service payment over the life of a 20-year note. Payments during the early years will be higher, and payments during the later years will be lower.

[7] For purposes of this calculation, "unclassified costs" excludes employee benefits, which are already contained in the direct cost estimates.

Table 2
Estimated Cost of Municipal Services: Federal Reserve Model

Service Category	Residential	Commercial	Total	Explanation
General Government	$199,700	$11,300	$210,900	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population;[8] Commercial = proportional valuation
Public Safety	$594,900	$159,500	$754,400	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population Rental housing increased 1.10 Commercial = proportional valuation
Public Works	$179,800	$11,300	$191,100	Residential = [FY08 cost per capita x average increase per capita 2000-2007 x 0.49 reduction factor] x new population Commercial = proportional valuation
Human Services	$54,900	$18,000	$72,900	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population Commercial = proportional valuation
Culture & Recreation	$55,400	$0	$55,400	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population Commercial = proportional valuation
Fixed Costs	$248,000	$22,500	$270,500	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population Commercial = proportional valuation
Miscellaneous	$48,900	$2,300	$51,200	Residential = [FY08 cost per capita x average increase per capita 2000-2007] x new population Commercial = proportional valuation
Total	$1,381,300	$224,700	$1,606,000	

[8] All dollars converted to estimated 2008 constant dollars.

School Costs

We projected the additional education costs for Legacy Farms by:

- Estimating the number of school-age children in the development under buildout conditions (Exhibit 3);
- Multiplying the build-out school-age children estimate by (a) Hopkinton's FY 2008 Actual Net School Spending (NSS) per student, net of Chapter 70 aid ($8,829), and (b) the average annual increase in Actual NSS per student over the past five years (1.06);
- Assuming that 1.6 percent of the school-age children would need out-of-district special education services at an average annual cost of $31,622 (Source: Department of Education).

This process resulted in an estimate of $2,454,500. Our estimate is not significantly higher than Boulder Capital's estimate ($1.9 million). For the most part, the difference reflects our higher estimate of school-age children, i.e., 250 students compared with Boulder Capital's estimate of 236 students.

Revenue

Boulder Capital's fiscal impact study concludes that at buildout, Legacy Farms will generate gross revenue of nearly $6.8 million per year, from recurring sources such as the property tax and motor vehicle excise taxes. Our estimate is $6.3 million. The main differences include:

- Boulder Capital has assumed that the proposed 325 townhomes will sell for an average of $745,000 per unit, which is extremely optimistic. In addition, Boulder Capital has assumed that the assessed value of the units will be the same as the sale prices. Our analysis assumes an average sale price of $560,000, which is the third-quartile sale price of townhouses recently built and solid Hopkinton (2005-2007), and an average assessment at 95% of the sale price ($532,000).
- Boulder Capital's report assumes that the proposed 325 multi-family units will sell for an average of $425,000. Since Hopkinton's existing condominium inventory is almost exclusively townhouse-style units, we did a regional search of new multi-family condominium sales and set the average sale price at $395,000, with an average assessment at $375,250.

These differences would have produced a more conspicuous reduction in revenue, but Boulder Capital's report contains some inconsistent financial data, such as a mix of FY07 and FY08 service costs, local aid, and tax revenue. The tax revenue estimate is based on Hopkinton's FY07 tax rate of $12.83; we used the FY08 residential tax rate of $14.15.

ISSUES

Throughout our work on this assignment, people have posed questions that seem appropriate to repeat here, along with our responses. We imagine that many others will have similar questions, so perhaps by reprinting them we will be able to provide some useful information in advance of town meeting.

1) Estimated number of school-age children.

Many people have questioned Boulder Capital's estimate of the number of school-age children at Legacy Farms and our estimate as well. Whenever we work on a development impacts analysis, local officials and residents always want to know how many children are likely to live in a new development. Often, people assume that small, densely developed housing will mimic single-family homes as magnets for families with children, and sometimes people assume that dense housing will attract even more children per unit.

In fact, the experience throughout Eastern Massachusetts is that unlike older rental housing developments, the new projects have strikingly few school-age children. If one looks closely at key characteristics of the state's recently built apartments and multi-family condominium developments, the absence of children is not very surprising: for the most part, the developments have been designed to keep children out. Housing developments dominated by one- and two-bedroom dwelling units do not appeal to families. We find this in every type of community, from very affluent suburbs to working-class towns. Boulder Capital proposes to develop housing much like the "childproof" units built elsewhere. Most of the housing at Legacy Farms is not designed for family occupancy, and it would be unfair both to the Town and the proponent to make unduly high estimates of school-age children that cannot be documented with any available sources of data.

Our estimate is a range of 250 to 285 school-age children. Approximately 65 to 70 percent will be elementary school students. We based this estimate on information from Boulder Capital about the number of bedrooms per unit by type of unit (Table 3), and on data from the following sources: the American Community Survey (2006), our own analysis of occupied multi-family units in Hopkinton one year ago, and to a lesser extent, data that we collect from suburban school districts with relatively new multi-family developments in Eastern Massachusetts. The actual number of children at Legacy Farms could be slightly higher or lower, depending on the following factors:

- The size of the townhouse and multi-family units, not only in bedrooms but also in total floor area;
- The actual sale prices of the market-rate units and the actual market rents for the apartments;
- The occupancy characteristics of units built as for-sale housing, i.e., whether some of these units are actually renter-occupied instead of owner-occupied;

- Market conditions when the units are built, sold and eventually resold, and
- The total number of affordable units, and whether they include a mix of rental and homeownership units. (See OSMUD, § 210-167B.)

Table 3
Anticipated Dwelling Unit Mix: Legacy Farms

Unit Type	1BR	2BR	3BR	4BR	Total
I. Homeownership					
Single-family detached	0	0	35	15	50
Townhouse	0	235	90		325
Multi-family style	50	215	60		325
II. Rental					
Market-rate apartments	84	89	7		180
Affordable apartments	28	29	3		60
Total Units	162	568	195	15	940
Total Bedrooms	162	1,136	585	60	1,943

Source: Boulder Capital, 4 April 2008.

2) Cost of community services for rental housing developments.
We have been asked whether the proposed 240-unit rental development will place more demands on the Hopkinton public schools, compared to other types of housing. Since this issue comes up in most communities, we have studied it extensively over the past several years. Although we have not seen a detectable difference in special education demands from rental housing developments, we have seen a higher incidence of students with limited English proficiency. We considered trying to reflect this in the service cost estimates for Legacy Farms, but concluded that it is premature to do so and may also be subject to lots of disagreements about how the cost of English language support services should be measured. Our experience is that programs for students with limited English proficiency vary widely, and there is not always a straightforward way to estimate the cost of the service. By using Hopkinton's existing average net school spending per student as a base year multiplier, unadjusted to account for the possibility that some students could be absorbed without much additional expense to the Town, we believe our school cost projection provides a reasonable cushion for additional costs such as English language services.

More important than demands for supportive educational services is the potential for additional demands on public safety personnel, notably police and emergency medical staff. Some communities find that rental developments generate more demands for public safety, measured on a per-household basis, and others see very little impact. The difference seems to reflect, at least in part, the quality of property management: the qualifications and experience of the management staff, and their tenant screening and selection policies. Developments that command very high rents for market-rate units also tend to have fewer public safety incidents per unit than developments with mid-market or below-market rents. Although we imagine that a rental development in Hopkinton would be a high-quality residential community with skilled on-site management, we maintain that the combination of 240 apartments, the commercial uses at Legacy Farms, and the large number of housing units in general will require Hopkinton to establish consistent full-time police presence in the vicinity of Legacy Farms. This is why our fiscal impact analysis includes a new unit of coverage – an assigned officer on patrol on each shift – in the tabulation of service costs in Table 1.

Another municipal service affected by rental housing is a community's board of health, which has statutory responsibilities for handling housing complaints, enforcing the State Sanitary Code, and providing periodic inspections of rental developments. Fire departments and building inspectors also have some additional inspection duties for rental developments. We believe we have made an adequate accounting of these costs in Table 1.

3) Financial benefits from Legacy Farms.

Almost from the outset of our review of Legacy Farms, we have heard concerns that Boulder Capital should "give" more to the Town of Hopkinton, i.e., funding to support various local interests. Some have cited a development agreement between the Town of Westwood and Cabot, Cabot and Forbes, the developer of Westwood Station, and argued that Hopkinton should receive equivalent benefits. However, Legacy Farms and Westwood Station are completely different projects.

Since the late 1990s, we have seen a conspicuous increase in community demands for funding from developers as a condition of approving zoning changes and granting special permits or comprehensive permits. This practice seems to be inspired by a combination of local revenue needs that are not being met under Proposition 2 ½ and a generally held view that cities and towns are entitled to some of the profit from new development. Since it is extremely difficult for Massachusetts communities to devise a system of impact fees that will survive if challenged in court, other modes of development "exaction" have become a popular way of obtaining financial benefits from developers whose plans hinge on community support. Unfortunately, this practice makes it difficult for developers to anticipate what they will be asked to pay and also places some developers in an unfair position. For example, the developer who builds single-family homes in a zoning district where they allowed as of right never (or rarely) provides funding to a town as a condition of obtaining development approvals, yet single-family homes impose significant fiscal impacts on a community. These kinds of inequalities rarely occur in states like Rhode Island, where impact fees are a routine part of development permitting for all types of land uses.

Funding and capital improvements unrelated to the impacts of Legacy Farms fall outside the bounds of "fiscal impact" and "mitigation," and they are not appropriate content for a fiscal impact analysis. In general, we think the Town should focus on whether the long-term fiscal impact of Legacy Farms is positive or negative. Financial contributions from developers in the short run are far less important than the amount of recurring net revenue that a project will provide over time.

4) Development under existing zoning.

We continue to hear skepticism about whether a development under Hopkinton's existing zoning would create negative fiscal impacts on the Town. Some have questioned the developer's fiscal impact study, which presents a dire view of 320 single-family homes and a 200-unit comprehensive permit rental development. We think the developer's study goes to the extreme and fails to note that without the wastewater treatment facility proposed for Legacy Farms, a Chapter 40B rental development is very unlikely in Hopkinton. The Town has never received a comprehensive permit application to build 200 rental units, and the primary reason is lack of access to sewer service. Although Chapter 40B rental developments are occasionally built with package treatment plants, they are the exception, not the norm.

That said, we agree with the developer that 320 single-family homes would have a negative fiscal impact on Hopkinton. The Town's established development pattern is dominated by single-family homes, and since Hopkinton residents place high value on the quality of their schools, the Town attracts families with children. Moreover, Hopkinton is a high-end suburb and a majority of its homebuyers are making "buy-up" moves when they purchase a home here. As a result, they tend to arrive with school-age children. This means that new single-family home development tends to have both immediate and cumulative impacts on the Hopkinton Public Schools: immediate because buy-up families usually have at least one school-age child, and cumulative due to additional births that occur after families have moved into the community. The key reason that Hopkinton's annual expenditures rose so dramatically during the 1990s, and have continued to rise dramatically since 2000, is the relentless school-age population growth associated with single-family home development.

We place the annual deficit from 320 single-family homes at approximately -$1.8 million, in current dollars and under buildout conditions.

5) Size of Legacy Farms – number of housing units and amount of commercial space.

Many people have expressed concerns about the total amount of development that could occur under the OMSUD, i.e., 940 housing units and 450,000 sq. ft. of commercial space. People question whether the project could be scaled back and remain fiscally positive.

On one level, the answer is yes – but the more important question is how far it could be scaled back and remain economic from the developer's point of view. By "economic," we mean that a project, given all of its components and the complexities associated with them, will be at least as profitable as some alternative plan. In the case of Legacy Farms, one alternative is a development under Hopkinton's existing zoning (320+ single-family homes), possibly mixed with some additional development carried out under Chapter 40B. Another alternative could include a mixed-use development like Legacy Farms, but with fewer units and less commercial space.

It is conceivable that at buildout, Legacy Farms will include fewer than 940 housing units. This has not been discussed in any meetings we attended, but it is important to note that the HCA establishes a maximum bedroom count of 1,943. The only *use* for which the total number of bedrooms is actually regulated in the HCA is the rental housing component and its alternative if current Chapter 40B regulations should change in the future. The remaining bedrooms constitute a “budget” for the developer, and they can be reallocated among the proposed townhomes, multi-family units, or single-family homes depending on market demand. For example, it would not be at all surprising if Boulder Capital decided to convert 50 one-bedroom multi-family condominiums into 25 two-bedroom condominiums or convert some two-bedroom townhomes into three-bedroom townhomes. Since these types of residential uses attract few families with school-age children, the effect of reallocating some bedrooms in order to create larger units should not have a significant impact on the Hopkinton Public Schools. The more noticeable impact would be some reduction in the project’s gross revenue, since there would be fewer housing units to tax. To some people, fewer units would be a welcome outcome because the overall scale of Legacy Farms would be reduced. To others, the loss of tax revenue and potential increase in service costs (though modest) would be an unwelcome outcome.

It seems very likely that the 450,000 sq. ft. of commercial space may include an assisted living facility (ALF) or continuing care retirement community (CCRC). This has not been confirmed, but enough attention has been paid to the possibility of an ALF that Hopkinton should not be surprised if one appears in an eventual master plan special permit application. An ALF will provide a significant amount of tax revenue and revenue from other sources (such as ambulance reimbursements). Our experience in other towns is that an ALF generates a relatively small amount of traffic. It also provides crucial housing and health care services for seniors and others with chronic care needs. However, an ALF would place considerable demands on the Hopkinton Fire and Police Departments. At the same time, an ALF of approximately 200,000 sq. ft. means the total amount of development people typically associate with “commercial” would be much less than the 450,000 sq. ft. allowed under the OMSUD and the HCA. In general, the possibilities afforded by the OSMUD make it hard to arrive at a single fiscal impact conclusion today, and this is why the Matrix in the HCA is so important. Still, the development possibilities that exist under the OSMUD also create a plausible case that Legacy Farms could be somewhat “smaller” than people imagine.

EXHIBITS

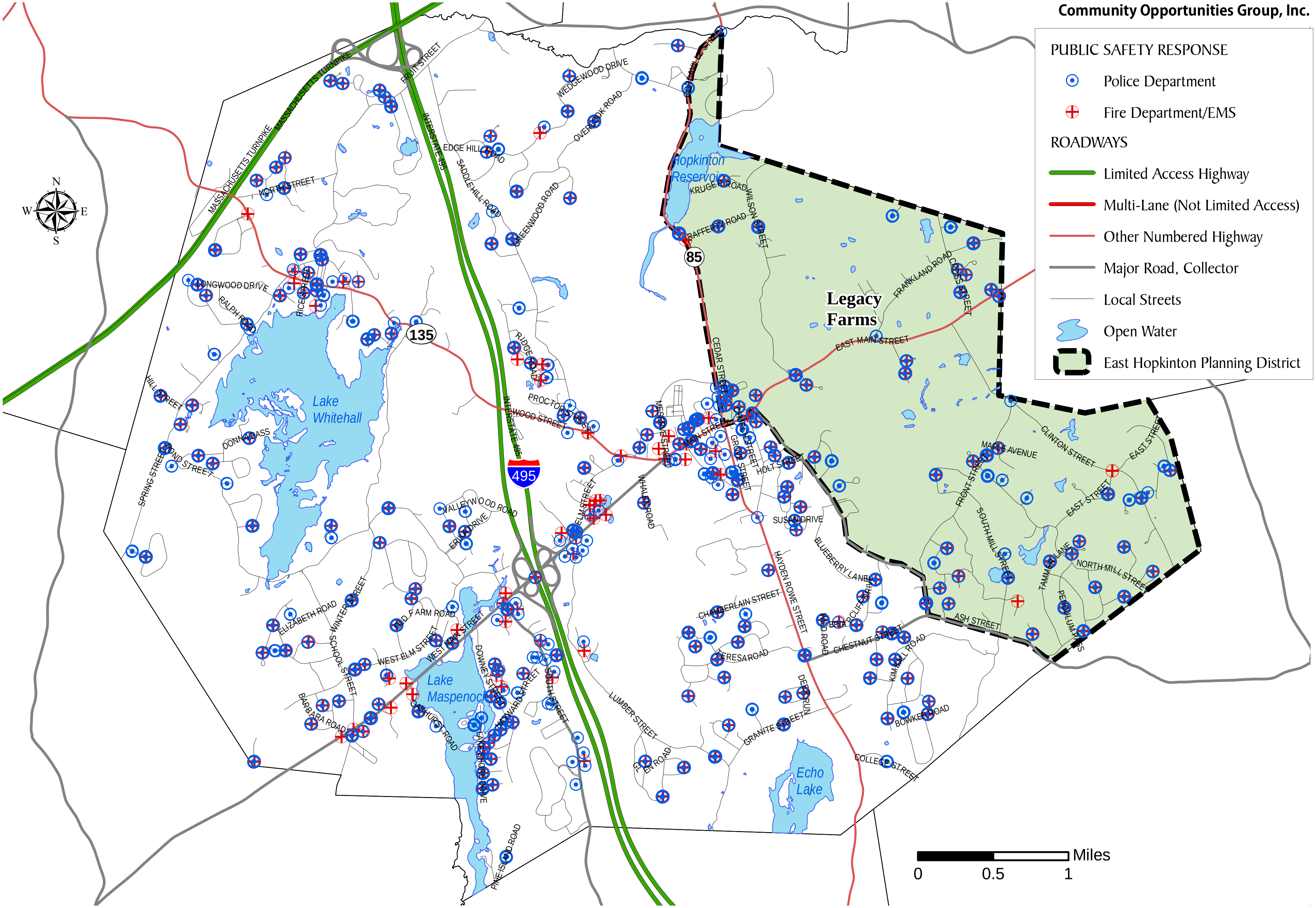
EXHIBIT 1
Implications of Phasing and OSMUD Mix of Uses[9]

	(A)	(B)
Project Component	**COG Estimate**	**Alternative Advantageous Scenario**
Residential		
Single-Family Homes	50	50
Townhomes	325	325
Apartments	240	240
Multi-Family Condominiums	325	325
Total Residential	940	940
Household Population	2,016	2,289
School-Age Children	250	285
Assisted Living Population (*for ALF scenario*)		182
Commercial Development (Sq. Ft.)	450,000	450,000
Recurring Costs & Revenue		
Current Dollars		
Municipal Costs	$1,603,500	$1,867,500
School Costs	$2,454,500	$2,768,800
Total	$4,058,000	$4,636,200
Gross Revenue	$6,313,900	$6,166,200
Cost-Revenue Ratio		
Net Revenue (Fiscal Impact)	$2,255,900	$1,529,900
*Net Present Value, 12-Year Period**		
Municipal Costs	$10,651,300	$11,966,500
School Costs	$17,485,900	$19,888,700
Gross Revenue	$41,333,100	$39,296,400
Net Revenue (Fiscal Impact)	$13,196,000	$7,441,200

[9] The net revenue at buildout and the net present value of the project are reduced in Column B because this scenario assumes (1) a longer buildout period for the proposed commercial space, (2) substitution of an assisted living facility for the nonresidential uses identified in the proponent's fiscal impact study, and (3) construction of the apartments during the first two years of the development cycle. Even though the gross revenue is very similar in both scenarios, the service costs are higher in Column B and it takes longer for the development to accumulate a positive revenue stream.

Public Safety Incidents: Town of Hopkinton, 2006-2007

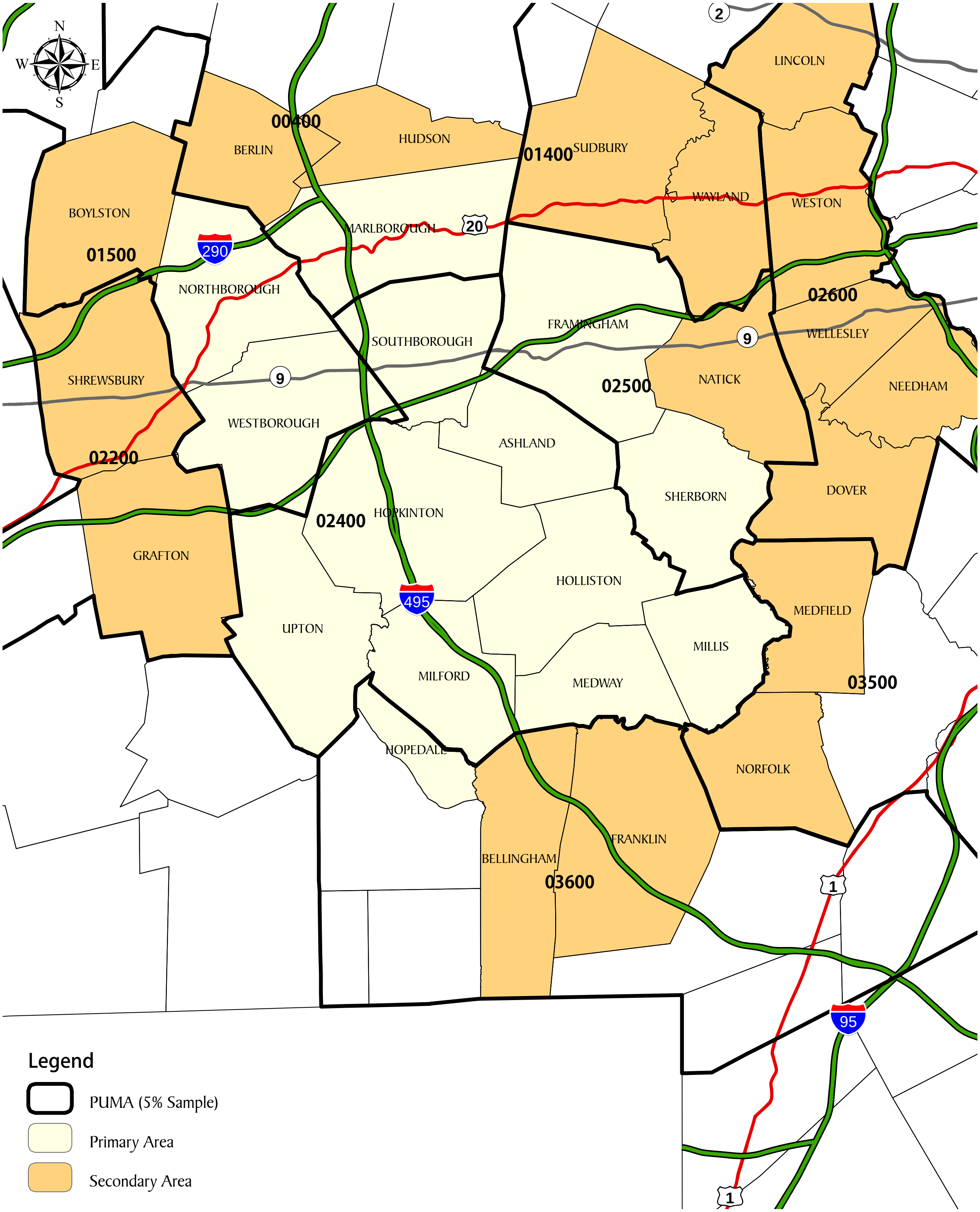
Community Opportunities Group, Inc.



Data Sources: Hopkinton Fire Department, Hopkinton Police Department, MassGIS.

School-Age Children Statistical Areas

Community Opportunities Group, Inc.



Legend

PUMA (5% Sample)

Primary Area

Secondary Area

0 2.5 5 10 Miles

Source: Bureau of the Census, American Community Survey (2006), MassGIS.

SCHOOL-AGE CHILDREN IN FAMILIES 5-17 YEARS

	PUMA 02400		PUMA 02500	
Housing Type	**Owner-Occupied**	**Renter-Occupied**	**Owner-Occupied**	**Renter-Occupied**
TOWNHOUSE/ATTACHED SINGLE FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.111	0.209	0.008	0.211
2	0.210	0.433	0.111	0.339
3	0.227	1.117	0.321	1.003
4	0.559	1.225	0.489	1.251
More than 4	0.712	0.589	0.911	0.611
THREE- OR FOUR-UNIT MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.040	0.002	0.001	0.023
2	0.191	0.121	0.115	0.125
3	0.411	0.272	0.510	0.334
4	0.559	1.289	0.581	1.359
More than 4	0.456	0.251	0.469	0.266
FIVE+ MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.032	0.045	0.021	0.045
2	0.073	0.124	0.192	0.215
3	0.323	0.280	0.256	0.991
4	0.325	1.311	0.254	1.310
More than 4	0.645	0.789	0.635	0.721

SCHOOL-AGE CHILDREN IN FAMILIES 5-17 YEARS

	PUMA 02600		PUMA 01500	
Housing Type	**Owner-Occupied**	**Renter-Occupied**	**Owner-Occupied**	**Renter-Occupied**
TOWNHOUSE/ATTACHED SINGLE FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.001	0.014	0.000	0.015
2	0.122	0.435	0.139	0.425
3	0.420	1.210	0.221	1.112
4	0.555	1.249	0.625	1.235
More than 4	0.922	0.563	0.909	0.611
THREE- OR FOUR-UNIT MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.000	0.001	0.009	0.062
2	0.182	0.111	0.175	0.115
3	0.440	0.211	0.399	0.200
4	0.570	1.360	0.589	1.451
More than 4	0.440	0.289	0.450	0.262
FIVE+ MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.041	0.059	0.043	0.071
2	0.081	0.199	0.143	0.203
3	0.301	0.992	0.369	0.991
4	0.306	1.224	0.377	1.227
More than 4	0.729	0.714	0.725	0.719

SCHOOL-AGE CHILDREN IN FAMILIES 5-17 YEARS

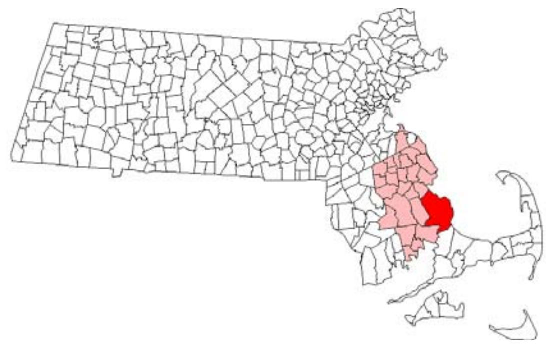
	PUMA 01400		PUMA 02200	
Housing Type	**Owner-Occupied**	**Renter-Occupied**	**Owner-Occupied**	**Renter-Occupied**
TOWNHOUSE/ATTACHED SINGLE FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.002	0.011	0.001	0.009
2	0.145	0.421	0.141	0.429
3	0.259	1.110	0.223	1.120
4	0.310	1.242	0.551	1.239
More than 4	0.925	0.589	0.922	0.581
THREE- OR FOUR-UNIT MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.010	0.005	0.050	0.000
2	0.190	0.175	0.184	0.207
3	0.411	0.951	0.391	0.951
4	0.570	1.338	0.580	1.360
More than 4	0.451	0.239	0.411	0.219
FIVE+ MULTI-FAMILY				
Number of Bedrooms	Mean	Mean	Mean	Mean
Less than 2	0.041	0.059	0.039	0.037
2	0.111	0.211	0.083	0.199
3	0.257	0.994	0.260	1.030
4	0.276	1.210	0.280	1.331
More than 4	0.710	0.719	0.721	0.714

EXHIBIT 4

MAJOR DEVELOPMENT CASE STUDIES

THE PINEHILLS
Plymouth, Massachusetts
Developer: Pinehills LLC
Town contact: Lee Hartmann, Director of Planning and Development, Town of Plymouth

I. Introduction



Town of Plymouth, Massachusetts. Source: Wikipedia.

The Town of Plymouth is located on the southeastern coast of Massachusetts. Approximately forty miles from Boston, the Town benefits from its proximity to the greater Boston area via Route 3, but also retains characteristics of a small, coastal New England town. At over 3,000 acres, the Pinehills it is one of the few large-scale master-planned communities in New England. In 1998 the Master Plan for the Pinehills development was approved by the Town of Plymouth, and over the next ten years the project progressed through nearly six phases of construction. A community of almost exclusively single-family and age-restricted homes, the Pinehills has become a well-known and successful venture, with home prices ranging between $350,000 to upwards of $2 million and an average sales price of $601,188 in 2007.

II. Community Information

a. Basic Demographic Profile

Total Land Area		61,760 acres
Total Population		
	1970	18,606
	1980	35,913
	1990	45,608
	2000	51,701
	2000 Base estimate	51,963
	2006 Estimate	55,516
Population Growth 2000-2006 (Est.)		6.8%
Total Households		18,423
	Total household population	49,269
	Total households s a % of total household population (2000)	37.4%
Total Estimated 2006 Households		20,763
Median Household Income		$54,677 (1999) $67,742 (2007 est.)
Source: Census 2000 Summary File 1; Claritas, Inc. Site Reports, Demographic Snapshot Reports.		

b. Government

The Town of Plymouth has a five-member Board of Selectmen and a Representative Town Meeting, and operates under a Home Rule Charter.

c. Community Services

All community services are provided by the Town of Plymouth.

d. Fiscal

In FY2007, property taxes accounted for 70% of Plymouth's total general fund revenues. Intergovernmental funds accounted for 21% of total revenues. Excise taxes and Licenses and Permits together made up about 6.5% of revenues. The Town spent 50% of total expenditures on schools, 21% on pensions and fringe benefits for Town employees, and 13% on public safety. About 3 to 4% each was spent on general government, public works, and debt service.

III. Project Description

The Pinehills Master Plan was approved by the Plymouth Planning Board and Plymouth Board of Appeals in May 1998. In September of that same year, Special Town Meeting adopted Open Space Mixed-Use Development (OSMUD) zoning for the development, and the Pinehills LLC then filed a modified master Plan Special Permit proposal in accordance with the new zoning, which was approved in 1999. In 1999 and 2000, Phase Special Permits were granted for the development. In June 2000, action at Town Meeting allowed the development to be approved by a Development Plan approved at Town Meeting or a Master Plan Special Permit approved by the Planning Board. As a result, the Pinehills Master Plan was modified as a Development Plan and approved by Town Meeting in June 2000.

The Pinehills is best known for its sensitive environmental planning, which focuses building construction on high ground to afford residences with unique views. The project also retained 70% of the total acreage as open space or common facilities and clusters homes on lots smaller and narrower than used for conventional single-family home construction. Other notable features include the preservation of Old Sandwich Road, a historic roadway, and wide buffers of forest on either side, and the preservation of an historic tavern and associated field and views of both. The development includes a small area of vertical mixed-use, higher residential density than otherwise seen in the rest of the development, built in a form and style reminiscent of a traditional New England town center.

The original proposal for the Pinehills began with a 3,037-acre site. However, after several amendments to the Master/Development Plan and additions to the project site, the Pinehills total acreage has increased to 3,244 acres.

EXHIBIT 4

a. Project Land Use Summary

Original Land Use Program, as submitted in the 2000 Pinehills Master Plan		
	Limited Occupancy Homes*	1,934
	Planned Retirement Homes	920
	Total residential units**	2,854
	Non-residential uses (retail, commercial, office, & civic)	1.3 million SF
	Total Planned Open Space, including wetland/flood plan areas	2,125
	Total original project site (acres)	3,037
	Total project site (acres) after incremental additional to area as of 2007	3,244
	Projected date of completion	2015-2018
** Project changes since the original master plan have increased the total number of planned Limited Occupancy Homes to 2,132.* *** The total number of residential units also includes 100 apartments in the Village Green area of the Pinehills.*		
Sources: Pine Hills LLC, Master Plan for The Pinehills, May 2000; Massachusetts EOEA, Certificate on the 7th Notice of Project Change for The Pinehills, 6 April 2007.		

Phased Development Program		
PHASE I (1998)		
	Commercial	50,000 SF
	Retail	100,000 SF
	Office	100,000 SF
	Residential Units	400
	Other: wastewater treatment plant	
	Total acres developed (running total)	797
PHASE II (1999)		
	Commercial	100,000 SF
	Retail	50,000 SF
	Office	100,000 SF
	Residential Units	425
	Total acres developed (running total)	1,498
	Other: 18-hole golf course with clubhouse, tree farm/nursery	
PHASE III (2001)		

	Commercial	50,000 SF
	Retail	0 SF
	Office	0 SF
	Residential Units	800
	Total acres developed (running total)	2,044
	Other: wastewater treatment and disposal facility and pond; water supply tank and booster station.	
PHASE IV (2002)		
	Residential Units	350
	Other: 18-hold private golf course, irrigation pond, irrigation well.	
	Total acres developed (running total)	2,679
PHASE V (2004)		
	Planned Retirement Deed Restricted Homes	320
	Other: Wetland restoration of existing nonproductive cranberry bog complex	
	Total acres *reviewed by MEPA*	2,835
PHASE VI		
	A Phase VI development program has not been filed. However, The Pinehills LLC filed a Notice of Project Change in 2007 that proposed an increase in development area to bring the total project site area to **3,244** acres.	
Sources: Pine Hills LLC, Master Plan for The Pinehills, May 2000; Massachusetts EOEA, Certificate on the 7th Notice of Project Change for The Pinehills, 6 April 2007.		

b. Project setting

The Pinehills has an advantageous location along and to the east of Route 3 in the southern part of Plymouth. The surrounding area is primarily low-density residential. There are few significant community facilities nearby, however, the Plymouth South Middle School is approximately one mile away. The development is about six miles from downtown Plymouth and about a forty-five minute drive from Boston.

IV. Project Impacts

The Town of Plymouth did not undertake a fiscal impact study for the Pinehills development, and there was also no development agreement because the Town relied on its Master Plan Special Permit process to function similarly. The Town did not require heavy mitigation measures from the Pinehills, largely due to the fact that care was taken to ensure that many of the typical externalities generated by a project this size were internalized by the development itself. This was accomplished by the following.

- The Pinehills provided all public infrastructure, including roads, water sewer, wastewater treatment, and all maintenance of that infrastructure, including trash and recycling pick-up, road maintenance, plowing, sanding, etc.
- Impact on the school system was minimized by making all the dwelling units in the Pinehills either unavailable to or unattractive to families with children. One-third of the homes are age-restricted by deed, and two-thirds are age-restricted by design, meaning that unit layouts are no generally attractive to families with children. Although the

developers anticipated this architecture would result in fewer school-aged children than in a typical subdivision, they were not dependent upon this outcome for project approval. Instead they were able to show that, even if the "design" restricted homes did produce the average number of children per household in the rest of Plymouth (867), the project would still be fiscally positive. To date, there are a total of eighteen children living in the 1,163 homes that have been built in the Pinehills.

a. Mitigation

Some mitigation measures were generated by the original Section 61 Finding issued by MassHighway as part of the MEPA review, including:

- Implementation of an annual traffic monitoring program for the Pinehills development to substantiate the developer's internal capture rate of trips generated by the project. Also requested was that the Pinehills use a 24-hour Automatic Traffic Recorder (ATR) counts to determine the traffic impacts associated with project construction completed to date.
- Consideration of constructing an additional ramp at a major intersection near the project (Route 3 and Clark Road), rather than the original proposal to install interim traffic control signals.
- The Pinehills LLC also offered (but was not required) to implement a Transportation Demand Management program for Pinehills residents, set commence several years into the project's build out. For the TDM program, a Pinehills transportation coordinator is to arrange programming with Pinehills businesses for flextime hours and compressed workweeks, and residents for ride-sharing and public transportation. However, the Pinehills has not developed enough commercial or retail activity to warrant implementing a TDM program.

b. Town services

i. Fire

A new fire substation was built by the Town on land deeded to the Town from the Pinehills.

The Plymouth Fire Department was not available for comment its experiences with the Pinehills. However, according to the Director of Planning and Development, the relationship between the two is positive, and there has not been an overall sense of increased activity or burn as a result of this development.

ii. Police

In 2007, the Plymouth Police Department responded to 360 calls in the Pinehills Development, which amounts to less than 1% of the total service calls received town-wide that year. The most common cause for dispatched calls was alarm soundings (35%), followed by transfers to fire or emergency medical personnel, and accidental 911 calls.

Chief Pomeroy of the Plymouth Police Department commented that the Pinehills has had very little impact on the police department's operations. The Chief felt that part of this is because the Pinehills is an affluent community. Most of the activity has been responses to false alarms. Thefts reported have been construction-related thefts. The Chief commented that they would like to hire new officers to keep with the recommended 2.2 officers per 1,000 civilians standard, but this is not directly related to increased activity from the Pinehills.

Chief Pomeroy also stressed the importance of having a good relationship with the project's developers. Apparently there is a good relationship between municipal departments and Tony Green, which fosters a sense of cooperation between the Town and the Pinehills staff.

iii. Public Works

Because all roads and other infrastructure in the Pinehills was built and is managed by the developers, there is no involvement from the DPW in its day to day operations. The DPW was involved slightly with DEP wastewater and withdrawal permitting that occurred as the project was built out.

iv. Inspections and Permitting

The Town did not make any hires to General Government due to the Pinehills development. However, the developers supplied funds to the Building Inspections department to expedite the permitting process and ensure approvals happen on time. In the Planning and Development department, when faced with additional workload due to the Pinehills, would typically hire consultants to perform additional review, administration, etc.

EXHIBIT 4

V. Reference List

Massachusetts Executive Office of Environmental Affairs. "Certification of the Secretary of Environmental Affairs on the 7th Notice of Project Change." 6 April 2007.

Pinehills, LLC. Master Plan for the Pinehills. Revised May 2000.

Pinehills LLC. The Pinehills, Plymouth Massachusetts, Phased Review Document: Phase V, Volume 1. 2004.

Plymouth Police Department. Incidents by Type (Report from Police Department Incident Log), From 01/01/2007 to 12/31/2007. 27 March 2008.

Plymouth Police Department. 2007 Summary (Report from Police Department Incident Log). 7 April 2008.

Town of Plymouth, Massachusetts. Finance Department. "Town of Plymouth, Massachusetts, Combined Statement of Revenues, Expenditures and Reconciliation of Fund Equity – All Funds For the Year Ended June 30, 2007." 30 June 2007.

Personal communication with the following individuals:

- Lee Hartmann, Director of Planning and Development, Town of Plymouth
- Chief Pomeroy, Chief of Police, Town of Plymouth
- Lynne Barrett, Director of Finance, Town of Plymouth
- John Judge, Pinehills LLC

EXHIBIT 4

MAJOR DEVELOPMENT CASE STUDIES

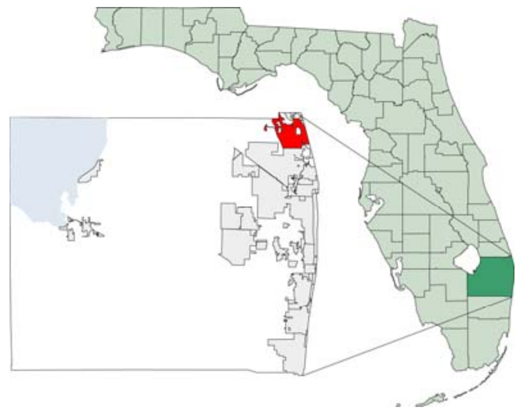
ABACOA

Jupiter, Florida

Developer: John D. and Catherine T. MacArthur Foundation and Cypress Realty

Town Contact: Scott Thatcher, Senior Planner, Jupiter Planning and Zoning Department

I. Introduction



Town of Jupiter, Florida. Source: Wikipedia.

Located along the Florida coast about twenty miles north of West Palm Beach and sixty miles forth of Fort Lauderdale, the Town of Jupiter has become well-known as a destination for vacationers, retirees, and seasonal residents. With a landmass that extends farther out to sea than any other point along the Florida coast, it served to navigate and harbor ships from its colonial days through the early 20th century. Although the area's local economy retained an agricultural base into the early 1900's, most of Jupiter's working population are now employed in professional, service, or sales occupations. Throughout the 1980's, Jupiter experienced extremely high growth rates with its total population increasing more than one and a half times and between 1980 and 1990. This trend abated only slightly during the 1990's when its population grew by 50%. Using the most recent estimates, Jupiter has grown by 24% between 2000 and 2006.

Amid this steady growth trend, the Abacoa development was planned and constructed. Work on the development began in 1996, and to date all but a small part is either under construction or in permitting. The development has attracted attention for its demonstration of smart growth and New Urbanist principles. With a range of housing types and locations, homes are listed from slightly over $200,000 to over ten million dollars.

II. Community Information

a. Basic Demographic Profile

Total Land Area		13,440 acres
	1970	
	1980	9,868
	1990	24,986
	2000	39,328
	2000 Base estimate	39,426
	2006 Estimate	48,847
Population Growth 2000-2006 (Est.)		24%
Total Households (2000)		16,945
	As a % of total population (2000)	43%

EXHIBIT 4

Total Estimated 2006 Households	21,004
Median Household Income	$54,945
Source: Census 2000 Summary File 1; Town of Jupiter, Planning and Zoning Resources: Demographics, Online at http://www.jupiter.fl.us/PlanningAndZoning/Demographics.cfm, [accessed 19 March 2008].	

b. Government

The Town of Jupiter has a Council-Manager form of government with a five-member council, including a mayor. The Town council has authority over zoning changes for the Town of Jupiter.

c. Community Services

Fire and rescue services and the public school system for the Town of Jupiter are provided at the county level. All other community services are provided locally.

d. Fiscal

Jupiter's FY2008 adopted budget allotted 39% of its general fund revenues to Ad Valorem Taxes, 12% for Charges for Services (town fees, rental charges and various permits), 10% for Franchise Fees, 9% for other taxes (gas tax, communications service tax), and 7% for Utility Taxes. For general fund expenditures, the Town allocated 39% to the Police Department, 17% to other general government, 9% to Parks and Recreation, and 8% each to Information Services and Public Works.

III. Project Description

Built on over two thousand acres of land formerly belonging to the MacArthur foundation, the Abacoa development is intended as a demonstration of some of the leading ideas in planning and design, including the preservation of significant amounts of open space. The built portions of the development adhere strictly to New Urbanist principles, which generally emphasize a formal street layout and hierarchy, compact residential development, a mix of housing types, and a mixed-use town center. With a total of 509 acres of open space, the development includes a greenway that defines the central axis of the development, and sets aside sixty acres of preservation land as endangered gopher tortoise habitat. Also notable is the Roger Dean baseball stadium which serves as the host of two minor league baseball teams and is the spring training facility for two major league teams.

IV.

a. Project Land Use Summary

Total Project Area		2,055 ac
Residential – Total dwelling units*		6,100
	Town center and accessory apartment units	1,444
	Single-family units	4,636
Retail		841,400 SF
Workplace		2,048,502 SF
	R&D/industrial	1,697,702 SF
	Medical office/office	350,800 SF

EXHIBIT 4

Office	217,720 SF
Open Space (includes golf course, Town park facility, and vegetated areas w/I various land use categories)	509 ac
Supporting uses (including, but not limited to, public and private schools, civic buildings, places of worship, public transit station)	Unspecified
Baseball training facility/attraction	7,500 seats, 3,000 parking spaces
Hotel and conference center	130 room hotel with 20K SF conference facility or 122,980 SF office space
Movie theater	Up to 16 screen and 4,009 seats
Projected Date of Completion	2015
** Seven single-family units may replace ten multi-family units, provided that the single-family units are the same affordability as the multi-family units they are replacing.*	
Source: Town of Jupiter, Florida, Palm Beach County, Resolution 68-07, 21 August 2007.	

b. Project setting

The Abacoa development is located in the southwestern part of Jupiter, with its western edge running along Interstate 95. The project site is surrounded primarily by residential development, some of it quite high-density. The southern edge of the site shares a boarder with the City of Palm Beach Gardens. As indicated in the land use summary, the Abacoa development was designed to accommodate a number of community facilities including three public schools operated by the Palm Beach County School System, one fire/rescue substation, a municipal park, a branch campus of Florida Atlantic University, a transfer station, and a baseball stadium.

V. Project Impacts

A fiscal impact analysis was completed for the Abacoa development.

.

a. Mitigation

The Development Order, (Resolution 68-07), which is an action by a municipality that approves a development plan, contains a comprehensive list of the measures required of the developer for the Abacoa development.

i. Infrastructure

The most significant contribution required of the developer with regards to infrastructure is the provision of roadway improvements. These improvements are required over the project's build out period, and include the following

- 7 Intersection improvements to intersections on local roads
- 4 improvements to county roads
- 14 improvements to county road intersections
- 7 improvements to other roads

The developer was required to construct sidewalks in several locations along major roadways. Also required was the dedication of twelve shallow aquifer well sites and related easements.

ii. Services

The developer was required to provide a recycling program for all residential and non-residential uses within Abacoa.

iii. Provision of facilities

The developer was required to deed land for a site for a site of a fire-rescue facility which also needed to include space for a police substation and hurricane operations. This substation has been built.

The developer was also required to dedicate a total of seventy acres for recreational facilities, including 6 baseball and softball fields, 3 football/soccer fields, 5 racquetball courts, 4 tennis courts, 3 basketball courts, and 1.5 miles of exercise trails.

Finally, the developer agreed to provide two sites for public schools: one fifteen acre site for an elementary school that would accommodate 970 students, and one nineteen acre site for a middle school that would accommodate 1,275 students. Both of these schools have been built.

b. Town services

i. Fire

The Development Order set forth a requirement that at two dates within Abacoa's build out period the developer provide the Town with written confirmation from agency providing fire & rescue[1] that departments have sufficient capacity to provide services to developed portions of the project site before more building permits are issued.

ii. Police

The same confirmation of sufficient capacity as required for fire and rescue is required for the services of the Jupiter Police Department.

---

[1] Fire and rescue services are provided by Palm Beach County.

EXHIBIT 4

VI. Reference List

Town of Jupiter, Florida, Palm Beach County. Resolution 68-07. 21 August 2007.

Town of Jupiter, Florida. Department of Planning and Zoning. Online at <http://www.jupiter.fl.us/PlanningAndZoning/Demographics.cfm>. [Last Accessed 19 March 2008.]

U. S. Environmental Protection Agency. Smart Growth Illustrated. Abacoa, Jupiter, Florida. Online at <http://www.epa.gov/dced/case/abacoa.htm>. 24 September 2007. [Last Accessed 10 March 2008].

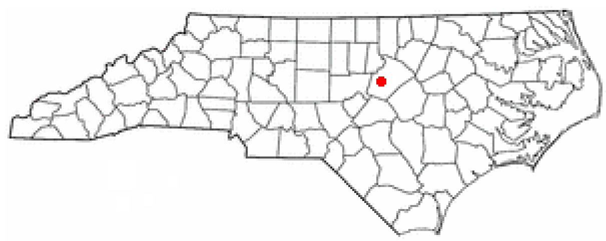
Northern Palm Beach County Chamber of Commerce. "Community." Online at <http://www.jupiterfl.org/history.htm>. [Last Accessed 10 April 2008.]

EXHIBIT 4

MAJOR DEVELOPMENT CASE STUDIE

LOCHMERE
Cary, North Carolina
Developer: Macgregor Development Company & J.P. Goodson Enterprises, Inc.
Town contact: Bob Benfield, Senior Planner, Town of Cary

I. Introduction



Town of Cary, North Carolina. Source: Wikipedia.

The Town of Cary is located in Wake County North Carolina and in the "Research Triangle" area. Although a much larger community than Hopkinton, it is similar in that it hosts and attracts a well-educated and relatively affluent population that benefits from proximity to many academic and high-tech research institutions. The Town of Cary underwent a period of significant growth in the 1980's, when its population almost doubled. It was during this high-growth period that the majority of the Lochmere development was built. The development was split between Magregor Development Company and J.P. Goodson Enterprises, Inc., with the former developing 891 acres of the total project area and the latter 148 acres. Started in 1983, the project was completed in 1996. Today, the development is regarded as an attractive residential area with desirable amenities such as a golf course and country club, lake-front park and smaller parks, and recreational amenities such as a pool, tennis & volleyball courts, and a variety of hiking/walking trails. A search of real estate listings showed housing prices ranging from $400,000 to $1 million, depending on unit type and location.

II. Community Information

a. Basic Demographic Profile

Total Land Area		26,944 acres
Total Population		
	1970	7,686
	1980	21,763
	1990	43,457
	2000	94,536
	2000 Base estimate	96,443
	2006 Estimate	112,414
Population Growth 2000-2006 (Est.)		16.5%
Total Households (2000)		34,906
	As a % of total population (2000)	36.9%
Total Estimated 2006 Households		41,480
Median Household Income (1999 dollars)		$75,122
Source: Log Into North Carolina (LINC) and U.S. Census		

Population Estimates.

b. Government
The Town of Cary has a Council-Manager form of government with a 5-member Town Council, a Mayor, and Mayor Pro Tem. The North Carolina General Assembly has authority for changes to Cary's zoning bylaw.

c. Community Services
The Wake County government provides Emergency Rescue Services to the Town of Cary and operates a county public schools system. The Town of Cary provides municipal water and sewer services, public street maintenance, garbage and recycling, fire and police, and recreation.

d. Fiscal
In FY2007, Ad Valorem (property) taxes account for approximately 50% of Cary's total revenues, followed by other taxes and licenses (23%) (sales tax, privilege licenses, occupancy taxes, and pet licenses). The Town's top FY2007 expenditures were for Public Safety (38% of total expenditures), General Government (23%), and Public Works (14%). Here it is important to note that County Government is responsible for providing municipalities with public education and emergency rescue services.

III. Project Description

The Lochmere project was approved in 1983 and construction began that same year. The project was completed in 1996, excluding a 1.5-acre office lot and portion of an existing office lot which will eventually include about 120,000 SF of office space.

a. Project Land Use Summary

	Proposed		Actual	
Total project land area (acres)	1,436		1,072	
As % of total land area	5.3%		4.0%	
Development program (acres / SF)		Units:		Units:
Detached residential	345.5 / 15,050K	645	464.6 / 20,237K	1,120
Attached residential	214.7 / 9,352K	1,691	91.4 / 3,981K	611
Total Residential	560.2 / 24,402K	2,336	556 / 24,219K	1,731
Office & Institutional	62.1 / 2,705K		102.5 / 4,465K	
Commercial	22.7 / 989K		50.4 / 2,195K	
School reservation	30.0 / 1,307K		0 / 0	
Open space	329.0 / 14,331K		329.0 / 14,331K	
Street	35.0 / 1,525K		35.0 / 1,525K	
Date of completion	1996			

Source: Town of Cary, North Carolina, Planning Department.

b. Project setting

Lochmere is located in a well-developed area. Most of the immediate surrounding land use is low-density single-family residential development, and the southwest corner of the site connects with Hemlock Bluffs State Park. Before Lochmere was built, the area hosted one shopping center and two office parks nearby. Since the project's completion, the area has added an additional shopping center and office park, one Town park, a hospital, a branch fire station, and multi-family development. There is also a golf course, which was part of the Lochmere development. These land uses are within ½ mile of the Lochmere development.

IV. Project Impacts

a. Mitigation

The Town did not undertake a fiscal impact study of the Lochmere development. However, several fees and other mitigation measures were taken, including:

i. **Infrastructure improvements**: the Town required the developer to provide most infrastructure for the project, including public water & sewer and roadway improvements

ii. **Impact fees**: the Town assessed impact fees (then called "acreage fees") for the project as each section of development was approved. The acreage fee was based on the amount of acreage submitted for development and type of land use and density proposed. The Town also charged a Utility Inspection Fee (UIF) of 80 cents per linear foot for each foot of roadway, water, and sewer mains inspected.

iii. **Development agreement:** a development agreement between the developer and the Town covered reimbursement to the developer from the Town for oversized municipal water and sewer lines that the developer installed. These oversized mains were required by the Town of Cary Utility Master Plan but not needed for that particular development

b. Town services

i. Fire

The Cary Fire Department provided data for all calls dispatched in 2007. Calls to the Lochmere development accounted for 3.9% of all call activity, the majority of which (60%) were EMS calls.[*]

According to Fire Chief Allan Cain, when the Lochmere development was approved, there were no nearby fire stations to service this area of Town. The other stations, located several miles away, would not be able to provide efficient service to the Lochmere development or the other developing area in that section of Town. In 1984, the Town Council approved the construction of a new fire station which opened in 1985-86. Therefore, the Lochmere development did not itself create the need for a new fire station, but Lochmere, together with additional residential and commercial development in this area of Town, created enough demand to legitimate constructing another fire station.

[*] Emergency Medical Services are provided by the County to the Town of Cary through a non-profit organization, Cary E.M.S. However, the Fire Department is the first responder to all calls and is dispatched along with Cary E.M.S. to all life-threatening calls within the Town limits.

The new station is staffed with two fire-fighting companies (an engine company of fifteen and an aerial company of thirteen) which provide fire and EMS service to the area of which Lochmere is a part.

ii. Police

Lieutenant Tracy Jernigan, who oversees budget operations for the Town of Cary Police Department, provided dispatched call and incident information for the last five years. These data show that during this time, there were a total of 5,009 dispatched calls to the Lochmere area (an average of about 1,002 calls per year), which accounts for 2.3% of the total dispatched call activity for the Town of Cary in the last five years. These calls required a total of 3,279 hours of staff time, or an average of about 656 hours per year. Also, during the last five years, there were a total of 391 reported crimes in the Lochmere area. The most commonly dispatched calls were for burglar alarms and 911 hang-up calls, which together accounted for almost 30% of all call activity.

Lieutenant Jernigan reported that, in general, the Lochmere development did not cause more of an increase than any other development of its size. A development of Lochmere's size might require additional hires and subsequent equipment and vehicle acquisition, but not necessarily. The Lieutenant stated that a development of Lochmere's size could make up about 25% of a patrol beat. Due to the way the Lochmere Police Department is arranged, if more officers were needed to cover the development they would have to hire five new officers to cover the Department's five platoons.

iii. Public Works

The Public Works Department was not available for comment regarding their experience with the Lochmere Development.

V. Reference List

Log Into North Carolina (LINC). Custom Report for Cary. Online at <http://data.osbm.state.nc.us/pls/linc/dyn_linc_main.show>. [Last Accessed 27 Feb 2008].

U.S. Department of Commerce. Bureau of the Census. Census 2000, Population Estimates Program, Table TI, "Population Estimates." Online at <http://www.census.gov/popest/estimates.php>. [Last Accessed on 27 Feb 2008.]

Town of Cary, North Carolina, Finance Department. "Statement of revenues, expenditures, and changes in fund balances, governmental funds, for the year ended June 30, 2007." 2007.

Urban Land Institute, Development Case Studies. "Lochmere, North Carolina." Apr-June, 1986.

Email correspondence with the following Town of Cary staff:

- Bob Benfield, Senior Planner
- Chief Allan Cain, Fire Department
- Karen Mills, Finance Department
- Lieutenant Tracy Jernigan, Police Department
- Michelle Price, Controller