

**FISCAL IMPACT ANALYSIS
NORMAN & HOPKINS ESTATES
BUENA VISTA TOWNSHIP, NEW JERSEY**

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PURPOSE

This Fiscal Impact Analysis is a supplement to and a part of the development application submitted in support of the Norman & Hopkins Estates residential subdivision. A projection of direct public costs and revenues associated with development of the project has been established by utilizing generally accepted methods described in the publication *Fiscal Impact Analysis* by Robert W. Burchell and David Listokin. The methodology employed herein is derived from both this publication and methods accepted by numerous review professionals for projects of similar scope.

The Fiscal Impact Analysis tallies the financial effects of the Norman & Hopkins Estates project by comparing the projected costs and revenues of the project and assessing the impact upon local government services and the public school district.

PROJECT DESCRIPTION

Norman & Hopkins Estates is designed as a 97 residential housing unit subdivision. Projected housing mix as shown in the following chart is 48 three (3) bedroom single family detached units and 49 four (4) bedroom single family detached units. This represents a projected distribution of 50% four (4) bedroom homes and 50% three (3) bedroom homes, a mix used for purposes of this analysis which may vary in response to market demand. In addition, an average home value of \$375,000 has been projected.

**NORMAN & HOPKINS ESTATES
HOUSING TYPE AND QUANTITY**

Type of Unit	No. of Units	Percent of Total
Single Family Detached		
3 Bedroom	48	50%
4 Bedroom	49	50%
Total No. of Units	97	100%

POPULATION IMPACT

The proposed project will be developed as a fee-simple residential subdivision consisting exclusively of single family detached homes. The estimated population of the project, at build-out, including public school age children has been derived by using population multipliers provided by the American Housing Survey and reprinted in the Urban Land Institute publication *Development Impact Assessment Handbook*, third printing 1998. According to the New Jersey Department of Labor Population Estimates as of July 1, 2009, the estimated population of Buena Vista Township is 7,360.

Based upon a build-out of 97 single family detached residential homes at the prescribed mix, it is estimated that 345 persons will reside in the community with 96 school age children. Using a conservative estimate of 90% of school age children attending public school results in a public school population generated by the project of 86 children in the local school system (K-12).

FISCAL IMPACT

The financial impact of the project has been estimated by preparing a fiscal impact analysis based on the per capita multiplier method. This method is a cost averaging approach for projecting the impact of population change on local municipal and school district costs and revenues. It has been applied to almost every type of fiscal impact situation in which an estimate of the impact of residential growth is a basis of concern. The per capita multiplier method is a function of its assumptions which form the premise that tomorrow's costs are similar to that of today. The five (5) assumptions of the per capita method are:

- Current average operating costs per capita and per student are the best estimates of future operating costs occasioned by growth;
- Current local service levels are the most accurate indicators of future service levels and will continue on the same scale in the future;
- Current composition of the population occasioning costs and the population contributing to future costs are sufficiently similar;
- The number of residents and students introduced locally varies with the size of the dwelling unit and secondarily with the type of dwelling unit; and,
- Current distribution of expenditures among the various sectors of municipal service will remain constant in the short run and will serve as the primary indicator of the way in which expenditures will be subsequently allocated.

The per capita method uses an average cost per person and per student to estimate the cost of services generated by new residential development. Revenues generated by the project consist of those which increase as a result of own source revenues (local property taxes and fees) and intergovernmental transfers (State and Federal aid). Estimating expenses and revenues of a development by including intergovernmental transfers requires the assumption that these revenues received by the municipality and public school districts will increase proportionately to the increase in population resulting from the new development.

Additionally, in order to assign a realistic portion of municipal expenditures to the project, the existing local residentially induced per capita cost must be determined. This requires application of the strategy that segregates and assigns a share of the municipal service costs to existing nonresidential uses then divides remaining expenditures by existing local population to yield a true residentially generated per capita cost. The proportional valuation method has been utilized in this regard.

A summary of the fiscal impact results presented in the following tables concludes that:

- Annual per capita cost of providing local government services including debt service is estimated at \$509. At build-out, the project will require an annual municipal expenditure of \$175,605.
- Revenues generated by the project through own source revenues and intergovernmental transfers in support of the municipal budget will equal \$208,561, annually;

- The net fiscal impact of the project on municipal service costs will result in an annual surplus of \$32,956. Given the projected value of the Norman & Hopkins Estates homes exceed the average existing home value in the township explains the projected municipal service surplus.
- Per pupil cost of school operations for the local school district based on the 2010-2011 budget year equals approximately \$13,422. At build-out, the project will require an annual public expenditure of \$ 1,154,292;
- Revenues generated by the 97 unit project including own source revenues and intergovernmental transfers in support of the school budget will equal \$ 1,019,372, annually;
- The net fiscal impact of the project on the local school system will result in an annual deficit of \$ 134,920. Again, the surplus is a result of higher home values and local tax assessments.

TABLES

TABLE 1
GENERAL PARAMETERS OF BUENA VISTA TOWNSHIP
ATLANTIC COUNTY, NEW JERSEY 2009

1.	Total local assessed real property value	\$ 249,584,700
2.	Total local real property value for nonresidential properties	\$ 28,077,000
3.	Local equalization ratio	.4083
4.	Total local equalized real property value (1 divided by 3)	\$ 611,277,737
5.	Total local equalized nonresidential real property value (2 divided by 3)	\$ 68,765,613
6.	Total number of taxable land parcels	5,881
7.	Total number of nonresidential land parcels	99
8.	Average equalized real property value per parcel (4 divided by 6)	\$ 103,941
9.	Average equalized nonresidential real property value per parcel (5 divided by 7)	\$ 694,602

TABLE 2
MUNICIPAL EXPENDITURES BY SERVICE CATEGORY
BUENA VISTA TOWNSHIP, NEW JERSEY 2010

	Salaries & Wages/ Other Expenses	Percent of Total
MUNICIPAL		
Operating (incl. statutory)	\$ 4,120,659	92.4
Debt Service	<u>338,929</u>	<u>7.6</u>
TOTAL	\$ 4,459,588	100.0

TABLE 3
LOCAL SCHOOL DISTRICT EXPENDITURE
BUENA VISTA TOWNSHIP SCHOOL DISTRICT 2010-2011

	Salaries & Wages/ Other Expenses	Percent of Total
LOCAL SCHOOL DISTRICT		
Operating (incl. statutory)	\$38,565,917	97.6
Debt Service	<u>948,343</u>	<u>2.4</u>
TOTAL	\$39,514,260	100.0

TABLE 4
MUNICIPAL & SCHOOL DISTRICTS EXPENDITURES
ASSIGNABLE TO NORMAN & HOPKINS ESTATES

	Projected Generated Costs By Service Category	Percent of Total
MUNICIPAL		
Operating (incl. statutory)	\$ 162,259	92.4
Debt Service	<u>13,346</u>	<u>7.6</u>
TOTAL	\$ 567,108	100.0
LOCAL SCHOOL DISTRICT		
Operating (incl. statutory)	\$1,126,589	97.6
Debt Service	<u>27,703</u>	<u>2.4</u>
TOTAL	\$1,154,292	100.0

TABLE 5
MUNICIPAL REVENUE PROJECTION
NORMAN & HOPKINS ESTATES

REVENUE SOURCES

A.	Taxes		
	1. Real Property	\$124,980	
	TOTAL TAXES		\$124,980
B.	Other incl. Charges/Miscellaneous		
	& Intergov. Transfers	\$ 83,581	
	TOTAL OTHER		<u>\$ 83,581</u>
	TOTAL MUNICIPAL REVENUES		\$208,561

TABLE 6
LOCAL SCHOOL DISTRICT REVENUE PROJECTION
NORMAN & HOPKINS ESTATES

REVENUE SOURCES

I.	Own Source Revenue		
	A. Taxes		
	1. Real Property	\$ 421,320	
	TOTAL TAXES		\$ 421,320
	B. Other		
	1. Miscellaneous	5,780	
	TOTAL OTHER		5,780
	 TOTAL OWN SOURCE REVENUE		 \$ 427,100
II.	Intergovernmental Transfers		
	A. State	\$ 530,092	
	TOTAL STATE		\$ 530,092
	B. Federal	62,180	
	TOTAL FEDERAL		62,180
	 TOTAL INTERGOVERNMENTAL TRANSFERS		 <u>\$ 592,272</u>
	 TOTAL LOCAL SCHOOL DISTRICT REVENUE		 \$1,019,372

TABLE 7
FISCAL IMPACT GENERATED BY
NORMAN & HOPKINS ESTATES

Public Body	Total Annual Public Cost	Total Annual Public Revenue	Total Annual Net Fiscal Impact
Municipality	\$ 175,605	\$ 208,561	+ \$ 32,956
Local School Dist.	\$1,154,292	\$1,019,372	- \$ 134,920

REFERENCES

The following published reference materials were used in preparation of the Fiscal Impact Analysis.

Published Reference Materials

- Development Impact Assessment Handbook; Urban Land Institute; Burchell, Listoken, Dolphin, et. al.; 1998
- The New Practitioners Guide to Fiscal Impact Analysis; Center for Urban Policy Research; Burchell, Listoken & Dolphin; 1985
- The Fiscal Impact Handbook; Center for Urban Policy Research; Burchell & Listoken; 1987
- 2010 Municipal Budget of the Township of Buena Vista, County of Atlantic, Buena Vista Township Clerk
- 2010-2011 School District Budget Statement, Buena Vista Township, Atlantic County, Buena Vista Township Board of Education
- 2010 Explanation of Computed Tax Rates for Buena Vista Township, Buena Vista Township Tax Assessor
- 2009 Atlantic County Abstract of Ratables, Atlantic County Board of Taxation

QUALIFICATIONS

The Fiscal Impact Analysis for Norman & Hopkins Estates has been prepared by William D. Crane, P.P., AICP, a licensed Professional Planner in the State of New Jersey and a member of the American Institute of Certified Planners.