

TECHNICAL MEMORANDUM

TO: BPD Union Point LLC
DATE: May 3, 2022
SUBJECT: Fiscal Impact Analysis of Existing Development at the former South Weymouth Naval Air Station

Summary of Findings

RKG Associates, Inc. (RKG) was retained by BPD Union Point LLC to conduct a fiscal impact analysis of the existing development at the former South Weymouth Naval Air Station (SWNAS). The purpose of this analysis is to assess the fiscal, economic, and demographic impacts of the existing development at SWNAS on the Town of Weymouth. SWNAS is in South Weymouth along Route 18 at the former South Weymouth Naval Air Station, and straddles the towns of Weymouth, Abington, and Rockland. As part of the Base Realignment and Closure (BRAC) program, the South Weymouth Naval Air Station closed in 1997 and after a master planning process through the Southfield Redevelopment Authority, new construction began in 2007 and currently is ongoing. The development at SWNAS that was evaluated as part of this analysis was constructed between 2011 and 2022 and is located entirely in Weymouth.

The following summarizes the findings from the analysis:

- An estimated 2,464 residents live in the 1,274 dwellings in SWNAS. This includes 67 school age children.
- There is a total of 73,000 square feet of commercial space, composed of 40,000 SF of congregate housing, and 33,000 of retail space. Additionally, a 25-acre indoor and outdoor sports complex exists, which include four fully lit synthetic turf fields equipped with permanent playing surfaces for soccer, lacrosse, rugby and field hockey.
- Assessed value at SWNAS is \$403.2 million.
- SWNAS contributes about \$5.3 million in property taxes which is offset by \$939,000 in municipal costs.
- Twenty-five to thirty-five percent (25%-35%), depending on property classification, of the property tax levy is allocated to pay off the 2010 A Infrastructure Bond issued by the Southfield Redevelopment Authority (SRA). The Town of Weymouth is required to make \$1,132,834 in bond payments which are netted against SWNAS property taxes.

- Even after paying the 2010 A Infrastructure Bonds, the SWNAS results in a positive net impact to the Town of \$3.2 million annually.
- Both the residential components and the commercial components generate more revenues than costs.

Fiscal Impact Methodology

A fiscal impact analysis estimates the municipal revenues and costs associated with development and growth. Revenues include local taxes (property, excise, etc.) and various fees and other payments, while costs include the provision of municipal services (public safety, education, public works, 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.

The primary focus is on the Town's General Fund since that is typically where tax revenues and most municipal service costs are accounted. RKG applied an incremental cost approach to both the General Fund and the Town's school 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 Mayor, this would not be impacted by development. Conversely, the costs associated with teacher wages are classified as incremental as they would change based on the addition of more school-aged children that may result from residential development.

Fiscal impact approaches are 'static', that is, they assume that the 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 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 to measure the fiscal impacts for all existing development in SWNAS.





Detailed Analysis

Existing Commercial and Residential Space

The existing commercial space at SWNAS totals 73,000 square feet and is comprised of 40,000 square feet of congregate care and 33,000 square feet of retail. Currently, only 5,000 square feet of retail space is leased.

Commercial Use	Existing Space	Percent of Commercial Space
Congregate Care	40,000	55%
Retail	33,000	45%
Total Commercial	73,000	100%

The residential component consists of a mix of housing types including single family homes and townhomes, but the predominate residential type is multi-family apartments, which accounts for 61 percent of the residential. The mix of residential dwellings also produces a mix of housing types with studios, one-, two- and three-bedroom homes with approximately 42 percent being one-bedroom or smaller.

Dwelling Type	Existing Homes	Percent of Residential
Single Family	170	13%
Condominiums	200	16%
Townhouses	130	10%
Apartments	774	61%
Total Dwellings	1,274	100%

The types and sizes of dwellings at SWNAS vary. Table 3 below shows that about 4 percent of the dwellings are studios, while about 76 percent are either one-bedroom or two-bedrooms. About 20 percent of the residential dwellings have three- or- more units, which are mostly found in single family dwellings and townhouses.

	Studio	1BR	2BR	3BR	4BR	Total
Apartment	47	239	258	19	0	563
Senior Housing	0	153	58	0	0	211
Townhouse	0	0	64	66	0	130
Single Family	0	0	0	121	49	170
Condominiums	0	92	108	0	0	200
Total	47	484	488	206	49	1,274



Based on typical per dwelling counts and empirical data, the estimated population and associated number of school age children at SWNAS are presented in Table 4. To calculate the estimated population of SWNAS, an average household size of 1.9 persons per dwelling was used. The average is derived by applying different household sizes to the various housing types. In the model, household populations range from 1.0 persons per household for studio to 3.5 persons per household for four-bedroom. Similarly, the number of school age children is impacted by housing types. All data related to the number of school age children living in SWNAS came directly from the Weymouth School Department for the current school year (2021-2022). These are actual numbers of children residing in the different types of residences. More information on these calculations is provided in Appendix 1.

Table 4. Demographics at SWNAS		
Dwelling Type	Estimated Population	Actual School Age Children
Single Family	474	17
Condos	354	10
Townhouses	293	4
Senior Housing	240	2
Apartments	1,103	34
Total	2,464	67

The table above presents estimates of the number of residents and actual school aged children resulting from SWNAS. It is estimated that 2,464 residents currently live at SWNAS, including 67 school age children. Comparatively, the Town of Weymouth has 56,734 residents and 5,545 school age children.





Revenues

Property Taxes

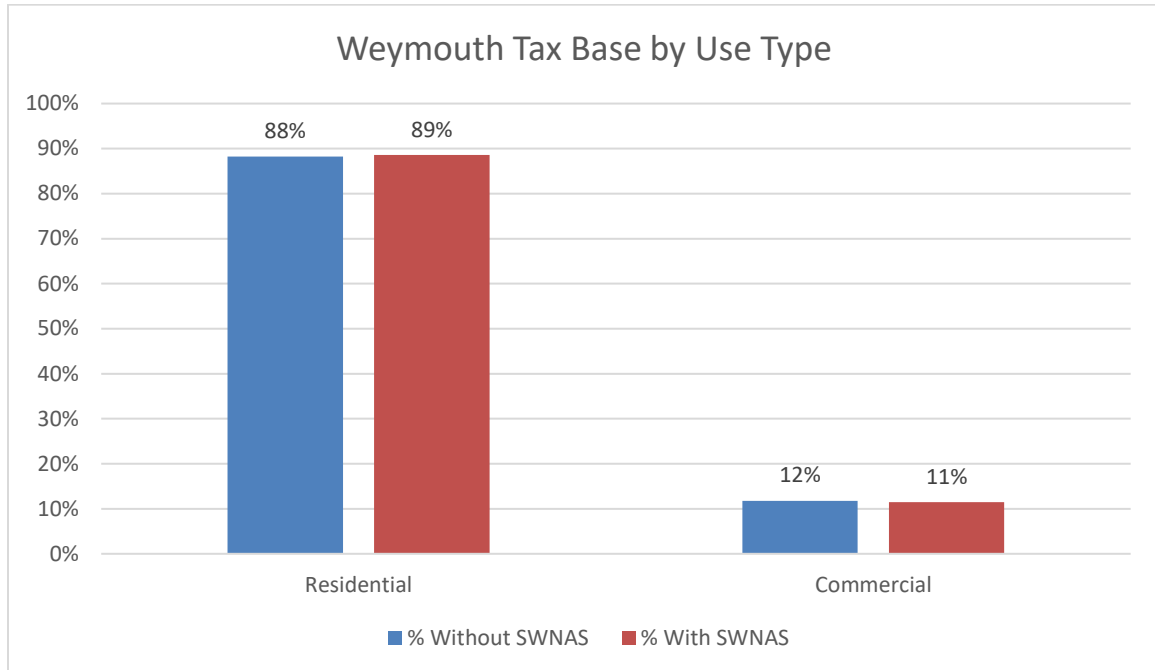
The primary source of ongoing revenues to the Town of Weymouth is represented by the property taxes resulting from SWNAS. For fiscal year 2022, the property tax rate is \$11.46 (per thousand dollars of assessed value) for residential and \$18.36 (per thousand dollars of assessed value) for commercial properties. In addition to the residential and commercial tax rate, SWNAS is a special taxing district and has an ad valorem tax of \$0.46 per thousand dollars of assessed value as of 2022. In RKG’s fiscal analysis, the assessed values inclusive of land and buildings were used to determine tax revenue. The assessed value is based on the valuation of existing residential and commercial development at SWNAS and assumes full occupancy for all commercial space and residential homes.

The scale and size of SWNAS has a considerable impact on the total tax base of the Town of Weymouth. Based on the assessed value of the existing development for fiscal year 2022, the residential component of SWNAS is assessed at \$384.1 million, and the commercial component is valued at \$19.1 million. Overall, SWNAS accounts for 4 percent of the Town of Weymouth’s tax base.

Assessments	Existing Town Wide	SWNAS	SWNAS as Percent of Town Assessment
Residential	\$8,739,668,256	\$384,100,598	4%
Commercial	\$1,129,236,904	\$19,098,302	2%
Total	\$9,868,905,160	\$403,198,900	4%

In the Town of Weymouth, 89 percent of the tax base is residential, and 11 percent is commercial. The graph below presents the Town’s Tax Base with and without SWNAS.





In aggregate, the developed parcels in SWNAS pay approximately \$4.8 million to the Town of Weymouth in annual property taxes, of which \$4.4 million is from residential development and \$351,000 is from commercial.

Other Revenues

The Community Preservation Act (CPA) is a smart growth tool that helps communities preserve open space and historic sites, create affordable housing, and develop outdoor recreational facilities. In 2005, Weymouth adopted the CPA which levies a 1 percent surcharge upon real estate taxes, with exemptions for the first \$100,000 of assessed property value, as well as for low-income households. For the existing development in SWNAS, the FY 22 CPA surcharge is estimated to have generated \$42,000 in tax revenues for the Town of Weymouth.

Vehicle excise tax is calculated based on the estimated number of vehicles registered to SWNAS residents. The rate is \$25 per \$1,000 of the vehicle value, which translates into \$309,000 of vehicle taxes based on an estimated 1,900 vehicles attributable to SWNAS.

Municipal Service Costs

Any new development incrementally increases the amount of municipal services provided based on the new population, housing, or employment generated. A commonly accepted methodology to forecast municipal service costs is to use an incremental per unit cost approach. This methodology takes the Town of Weymouth's current General Fund budget and School budget and determines which line items would be specifically impacted by new development. Each line item is determined to either be a fixed cost or an incremental cost. To estimate municipal service costs, budget data for FY2022 (latest available) was analyzed to understand and estimate the relationship between an increase in housing and employment and the incremental municipal service costs. For example, police, fire, and



public works costs are directly related to the number of homes and commercial space in the Town of Weymouth. Education costs on the other hand are only related to residential development driven by the number of new school age children. Other costs such as debt service and investments are fixed, that is, they do not change significantly with incremental growth.

In addition, these incremental costs can be allocated between the residential and non-residential portions of the overall development program using the existing total assessed value by use, as a proxy for how municipal services are provided. For example, in the Town of Weymouth 89 percent of the total assessed value is attributed to residential properties while 11 percent is attributed to commercial uses. These proportionate shares are then applied to the various budget items that are impacted by incremental growth. The results are divided by the total number of households (occupied homes) or the number of employees in commercial establishments. These are then multiplied by the number of homes (1,274) and employees (57) resulting from the existing SWNAS development to calculate the estimated costs to provide services.¹ The total incremental general fund costs to service SWNAS is estimated at \$612,000 per year. Table 6 shows the per dwelling and per employee cost factors for the Town of Weymouth.

Table 6. Town of Weymouth Municipal Service Costs		
Weymouth	Per Dwelling Expenditure Estimate	Per Employee Expenditure Estimate
Cost Factors	Residential	Commercial
General Government	\$60	\$9.06
Public Safety – Police	\$191	\$11.20
Public Safety - Fire	\$180	\$10.93
Public Works	\$47	\$7.21
Total	\$478	\$38.40

The incremental cost approach was also used to calculate educational costs. RKG obtained the School Department line-item budget and identified fixed and incremental costs associated with school operations. This resulted in a determination that 58 percent of the school budget was incremental. RKG divided the existing incremental costs by the current number of students attending schools in the Town of Weymouth. This resulted in an incremental cost per student of \$4,896 which RKG then multiplied by the number of existing students living in SWNAS to arrive at total education costs; the full per pupil cost of education in Weymouth (net of state aid) is \$11,000 per child. Based on RKG’s analysis, the annual cost of education for the 67 school age children residing in SWNAS is \$328,000.

¹ Number of employees were calculated based on RKG professional experience and data from the Urban Land Institute.



Net Fiscal Impacts

As shown in the above tables and summarized below, existing development at SWNAS generates a **positive net fiscal impact of approximately \$3.2 million** annually.

Table 7. SWNAS Net Fiscal Impact Statement					
SWNAS Financial Statements	Residential	Commercial	Total	Per Dwelling	Per Commercial SF
New Property Tax	\$0	\$0	\$0	\$0	\$0.00
Existing Property Tax	\$4,401,793	\$350,645	\$4,752,438	\$3,455	\$4.80
Southfield Special Taxing District Tax	\$176,686	\$8,785	\$185,471	\$139	\$0.12
Net New Property Tax	\$4,578,479	\$359,430	\$4,937,909	\$3,594	\$4.92
Other Revenues					
Revenues Other (Excise)	N/A	\$0	\$0	\$0	\$0.00
Local Options Sales Tax	N/A	\$0	\$0	\$0	\$0.00
Community Preservation Act	\$38,178	\$3,506	\$41,684	\$30	\$0.05
Vehicle Excise Tax	\$309,023	N/A	\$309,023	\$243	\$0.00
Total Revenues	\$4,925,680	\$362,936	\$5,288,616	\$3,866	\$4.97
Households	1,274	-			
Population	2,464	-			
School Children	67	-			
Employees	-	59			
General Government					
General Government	\$75,962	\$532	\$76,494	\$60	\$0.01
Public Safety - Police	\$243,307	\$657	\$243,964	\$191	\$0.01
Public Safety - Fire	\$229,561	\$641	\$230,201	\$180	\$0.01
Public Works	\$60,436	\$423	\$60,859	\$47	\$0.01
Total General Government Costs	\$609,265	\$2,253	\$611,518	\$478	\$0.03
Total Educational Costs	\$328,017	N/A	\$328,017	\$257	
SRA 2010 A Infrastructure Bond Payment	\$1,049,251	\$83,583	\$1,132,834	\$824	\$1.14
Total Costs	\$1,986,533	\$85,836	\$2,072,368	\$1,559	\$1.18
Net Benefit	\$2,939,147	\$277,101	\$3,216,248	\$2,307	\$3.80

In the Town of Weymouth, the net benefit (revenues less costs) works out to \$2,307 per dwelling and \$3.80 per commercial square foot. Table 7 also shows the incremental per dwelling costs for the various general fund revenue and cost categories. Even though only 5,000 square feet out of 33,000 square feet of the retail space is leased, municipal costs are carried for the entire commercial space.

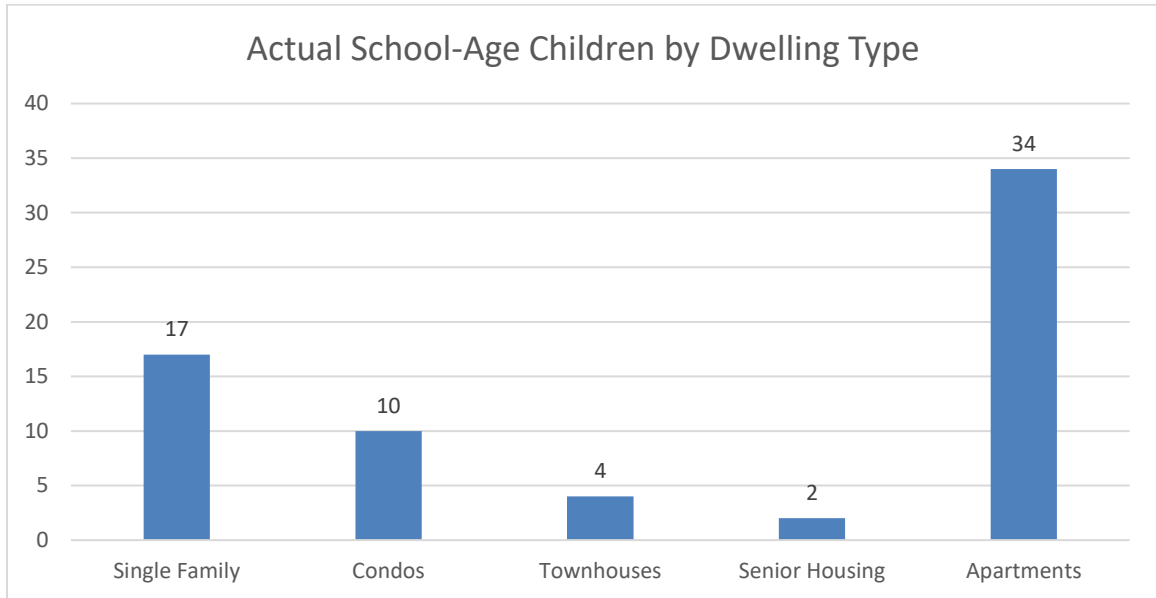


APPENDIX 1 Determining School Age Children

Part of the process to develop the school age children metrics was to understand the impact different types of residential dwellings have on school child generation rates. RKG used the existing residential mix, which was provided by BPD Union Point LLC, to understand dwelling types (e.g., Single Family, Townhome, Apartment, etc.) and dwelling sizes (Studios, 1BR, 2BR, 3BR and 4BR). Utilizing address data for school age children provided by the Weymouth School Department, RKG calculated school age children ratios for each dwelling type currently available in SWNAS. To ensure individual privacy, all personal information was removed from the data prior to RKG receiving it. RKG matched all address points to the dwelling type and size to ensure that the ratios are an accurate reflection of residential profiles in SWNAS. Table 1 presents the school age children ratios calculated by RKG.

Dwelling Type	Single Family	Condos	Townhouses	Senior Housing	Apartments
Studio	-	-	-	-	0.0426
1 Bedroom	-	0.0109	-	-	0.0628
2 Bedroom	-	0.0833	0.0313	0.0345	0.0620
3 Bedroom	0.0496	0.0000	0.0303	-	0.0526
4 Bedroom	0.2245	0.0000	0.0000	-	-

Utilizing the school age child ratios, RKG was able to calculate the number of school children by dwelling type. The graph below shows the distribution of school age children at SWNAS. While 50% of the school age children come from apartments, on a per dwelling basis, single family homes generate a higher rate of school age children than any other dwelling type.



School Age Children Grade Distribution

Based on data provided by the Massachusetts Department of Education regarding school enrollment information for the Town of Weymouth, RKG calculated the *potential* distribution of school age children by grade level by using the existing town-wide school child distribution by grade level. Based on the analysis, 45 percent attend elementary schools, 22 percent attend middle schools, and 32 percent attend the high school.

Grades	Allocation of All Students in Weymouth PK - 12	Sample Allocation of SWNAS School Age Children
PK	3%	2
K	7%	5
1	7%	5
2	7%	5
3	7%	5
4	7%	5
5	7%	5
6	7%	5
7	7%	5
8	8%	5
9	9%	6
10	8%	5
11	8%	5
12	8%	5
Total	100%	67

Source: Data from MA Department of Education, RKG Associates, 2022