

# DPW AND TOWN CENTER IMPACT STUDY

Ashburnham, Massachusetts

June 2021

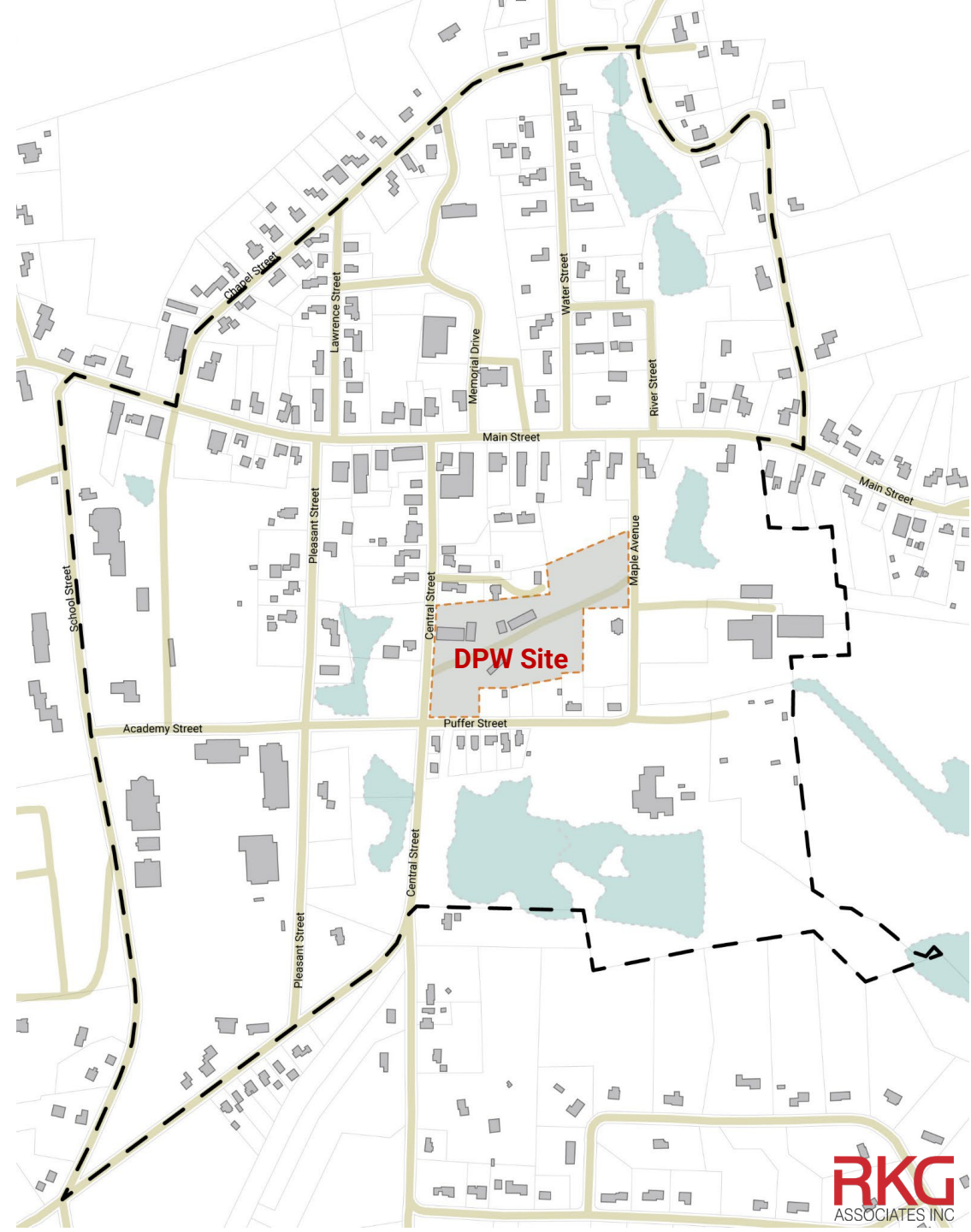
# STUDY PURPOSE

RKG Associates was retained by the Town of Ashburnham to conduct a scenario-based build-out and fiscal impact analysis for the Town's DPW Facility located between Central Street and Maple Avenue south of Main Street. Through this study, the Town wanted to evaluate potential financial gains of potentially relocating DPW operations to a new location and opening the current site for redevelopment. The idea being could new development help support the bond needed to construct a new DPW facility elsewhere in Town.

RKG's study looked specifically at the development potential and fiscal impacts of future development on the DPW site, but also considered the development potential of adjacent parcels as well. This is anticipated to be a mid- to long-term build out that could start with the DPW site as a catalyst which in turn may spur other nearby property owners to redevelopment over time.

The location of the current DPW facility offers an interesting opportunity to potentially leverage the town-owned land for future development to support businesses along the Main Street Corridor and provide additional housing options in a community with mostly single-family housing. While the net fiscal impact of new development in the study area **does not** appear to be enough to support a bond for the new DPW facility in full, it would offer some additional revenue to the Town as well as tangential benefits to the town center and adjacent businesses. The current use of the site as a DPW facility may be keeping adjacent property owners in and around the town center from investing in their properties through rehabilitation, adaptive reuse, or even complete redevelopment of a site. If the DPW facility was relocated and the site was redeveloped, it could create a ripple effect across adjacent properties and bring added taxable increment to the Town over time. That added tax revenue is not accounted for in the modeling for this project unless the parcel was included as part of one of the redevelopment scenarios.

The map on the right shows the location of the DPW site within the larger study area (dotted black line) where other influential parcels were considered. Each of the development scenarios and parcels were selected in consultation with the Town. RKG then conducted the build-out analysis for selected parcels using the Town's current zoning bylaw as well as any environmental constraints such as existing wetland areas (shown in blue on the map).



# EXISTING SITE CONDITIONS

Today, the DPW site contains several storage buildings, garages, and parking areas for vehicles of differing sizes and purposes. East to west the site is relatively flat with access points off both Central Street and Maple Avenue. From south to north, the site gently slopes upward toward Ames Avenue.



# DEVELOPMENT SCENARIOS

To estimate development potential and the fiscal impacts of future development scenarios, RKG first reviewed the Town’s existing zoning bylaw, the 2007 “Highway Barn Site Charrette” completed for the DPW site, and any existing plans for surrounding properties. This study was intended to build on the work already completed by the Town and property owners to then evaluate the fiscal benefits of relocating the DPW facility.

Working closely with the Town, RKG developed five short- to medium-term development scenarios beginning with the DPW site and then incorporating surrounding parcels which could potentially be redeveloped over time if the DPW site became a catalyst for broader change. Four of the scenarios envision a development paradigm closely aligned with the vision in the 2007 Site Charrette Plan with one- to three-story buildings and a mix of residential, retail, restaurants, and professional office. The fifth scenario (3b) considers the fiscal impacts of two larger residential buildings in the center of the DPW parcel which could increase tax revenues to help offset *some* of the costs of relocating the DPW operations and facility. In Scenario 1 and 2, which most closely mirror the results of the 2007 Charrette process, RKG assumed 50% of all the residential units would be age-restricted to seniors and would not have any financial impacts on the Town’s education budget. For each subsequent scenario, RKG assumed 30% of all residential units would be age-restricted to seniors.

Two long-term development scenarios were also tested for Downtown Ashburnham that considered development potential along Central Street, Maple Avenue, and Puffer Street. These changes are envisioned over a 5 to 10-year timeframe, some of which would require zoning changes or the relocation of town-owned facilities. While these changes may be longer-term, it is good to understand the vision so short-term decisions do not negatively impact long-term potential.

A summary of the potential development build-out for each scenario is shown in the table below. Two-dimensional site plans illustrating each scenario and development concept are detailed on the pages that follow.

Scenario	Time Period	Commercial SF	Industrial SF	For Sale Units	Rental Units	Total Housing Units
Scenario 1	Short/Medium	3,000	0	10	45	55
Scenario 2	Short/Medium	3,000	0	14	45	59
Scenario 3a	Short/Medium	6,000	0	30	61	91
Scenario 3b	Short/Medium	6,000	0	20	155	175
Scenario 4	Short/Medium	12,000	0	30	61	91
Future Downtown 1	Long Term	20,000	23,000	49	77	126
Future Downtown 2	Long Term	20,000	46,000	49	77	126

*All scenarios are based on development potential and do not take into consideration market feasibility.*

# FISCAL IMPACT MODELING

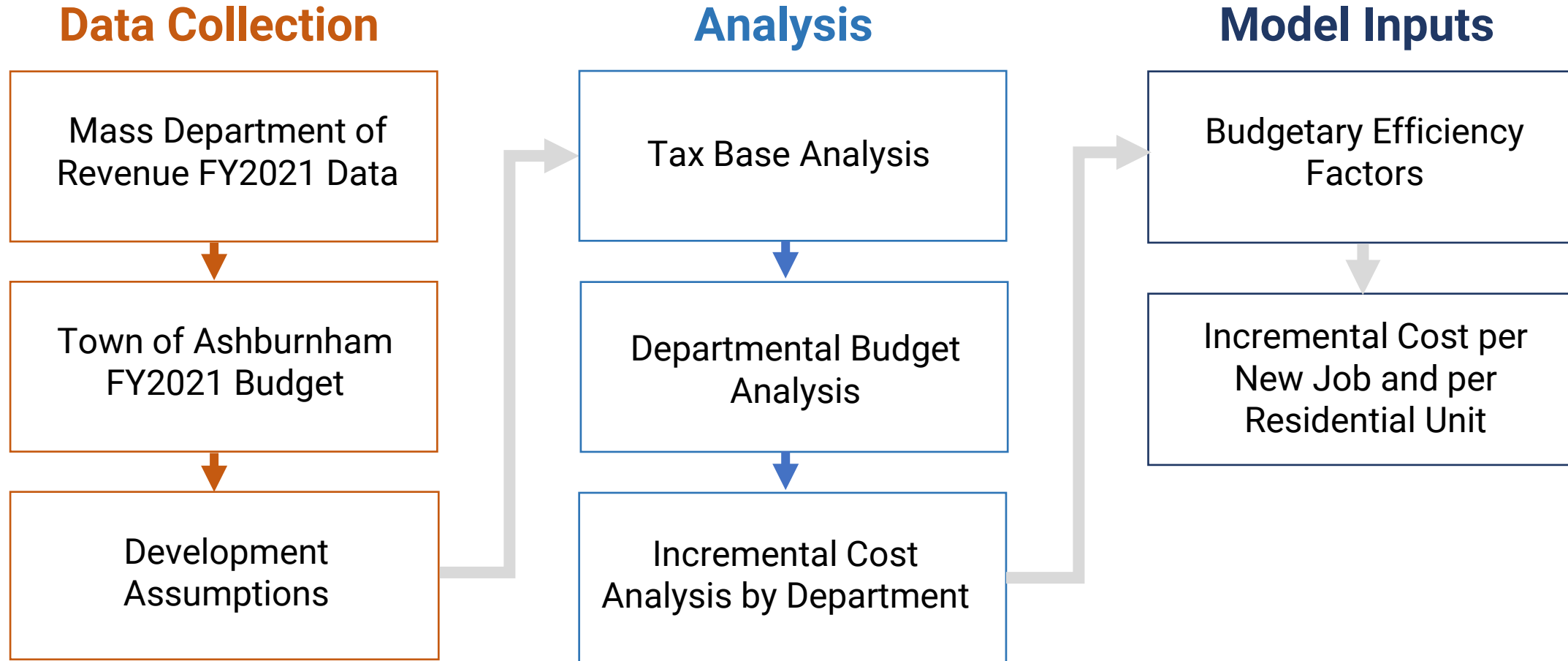
To estimate future revenues and expenditures from the projected development scenarios, RKG created a fiscal impact analysis model to test each phase of development and report an estimate of tax revenue generated and municipal costs incurred.

A fiscal impact analysis estimates the municipal revenues and costs associated with new development. Revenues include local taxes (property, excise, etc.) and various fees and other payments, while costs include the provision of municipal services (public safety, education, general government, etc.). While several approaches exist to determine fiscal impacts, all are based on the common assumption that current local operating costs and revenues are the best basis for determining future costs and revenues. These approaches therefore utilize recent data on municipal service costs in the host community, as well as current tax rates and other revenue sources to calculate the net fiscal impact of a proposed project.

The primary focus is on the town's General Fund since that is typically where tax revenues and most municipal service costs are accounted for. In some circumstances, there may be special revenue or expenditure funds that are impacted, which may need to be analyzed separately. RKG applied an incremental cost approach to both the General Fund and the regional school district budget to determine the cost borne by the Town resulting from both residential and commercial development. The approach involves looking at the line-items of each budget to determine if an expenditure is either fixed or incremental. Fixed costs are costs which would occur irrespective of development, an example being the salary of the Town Administrator, this would not be impacted by new development. Conversely, the costs associated with teacher salaries are classified as incremental as they would change based on the addition of students that may result from residential development.

Fiscal impact approaches are 'static', that is, they assume that the proposed project is fully built-out and occupied. This assumption allows a comparison of the financial effect of the entire project on municipal costs and revenues. While most projects are constructed over a multi-year period, municipal costs and revenues generally occur in equal proportions, therefore this steady-state approach does not detract from the appropriateness or accuracy of this method. It should also be noted that the fiscal impact analysis is only concerned with local public costs and expenditures, and not with state, county, or other jurisdictional impacts. For this fiscal impact analysis, RKG constructed a model that considers the entirety of the development scenarios as well as the ability to analyze individual scenarios as well.

# INCREMENTAL COST APPROACH TO FISCAL MODELING



RKG's fiscal impact analysis model follows a process flow of collecting local data for the Town of Ashburnham; analyzing the current tax base, departmental budgets, and a breakdown of fixed and incremental costs; and assigning efficiency factors to each budget item to estimate the cost on a per job or per residential unit basis.

# MODEL ASSUMPTIONS

RKG's fiscal impact model utilizes a combination of local data as well as proprietary construction cost estimation services as inputs to the modeling process.



- Town tax rate
- Existing property values and taxes
- Development program
- Construction costs
  - Based on Marshall and Swift Valuation Manual metrics
- Jobs
  - Employment per SF by commercial use
  - Construction related (temporary)
- Incremental governmental expenditures
  - General government
  - Public safety
  - Public works
  - School

# CONSTRUCTION COST METHODOLOGY AND ASSUMPTIONS

RKG used the Marshall and Swift Valuation Manual to determine the construction cost under each development scenario. The construction cost is then used as a proxy for assessed value. This Cost Approach is utilized by Assessors during the construction phase to value the land and building, whereupon completion the Income Approach is often utilized. The exception being owner-occupied structures.

Fit-out costs can range dramatically and may not be accounted for by assessors. For this analysis, RKG did not account for personal property associated with building fit-outs.

Development Typology	Costs
Commercial Costs	\$200/SF
Industrial Costs	\$75/SF
For-Sale Units	\$400,000
Apartment Units	\$200,000

Source: RKG Associates, 2021



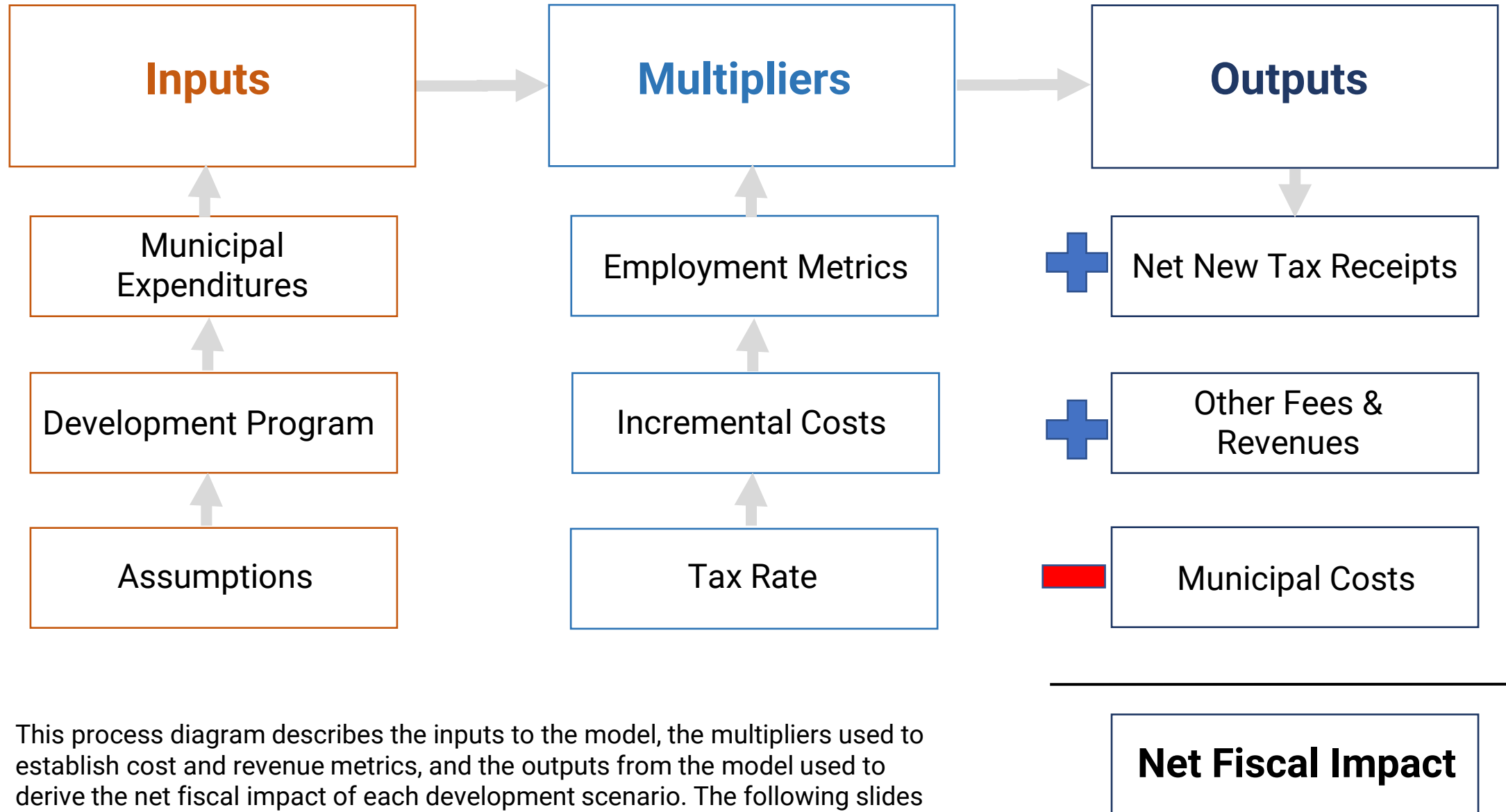
# INCREMENTAL COST APPROACH METHODOLOGY AND ASSUMPTIONS

RKG obtained the Town of Ashburnham’s FY2021 municipal budget and identified fixed and variable costs for the major departmental categories shown below. This includes a review of the regional school district budget which RKG attributed 45.52% of the total cost to the Town of Ashburnham. Variable costs were translated to a per unit or per square foot (SF) basis when determining the fiscal impacts associated with each development scenario.

Budgetary Categories	Variable Costs	Fixed Costs	Total Costs	Percent Variable	Percent Fixed
General Government	\$59,637	\$1,688,836	\$1,748,473	3%	97%
Public Safety	\$2,274,947	\$471,390	\$2,746,337	83%	17%
Public Works	\$140,853	\$1,267,684	\$1,408,538	10%	90%
Pension & Fringe	\$0	\$1,659,459	\$1,659,459	0%	100%
Debt Service	\$0	\$1,717,142	\$1,717,142	0%	100%
Other	\$0	\$8,492,341	\$8,492,341	0%	100%
School Department	\$8,382,341	\$7,007,581	\$15,389,922	46%	34%
<b>Total</b>	<b>\$9,342,165</b>	<b>\$23,820,047</b>	<b>\$33,162,212</b>		

Source: Town of Ashburnham, RKG Associates, 2021

# FISCAL IMPACT MODEL FLOW



This process diagram describes the inputs to the model, the multipliers used to establish cost and revenue metrics, and the outputs from the model used to derive the net fiscal impact of each development scenario. The following slides show the development scenario, development program, and net fiscal impact.

# **DEVELOPMENT SCENARIOS & FISCAL IMPACTS**

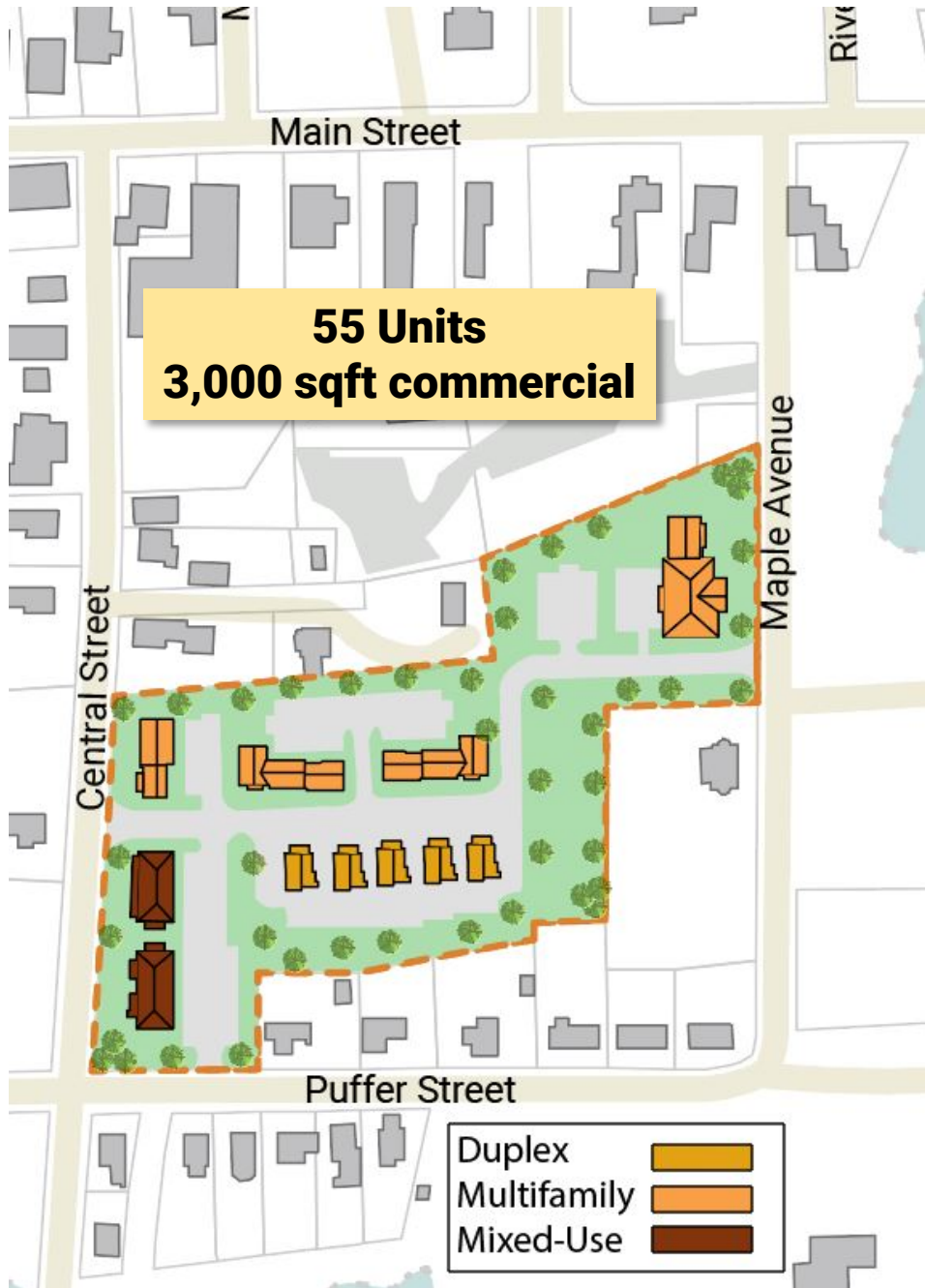
# SCENARIO 1 - DPW PROPERTY



Scenario 1 looks at how the DPW property could build out over time with a mix of residential and commercial uses. Buildings along Maple Avenue and Central Street would front the street with active first floor uses and residential units above. Buildings in the middle of the site would be primarily residential and a mix of duplexes and multi-family rental units. This Scenario assumes 50% of all residential units are age-restricted to senior households.



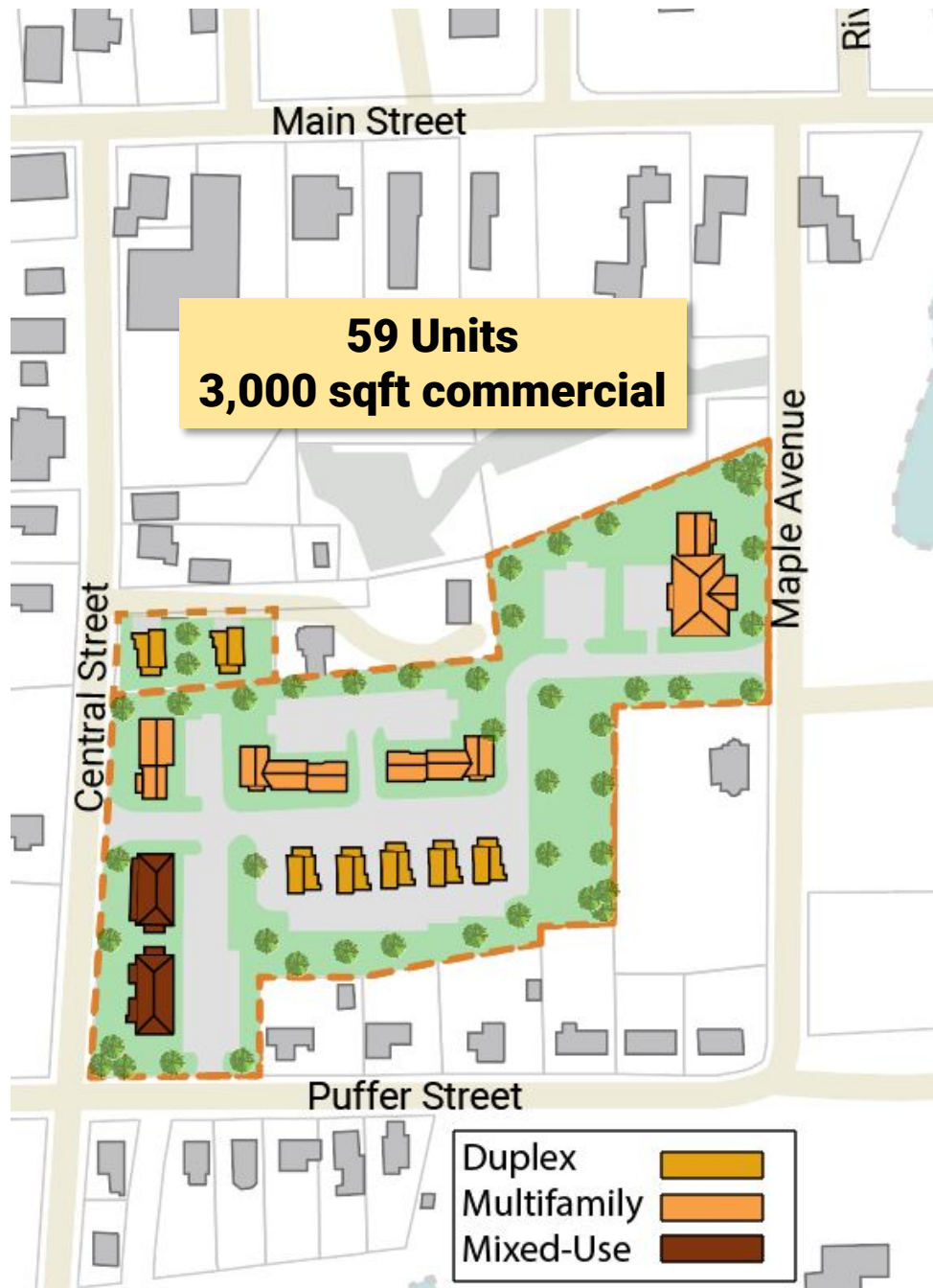
## SCENARIO 1 - DPW PROPERTY



## SCENARIO 1 - FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Scenario 1
Commercial SF	3,000
Residential Units	55
New Property Tax	\$279,480
Existing Property Tax	\$0
<b>Net New Property Tax</b>	<b>\$279,480</b>
<b>Municipal Costs</b>	
General Government	\$1,575
Public Safety	\$9,012
Public Works	\$3,720
Educational Costs	\$88,830
<b>Total Expenditures</b>	<b>\$103,137</b>
<b>Annual Net Benefit</b>	<b>\$176,343</b>

## SCENARIO 2 - DPW PROPERTY + CENTRAL STREET

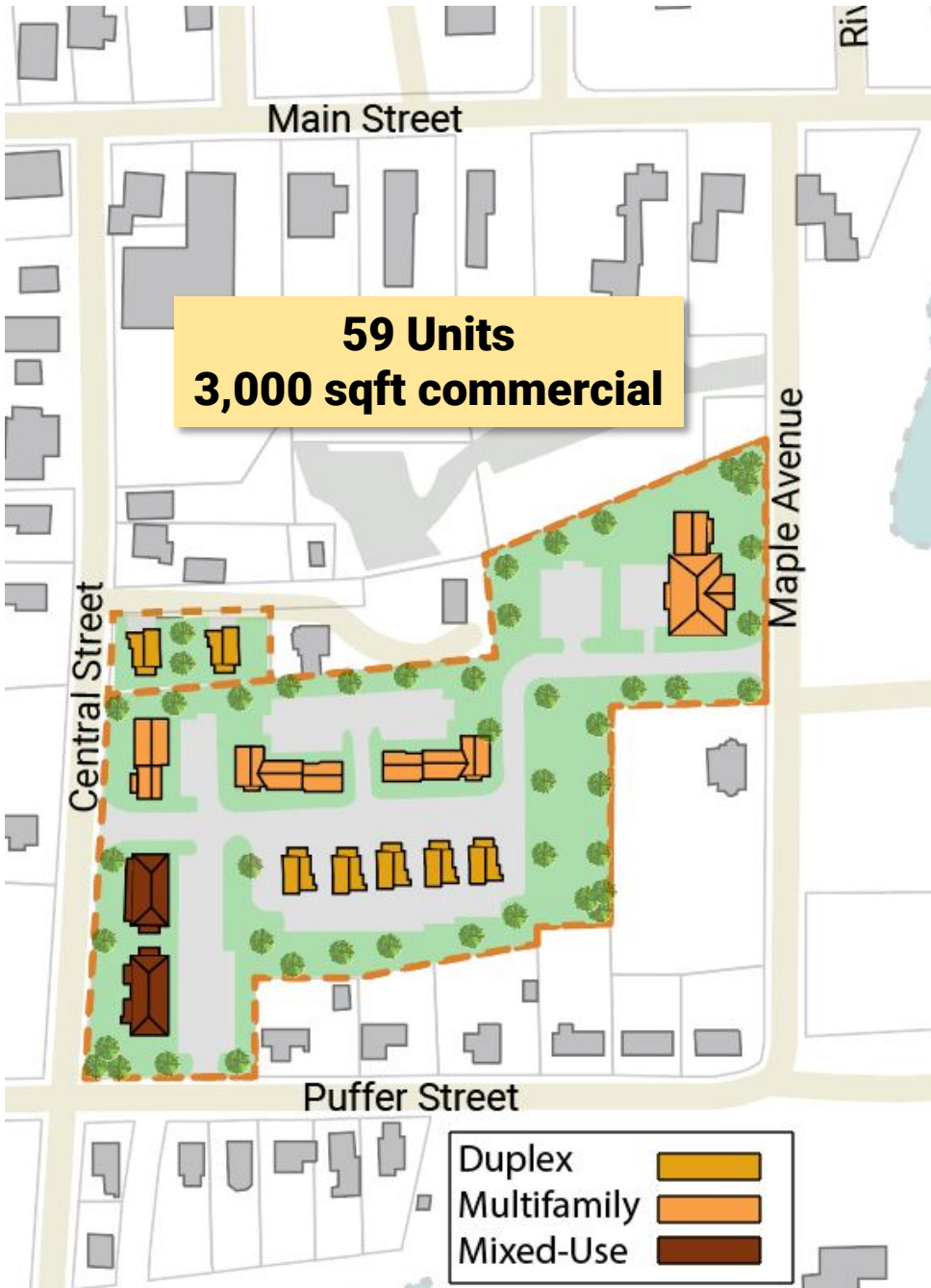


## SAMPLE BUILDING TYPES



Scenario 2 considers two additional residential duplex units along Ames Avenue north of the DPW site. This scenario also assumes 50% of the residential units are age-restricted to seniors.

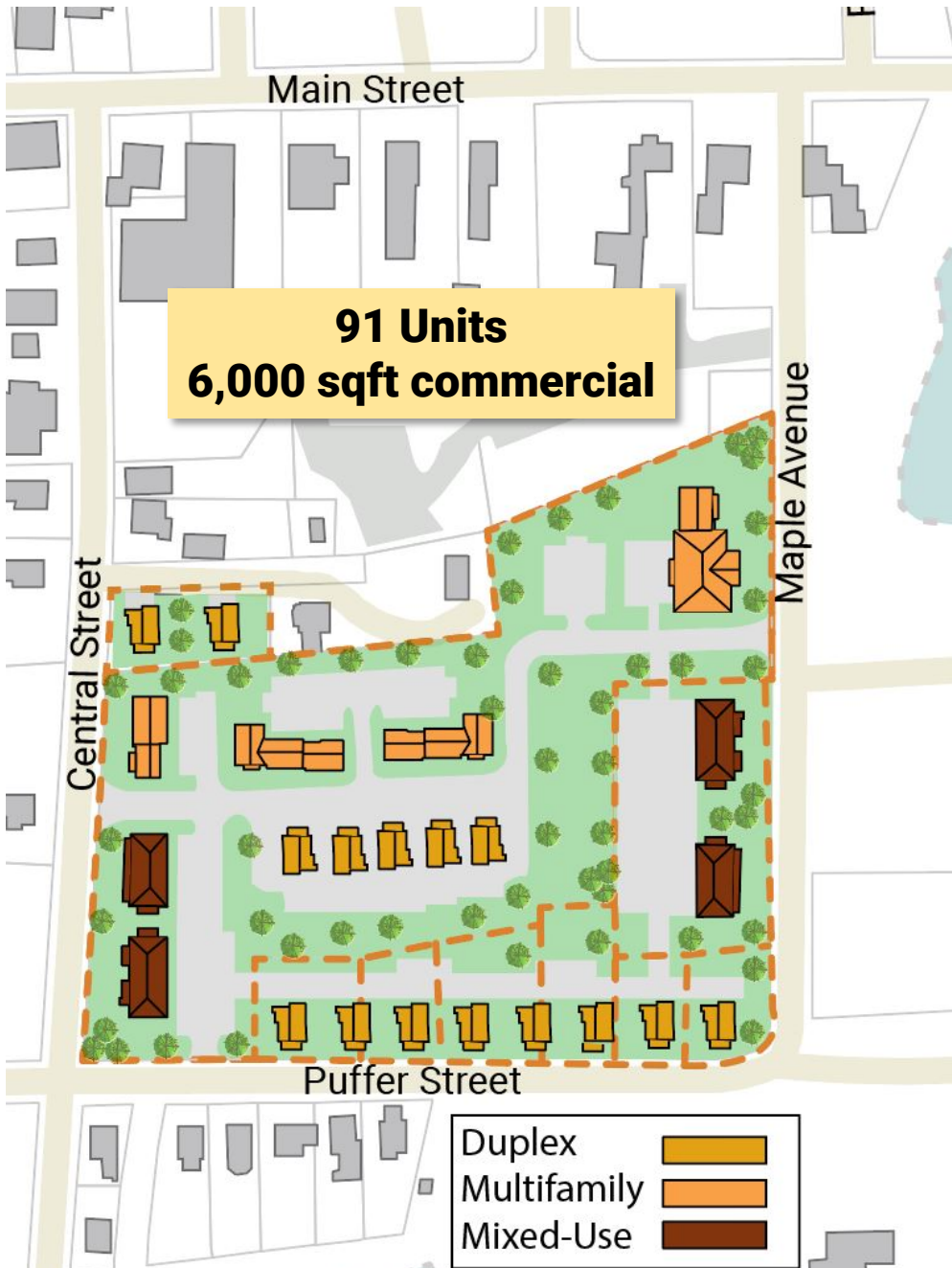
## SCENARIO 2 - DPW PROPERTY + CENTRAL STREET



## SCENARIO 2 - FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Scenario 2
Commercial SF	3,000
Residential Units	59
New Property Tax	\$312,360
Existing Property Tax	(\$12,219)
<b>Net New Property Tax</b>	<b>\$300,141</b>
<b>Municipal Costs</b>	
General Government	\$1,689
Public Safety	\$9,665
Public Works	\$3,989
Educational Costs	\$92,247
<b>Total Expenditures</b>	<b>\$107,590</b>
<b>Annual Net Benefit</b>	<b>\$192,551</b>

## SCENARIO 3A - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER



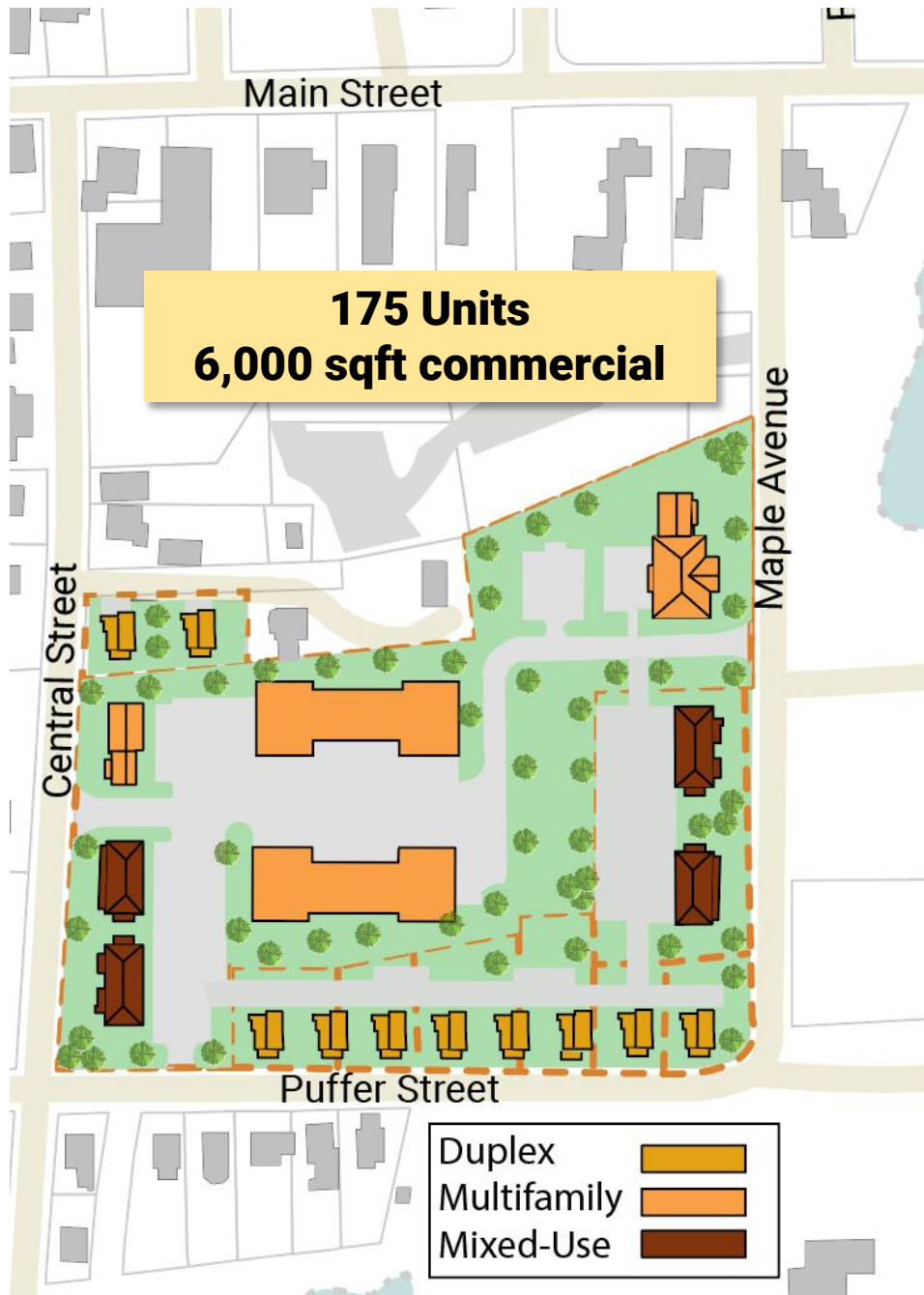
## SCENARIO 3A - FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Scenario 3A
Commercial SF	6,000
Residential Units	91
New Property Tax	\$521,970
Existing Property Tax	(\$40,594)
<b>Net New Property Tax</b>	<b>\$481,376</b>
<b>Municipal Costs</b>	
General Government	\$2,608
Public Safety	\$14,922
Public Works	\$6,159
Educational Costs	\$200,892
<b>Total Expenditures</b>	<b>\$224,581</b>
<b>Annual Net Benefit</b>	<b>\$256,795</b>

Scenario 3A includes two additional two-story mixed-use buildings along the west side of Maple Avenue as well as envisioning a row of new duplex units along the north side of Puffer Street. This scenario also assumes 30% of the residential units are age-restricted to seniors.



## SCENARIO 3B - DPW PROPERTY + CENTRAL STREET

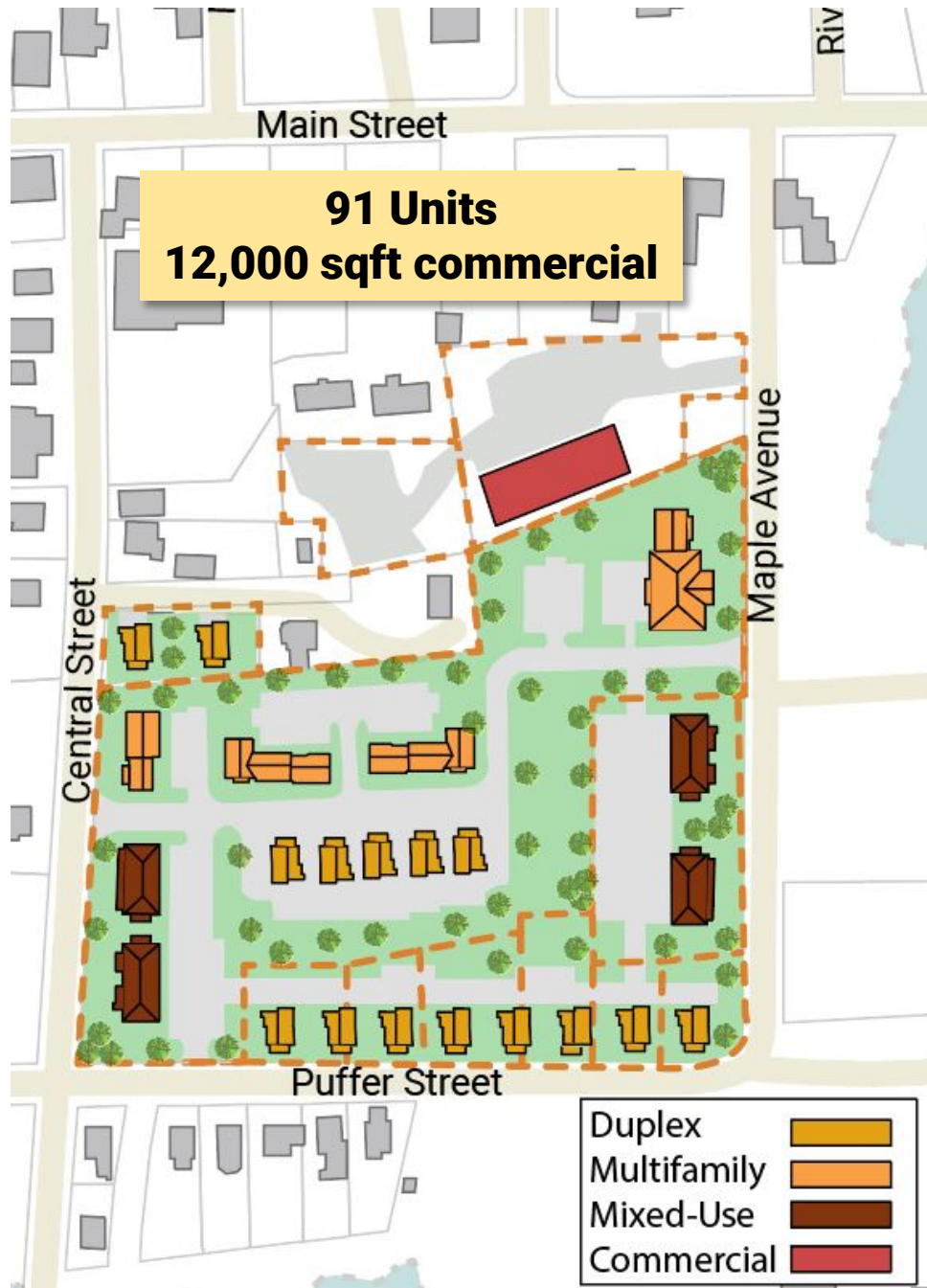


## SCENARIO 3B - FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Scenario 3B
Commercial SF	6,000
Residential Units	175
New Property Tax	\$826,110
Existing Property Tax	(\$40,594)
<b>Net New Property Tax</b>	<b>\$785,516</b>
<b>Municipal Costs</b>	
General Government	\$5,004
Public Safety	\$28,633
Public Works	\$11,819
Educational Costs	\$377,868
<b>Total Expenditures</b>	<b>\$423,324</b>
<b>Annual Net Benefit</b>	<b>\$362,192</b>

Scenario 3B tests the fiscal impacts of providing two larger-scale multifamily residential buildings in the middle of the DPW site providing a boost to housing production. These could be three-story buildings serving a variety of household types and bringing additional patrons within walking distance to the town center. This scenario also assumes 30% of the residential units are age-restricted to seniors.

## SCENARIO 4 - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER + WRIGHT PROPERTY PLANS

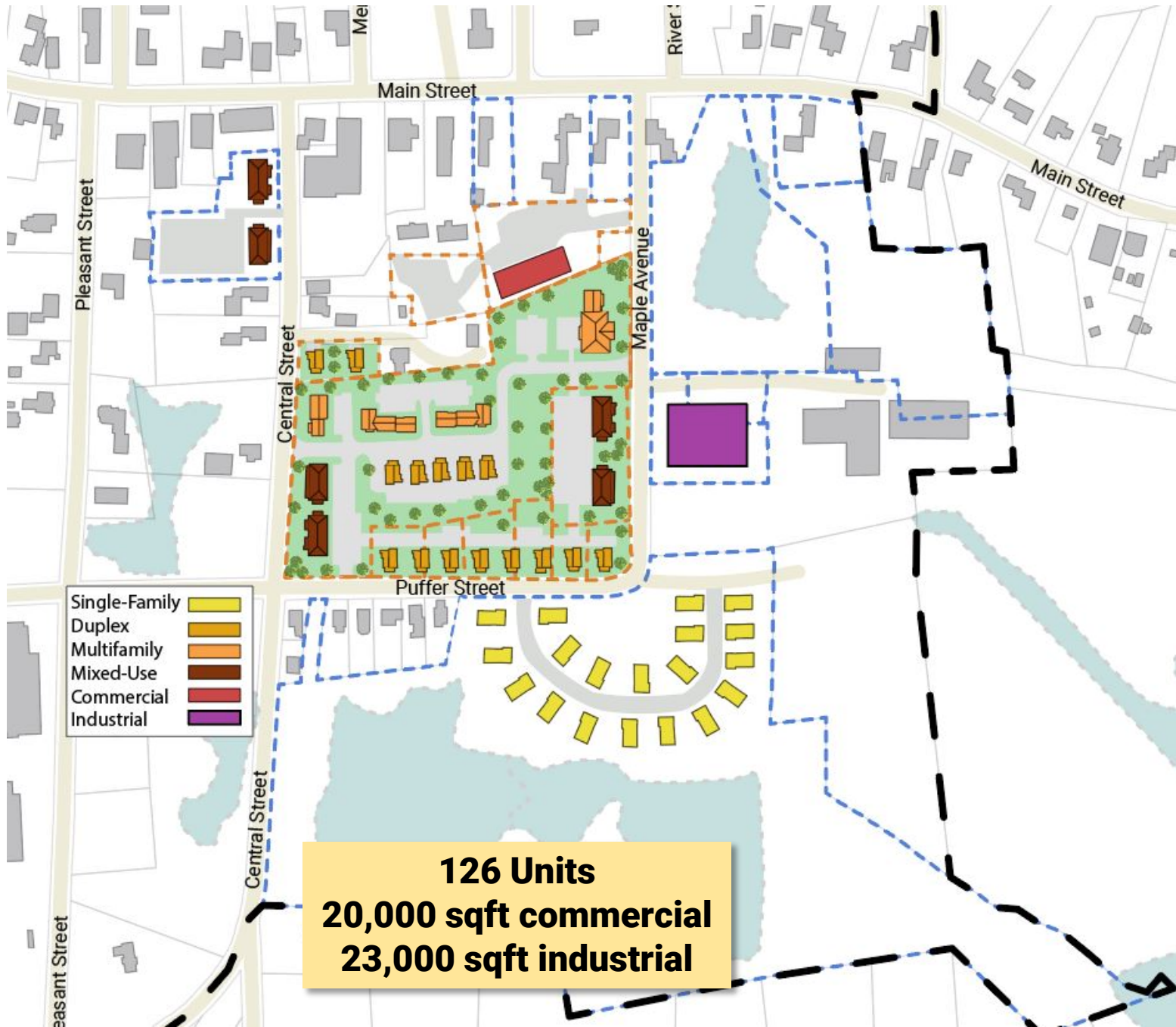


## SCENARIO 4 - FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Scenario 4
Commercial SF	12,000
Residential Units	91
New Property Tax	\$546,630
Existing Property Tax	(\$47,290)
<b>Net New Property Tax</b>	<b>\$499,340</b>
<b>Municipal Costs</b>	
General Government	\$2,618
Public Safety	\$14,980
Public Works	\$6,183
Educational Costs	\$200,892
<b>Total Expenditures</b>	<b>\$224,673</b>
<b>Annual Net Benefit</b>	<b>\$274,667</b>

Scenario 4 brings in the planned commercial building on the Wright Property north of the DPW site. A 6,000 square foot commercial building, possibly a restaurant, was proposed here. This scenario also assumes 30% of the residential units are age-restricted to seniors.

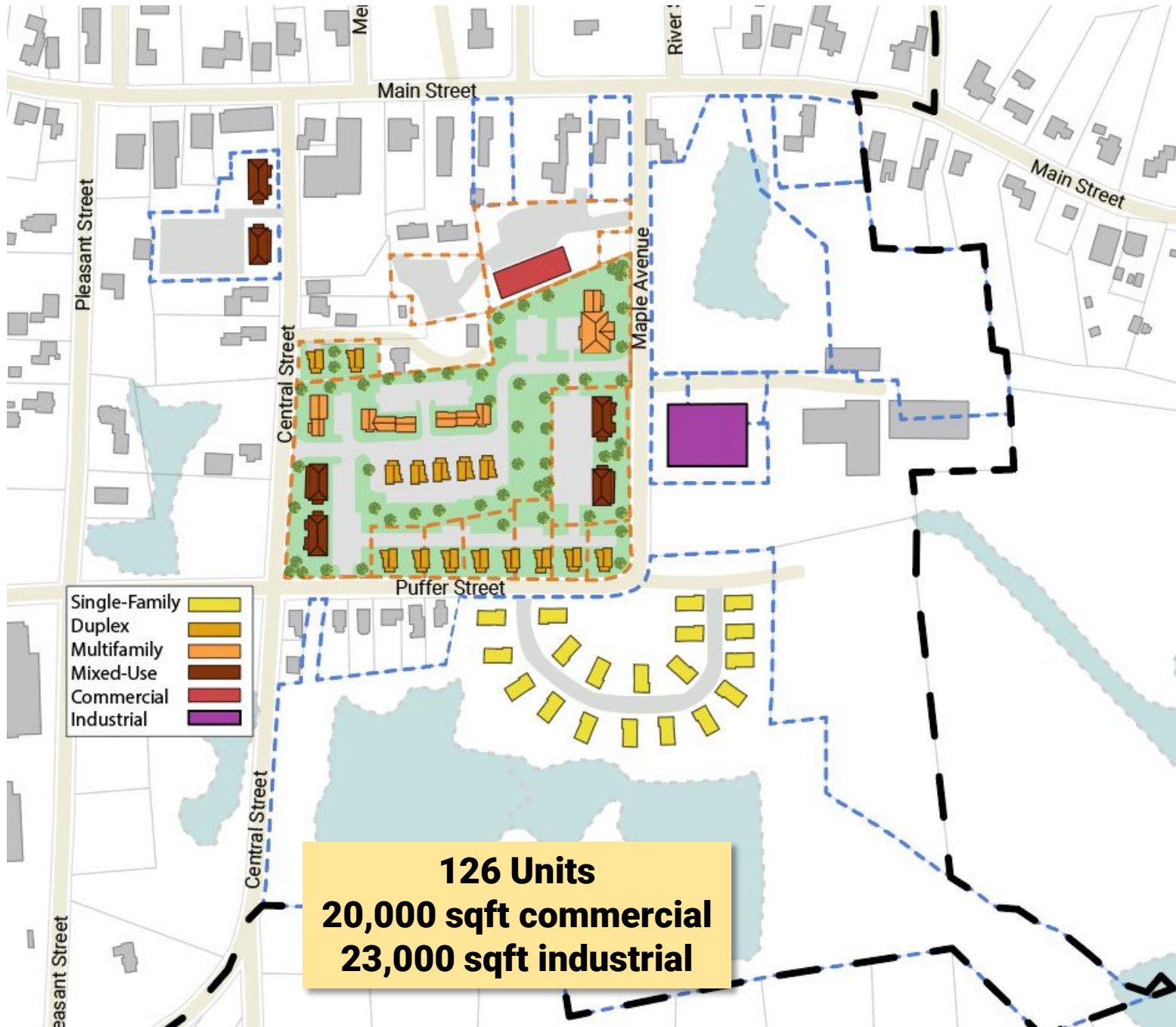
# FUTURE DOWNTOWN 1 - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER + WRIGHT PROPERTY PLANS



Working closely with the Town, additional long-term development opportunities were identified on parcels along Central Street, Maple Avenue, and Puffer Street. These future developments could be realized once the DPW site is made available for redevelopment, or some could occur on their own.

South of Puffer Street is envisioned as a continuation of the residential fabric which exists to the west and north but would likely require a zoning change from the current industrial district. This single-family subdivision would bring additional residents to the district and households within walking distance to the town center. This scenario also assumes 30% of the residential units are age-restricted to seniors.

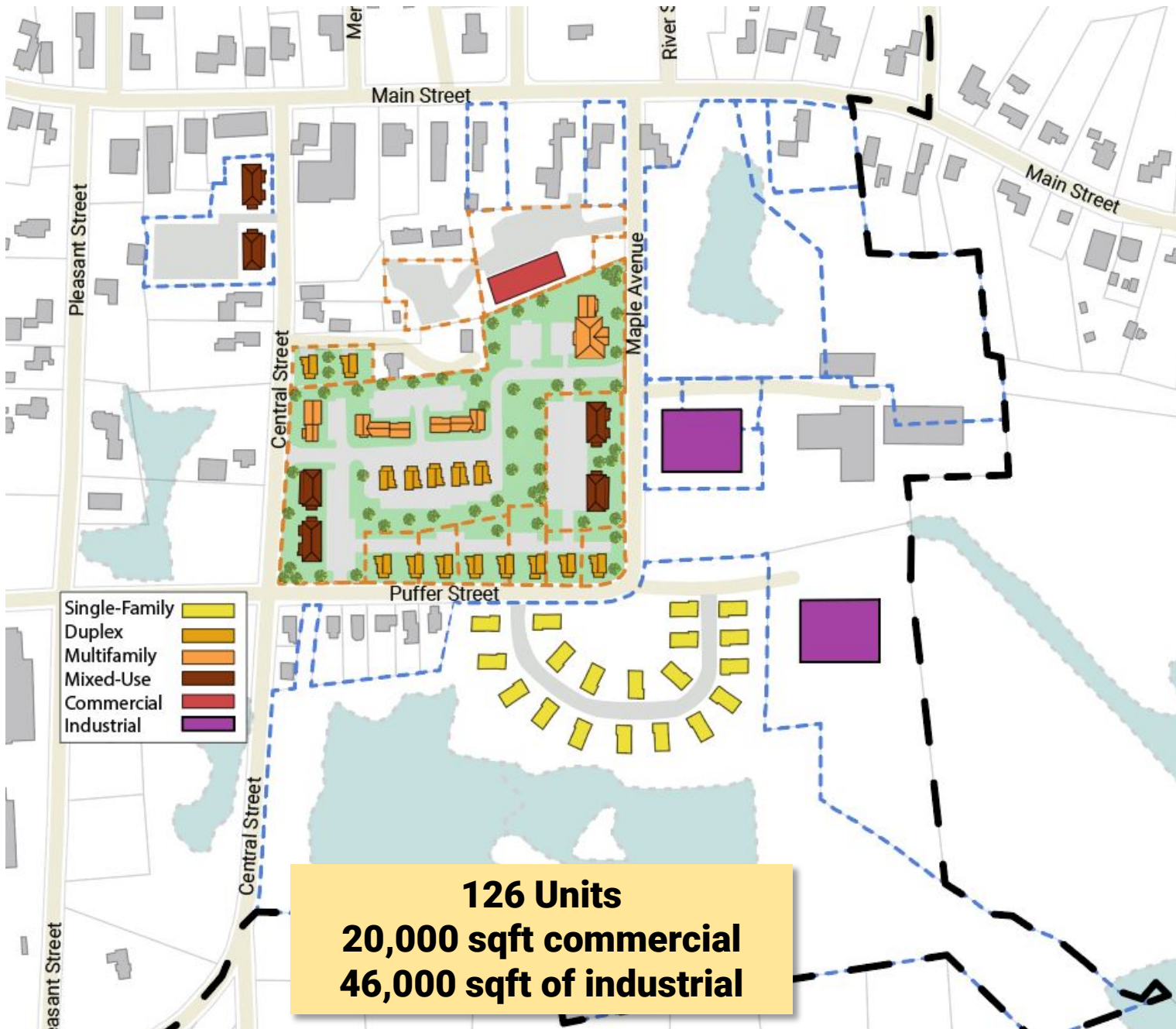
# FUTURE DOWNTOWN 1 - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER + WRIGHT PROPERTY PLANS



## FISCAL IMPACT ANALYSIS AND RESULTS

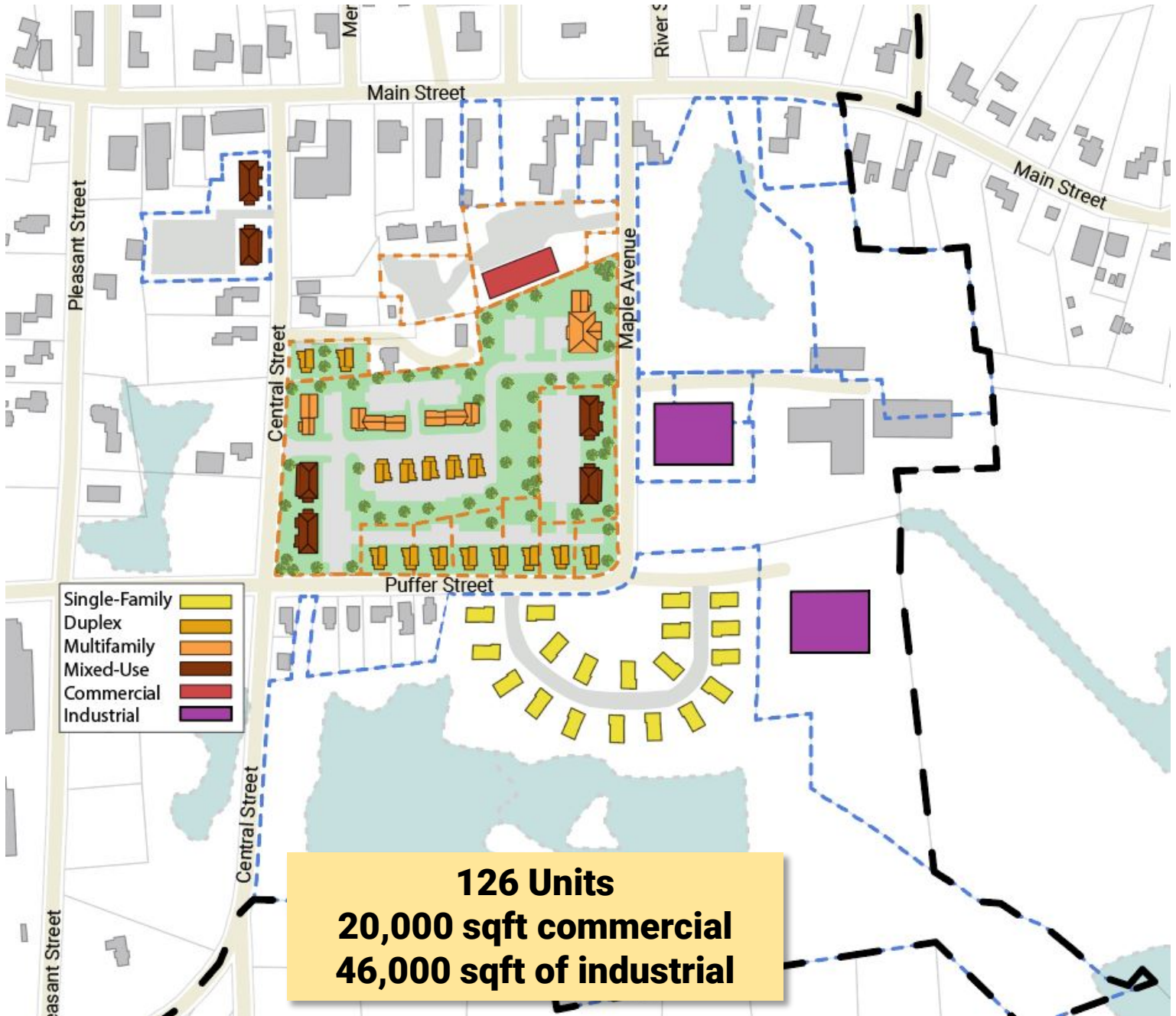
Total Revenues & Costs	Future Downtown 1
Commercial SF	43,000
Residential Units	126
New Property Tax	\$836,899
Existing Property Tax	(\$63,763)
<b>Net New Property Tax</b>	<b>\$773,136</b>
<b>Municipal Costs</b>	
General Government	\$3,646
Public Safety	\$20,861
Public Works	\$8,611
Educational Costs	\$227,422
<b>Total Expenditures</b>	<b>\$310,540</b>
<b>Annual Net Benefit</b>	<b>\$462,596</b>

## FUTURE DOWNTOWN 2 - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER + WRIGHT PROPERTY PLANS



This second “future downtown” scenario envisions a new industrial building on the current town ballfields. The parking challenges surrounding that location may warrant moving those ballfields to a different location in Ashburnham, thereby opening up that town-owned land for future development. New industrial development would continue the pattern already established north on Maple Avenue. This scenario also assumes 30% of the residential units are age-restricted to seniors.

# FUTURE DOWNTOWN 2 - DPW PROPERTY + CENTRAL STREET + MAPLE/PUFFER + WRIGHT PROPERTY PLANS



## FISCAL IMPACT ANALYSIS AND RESULTS

Total Revenues & Costs	Future Downtown 2
Commercial SF	66,000
Residential Units	126
New Property Tax	\$872,348
Existing Property Tax	(\$63,763)
<b>Net New Property Tax</b>	<b>\$808,585</b>
<b>Municipal Costs</b>	
General Government	\$3,658
Public Safety	\$20,928
Public Works	\$8,639
Educational Costs	\$277,422
<b>Total Expenditures</b>	<b>\$310,647</b>
<b>Annual Net Benefit</b>	<b>\$497,938</b>

# SUMMARY TABLE - NET FISCAL IMPACT

Total Revenues & Costs	Scenario 1	Scenario 2	Scenario 3a	Scenario 3b	Scenario 4	Future Downtown 1	Future Downtown 2
Commercial SF	3,000	3,000	6,000	6,000	12,000	43,000	66,000
Residential Units	55	59	91	175	91	126	126
New Property Tax	\$279,480	\$312,360	\$521,970	\$826,110	\$546,630	\$836,899	\$872,348
Existing Property Tax	\$0	(\$12,219)	(\$40,594)	(\$40,594)	(\$47,290)	(\$63,763)	(\$63,763)
<b>Net New Property Tax</b>	<b>\$279,480</b>	<b>\$300,141</b>	<b>\$481,376</b>	<b>\$785,516</b>	<b>\$499,340</b>	<b>\$773,136</b>	<b>\$808,585</b>
<b>Municipal Costs</b>							
General Government	\$1,575	\$1,689	\$2,608	\$5,004	\$2,618	\$3,646	\$3,658
Public Safety	\$9,012	\$9,665	\$14,922	\$28,633	\$14,980	\$20,861	\$20,928
Public Works	\$3,720	\$3,989	\$6,159	\$11,819	\$6,183	\$8,611	\$8,639
Educational Costs	\$88,830	\$92,247	\$200,892	\$377,868	\$200,892	\$227,422	\$277,422
<b>Total Expenditures</b>	<b>\$103,137</b>	<b>\$107,590</b>	<b>\$224,581</b>	<b>\$423,324</b>	<b>\$224,673</b>	<b>\$310,540</b>	<b>\$310,647</b>
<b>Annual Net Benefit</b>	<b>\$176,343</b>	<b>\$192,551</b>	<b>\$256,795</b>	<b>\$362,192</b>	<b>\$274,667</b>	<b>\$462,596</b>	<b>\$497,938</b>

Source: Town of Ashburnham, RKG Associates, 2021

# SUMMARY - NET FISCAL IMPACT

Under all modeled scenarios the net fiscal impact of new development is projected to be **positive** for the town. Town could potentially receive between \$279,000 (Scenario 1) and \$786,000 (Scenario 3b) in new property taxes after subtracting out existing property tax on each redevelopment parcel. For the Future Scenarios, the Town could potentially receive between \$773,000 and \$809,000 in new property taxes after accounting for existing property tax.

The largest cost factor to the Town would be for educational costs associated with new residential uses on these parcels. Educational costs could be as high as \$378,000 (Scenario 3b), when conservatively assuming 55 school-age children.

In addition to property taxes, the Town would also receive one-time building permit fees for any of the scenarios. For the most intensive development scenario, that could amount to as much as \$407,000.

It is unlikely that the development as currently projected for the DPW site and surrounding properties would be enough to support a large enough bond to construct a new DPW facility. However, development of the DPW site and surrounding parcels would have positive fiscal benefits to the Town over time, provide additional housing and job opportunities, and bring additional households and employees within walking distance to businesses currently located in the town center.



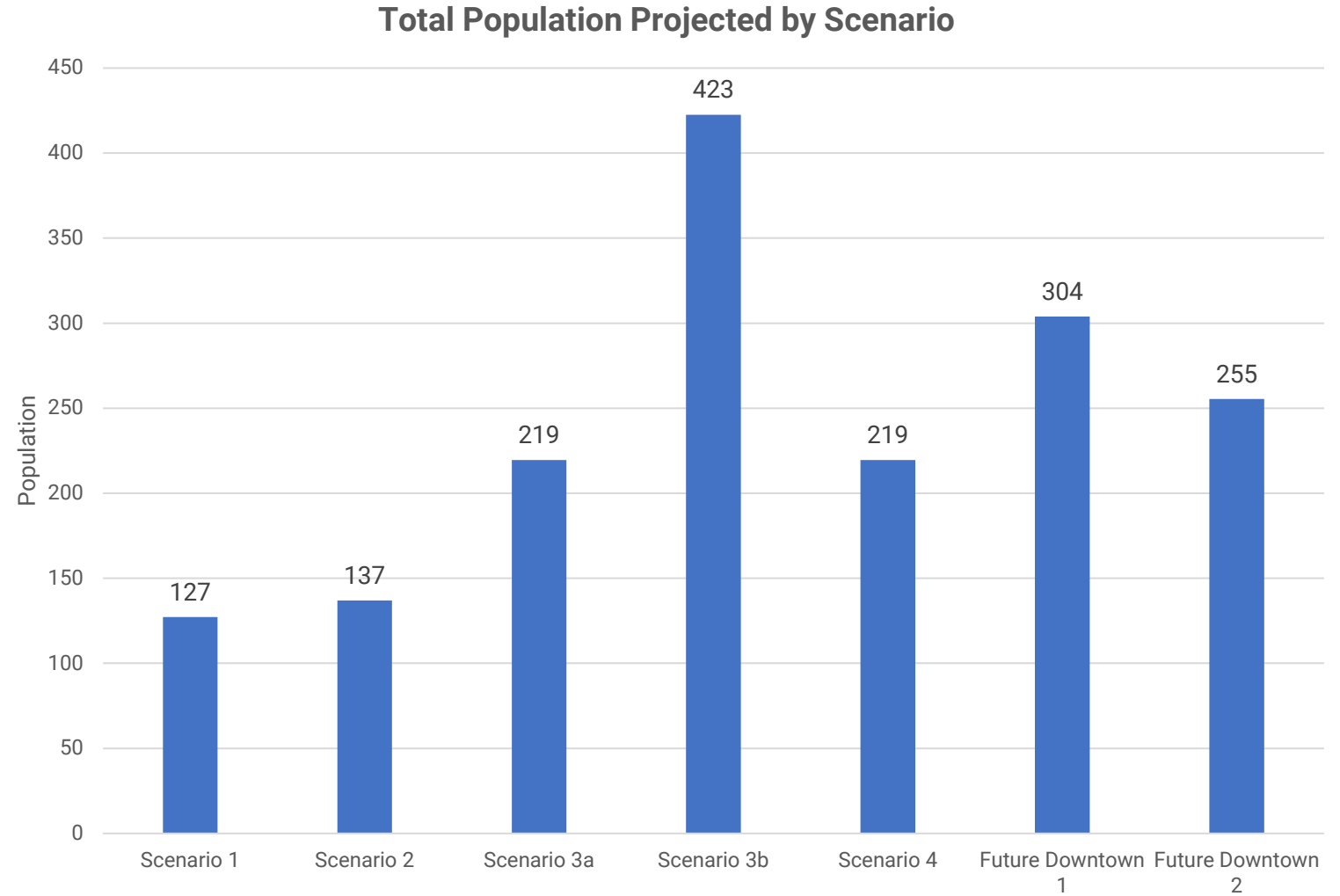
# SCENARIO DEMOGRAPHIC METRICS

# IMPACT ON POPULATION

Population is expected to vary drastically based on the potential development scenarios where more residential or different types of residential units have different household size estimates.

Scenario 1, the lowest intensity development scenario, could result in about 127 new residents.

Scenario 3b which had the highest unit count could result in about 423 new residents.



Source: RKG Associates, 2021

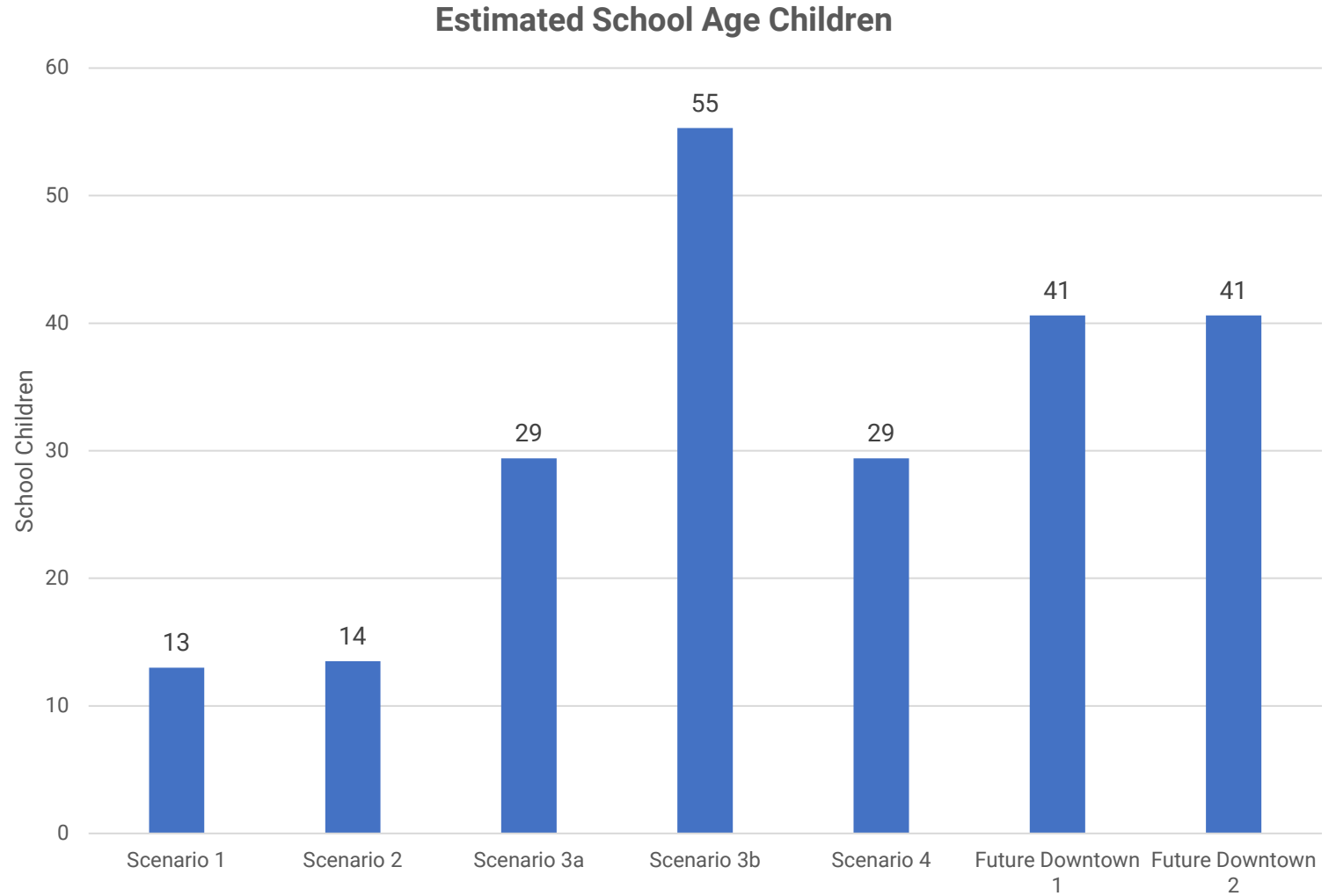
# IMPACT FROM SCHOOL-AGE CHILDREN

Depending on the scenario, at full build-out and stabilization it is estimated that between 13 and 55 school-age children could be added to the regional school district.

The projected distribution of children by school type is as follows:

- 45% attend elementary schools
- 26% attend middle school
- 29% attend high school

RKG estimated the incremental cost to the Town to educate one school age-child to be \$6,833. This figure nets out any sources of revenue to the district not provided by the Town and accounts for only those budget items that would be impacted by the addition of one new student.



Source: Town of Ashburnham, Massachusetts Department of Education, RKG Associates, 2021

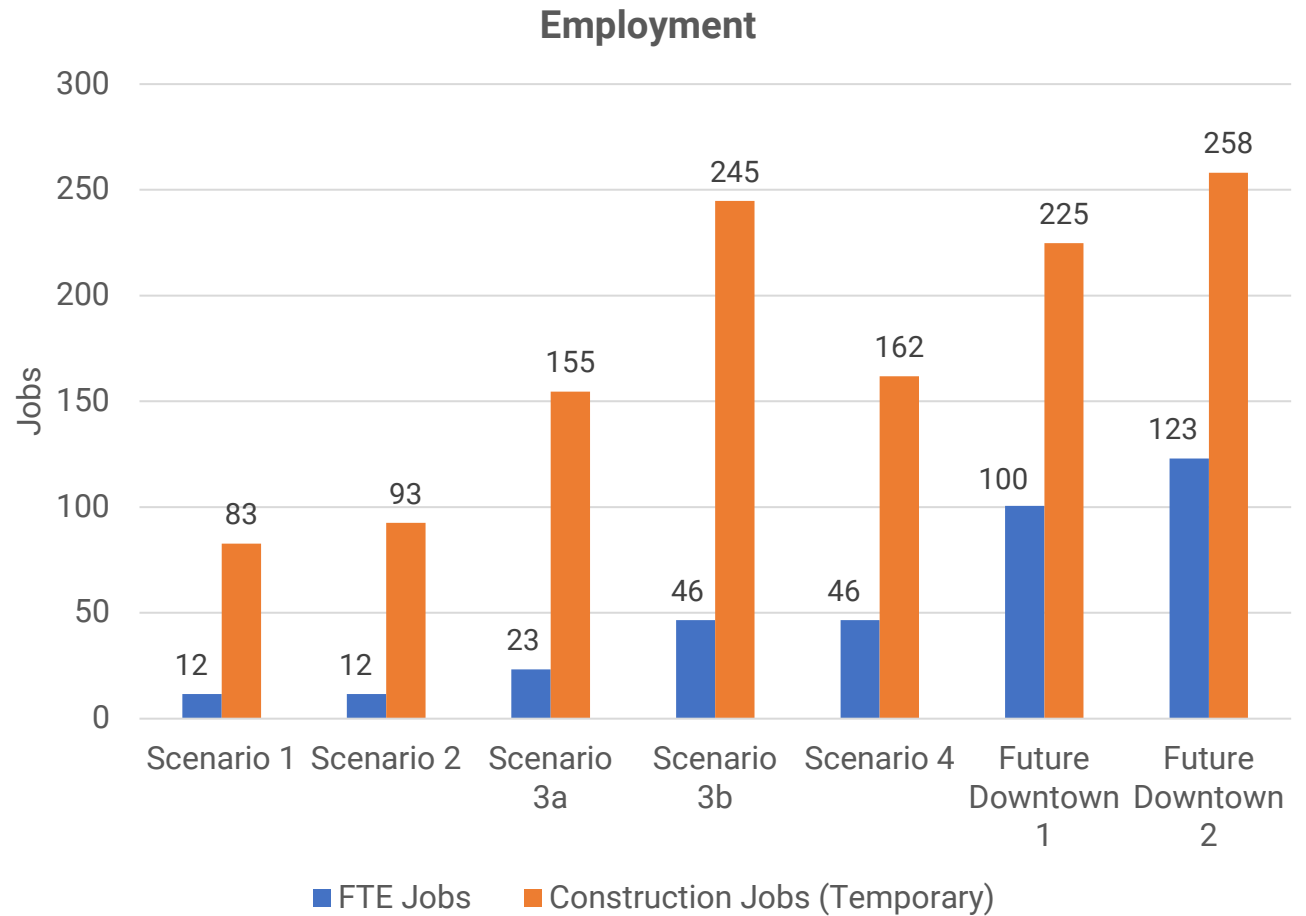
# IMPACT ON EMPLOYMENT

Full build-out and stabilization could result in between 12 and 123 full-time jobs located in the study area. These estimates depend on the amount of commercial and industrial development that takes place within the study area under each scenario.

Between 83 and 258 construction jobs (temporary) could be supported through this development, which again depends heavily on the level of development intensity that takes place within the study area under each scenario.

Jobs were estimated using a factor based on construction costs and construction wages. Construction jobs are associated with both the residential and commercial components.

Lastly, the Town and businesses in the town center would also receive benefits from the recirculation of worker wages through the local economy. This would apply to both temporary construction workers, as well as permanent employees in any of the new businesses that may open as a result of new commercial and industrial development.



Source: RKG Associates, 2021

Report produced by RKG Associates, Inc. in partnership with MassDevelopment and the Town of Ashburnham

# **DPW AND TOWN CENTER IMPACT STUDY**

**Ashburnham, Massachusetts**



76 Canal Street  
Suite 401  
Boston, MA 02114  
[www.rkgassociates.com](http://www.rkgassociates.com)