

FOUGERE PLANNING & DEVELOPMENT Inc.

Mark J. Fougere, AICP

phone: 603-315-1288 email: Fougereplanning@comcast.net

MEMORANDUM

TO: Meghan Jop, Executive Director of General Gov't Services

From: Mark J. Fougere, AICP

RE: Updated Fiscal Impact Analysis Wellesley Office Park; Proposed Zoning Amendment

Date: December 9, 2022

I. Executive Summary

As outlined in this Memorandum, amending the Wellesley Park Smart Growth Overlay District by replacing the allowed 175-key hotel with a 250-unit residential development is estimated to result in a positive annual net fiscal impact of \$286,894. In addition, an estimated one-time \$726,000 payment to the Town from DHCD can be anticipated from the proposed zoning amendment.

II. Introduction

Fougere Planning & Development Inc. has completed an updated fiscal analysis associated with the proposed amendment to the Wellesley Park Smart Growth Overlay District (the "District"), an overlay zoning district approved pursuant to M.G.L. c. 40R and accompanying regulations at 760 CMR 59.00. This analysis is an update to the Fiscal Impact Analysis dated January 21, 2019, that was prepared in support of the original enactment of the District.

Based upon market conditions, the advancement of the development of a 175-key hotel at Wellesley Park is not feasible. As an alternative development scenario, a 250-unit multifamily residential building will be analyzed as an alternative use; no other zoning changes are proposed. This analysis is based upon the addition of a maximum of 250 multifamily residential units (either apartments or condominiums) being constructed, with 25% set aside as affordable with a conceptual unit mix as outlined in the below table.

Multifamily Unit Mix

Unit Type	Market	Affordable	Total
Studio	19	6	25
One Bed	94	31	125
Two Bed	56	19	75
Three Bed	19	6	25
Totals	188	62	250

III. Revenue Comparison

Annual Revenue

As detailed in the below table, the apartment use scenario is estimated to generate an annual \$551,894 increase in revenues when compared to the hotel use.¹

Annual Revenue Comparison

Category	Value/Unit	Total Value	Tax Revenue
Hotel			
Hotel (175 Keys) ²	\$105,000	\$18,375,000	\$214,620
CPA Surcharge 1%	\$214,620		\$2,146
Hotel Occupancy Tax 4%			\$448,895
Annual Revenue			\$665,716
Multifamily			
250 Apt. Units ³	\$362,000	\$90,500,000	\$1,057,040
CPA Surcharge 1%	\$1,057,040		\$10,570
Vehicle Excise (300 Vehicles)	\$20,000/ea.	\$6,000,000	\$150,000
Annual Revenue			\$1,217,610
Net Increase			\$551,894

One-Time 40R Payments

As noted in the 2019 Fiscal Analysis, to incentivize the adoption of zoning with greater housing density through the 40R overlay zoning process, the Massachusetts Department of Housing and Community Development (“DHCD”) provides communities one-time direct incentive payments in the form of so-called zoning incentive payments and bonus payments based on the number of residential units permitted as of right beyond the number permitted under existing zoning. Specifically, the Town is paid “bonus” payments of \$3,000 per unit by DHCD upon the issuance of building permits for particular projects.

¹ A condominium use would generate significantly more property tax revenue, with a potential total value of \$144,000,000 (assumes avg. affordable units @ \$210,000 and market at avg. of \$700,000). Fieldstone Way condominium units range from \$420,000 - \$1,200,000 is a local comparable.

² The 2019 Fiscal Analysis evaluated a 120 unit hotel.

³ The estimated average per unit assessment has increased based upon local conditions; Hasting Village apartments assessment has increased 43% since 2018.

For the Additional Multifamily, the Town could realize an additional **\$726,000**⁴ in bonus payments. Under c. 40R, these one-time 40R payments are intended to help the municipality defray municipal costs associated with resulting development, whether for deferred maintenance or capital costs associated with municipal infrastructure upgrades or for any other municipal purposes.

IV. Department Impacts

Emergency Service Calls

To gauge potential impacts on emergency services from the redevelopment program, the 2019 Fiscal Analysis applied emergency call metrics from both Wellesley Park and like uses in the region. The 2019 Fiscal Analysis estimated, at full buildout, that 289 new police calls may occur along with 128 new fire calls⁵.

As summarized in the table below, replacing the 175-key hotel use with a multifamily community is estimated to increase total annual Police Department calls from 289 to 343, a 54-call increase. Fire Department calls are estimated to increase from 128 total annual calls to 156, a 28-call increase. For reference, in 2021 the Police Department responded to 19,499 calls⁶ (375 calls/week) and the Fire Department responded to 3,534 calls (68 calls/week).

Estimated New Annual Police Emergency Calls

Use	New Calls
Hotel – 175 Keys	47 New Calls
Multifamily	101 New Calls
Net Increase	54 New Calls

Estimated New Annual Fire Emergency Calls

Use	New Calls
Hotel – 175 Keys	18 New Calls
Multifamily	46 New Calls
Net Increase	28 New Calls

⁴ Given the lot size of 60 William Street, the potential location of the Additional Multifamily, the number of “existing zoned units” is approximately 8, resulting in 242 bonus units (250-8=242) and a \$726,000 payment (242*\$3,000=\$726,000).

⁵ Emergency calls adjusted to reflect 175 key hotel.

⁶ FY21 Annual Town Report.

Police Department Costs

Based upon discussions with Police Chief Pilecki in 2019, the 2019 Fiscal Analysis accounted for the cost of a new police officer (\$100,000) for an estimated 289 new emergency calls. Replacing the 175-key hotel with a multifamily use is estimated to increase police emergency calls by 54 calls, an 18.6% increase over the 2019 Fiscal Analysis. To be conservative, we will account for 25% of a police officer's cost⁷ in this updated analysis; **\$30,000**.

Fire Department Costs

Based upon our discussions with Fire Chief Richard DeLorie in 2019, the 2019 Fiscal Analysis carried the cost of two firefighters (\$160,000) for 128 new emergency calls. As outlined above, Fire Department calls are estimated to increase by 28 calls, a 21.8% increase. To be conservative, we will account for 25% of a firefighter's cost⁸ in this updated analysis; **\$25,000**.

Other Town Departments

Since the redevelopment of Wellesley Park will create few additional demands on town services (no new roads, trash removed privately), the 2019 Fiscal Analysis accounted for potential costs of \$20,000 from other Town departments. With the potential replacement of a 175-key hotel with a multifamily use, we will account for an additional **\$20,000** in potential general government costs.

School Department

The 2019 Fiscal Analysis utilized school enrollment metrics from four local communities to estimate the potential number of school age children ("SAC") that may reside within the planned apartment communities associated with the redevelopment of Wellesley Park. Based upon the total anticipated number of two- and three-bedroom units, 111 SAC were estimated. A two- and three-bedroom SAC ratio of **.463** was used to project potential SAC.

To be conservative, we will use our original two- and three-bedroom SAC ratio of .463 to estimate the number of students associated with a multifamily use⁹. Based on this SAC ratio, an estimated **46 SAC** may reside within the residential community.

In our 2019 meetings with Superintendent Lussier, he suggested accounting for the cost of two teachers for an additional 250-unit apartment complex. To be consistent, we will carry this same expense estimate of **\$190,000** in this updated report¹⁰.

V. Net Impact

The 2019 Fiscal Analysis concluded that a net positive impact would occur as a result of the enactment of the District and the redevelopment of Wellesley Park. This positive fiscal finding will also occur if the permitted 175-key hotel is replaced with a

⁷ Avg. cost is estimated to be \$120,000.

⁸ Avg. cost is estimated to be \$100,000.

⁹ Based upon current school enrollment at The Nines, the number of school age children per two/three bedroom units is below this SAC ratio.

¹⁰ Enrollment trends continue to decline in all grade segments, with elementary showing the greatest decrease since 2015, declining 24.7%.

multifamily apartment use pursuant to the proposed zoning amendment. Specifically, as summarized in the below table, a **\$286,894** annual fiscal benefit is estimated to be realized under the proposal.

Net Impact Comparison

Category	Amount
Estimated Gross Revenues	\$551,894
Estimated Increased Municipal Expenses	
Police	-\$30,000
Fire	-\$25,000
Other Departments	-\$20,000
Schools	-\$190,000
Total Estimated Increased Costs	-\$265,000
Net Fiscal Impact	+\$286,894

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