



**Bancroft Redevelopment Plan- Haddonfield
Fiscal Impact Analysis
October 2010**

The first part of this memo presents a fiscal impact analysis of the proposed development scenario for the Bancroft Site that has been set forth in the Redevelopment Plan.

The proposed development consists of a Continuing Care Retirement Community (CCRC) including 190 Independent Living Units and 75 Healthcare Beds, 19 Affordable Family Units, adaptive reuse of Lullworth Hall, and a recreation field with associated parking.

This impact analysis is prepared in accordance with the most recent edition of *"The New Practitioner's Guide to Fiscal Impact Analysis"* by Robert Burchell, David Listokin and William Dolphin, updated with *"Residential Demographic Multipliers, Estimates of the Occupants of New Housing, June 2006"* by Burchell, Listokin and Dolphin. In more detail, the methodology used to establish the fiscal impact of this project is the Per Capita Method. This method determines current public service costs on a per unit basis (i.e. per local resident, pupil and private sector employee. Based on demographic and municipal financial data, it is an easily understood method of determining the impact of a development.

It should be noted that this is not a market feasibility study of the redevelopment option, but rather a fiscal impact analysis in order to determine and project potential maximum net tax revenues.

Cost Parameters

The Per Capita Method begins by determining the cost parameters (Table 1) to the municipality or school per student, resident and private sector employee by using the municipal financial data outlined in the table below. The per capita multiplier methodology assumes new residents will consume services and generate costs to the same degree as existing residents; this assumption is likely to overstate the costs associated with the Independent Living Units, to some degree. The costs figures should be viewed as conservative.

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Table 1: DETERMINATION OF FISCAL IMPACT COST PARAMETERS	
1. Expenditures*	
Total Municipal Tax Levy	\$8,853,069
2. Parcels*	
Total	5,478
Residential	4,744
Residential Parcel Percentage	86.60%
Table 1 continued	
3. Assessed Value*	
Total	\$791,941,423
Residential Parcel Assessed Value	\$598,788,690
Residential Parcel Percentage	75.61%
4. Expenditure Parameters	
Estimated Share of Residential-	
Associated Expenditures	81.24%
Estimated Municipal Residential-	
Associated Expenditures	\$7,192,233
Total Local Population (2009 est.)****	11,446
Municipal Expenditure per Capita	\$628
Total School Expenditures (Tax Levy)**	\$31,132,917
Total School Population**	2,412
School Cost per Pupil	\$12,907
Total Nonresidential Associated Expenditures	\$1,660,836
Total Local Employees***	5,902
Municipal Cost per Private Sector Employee	\$284

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Source: "Development Impact Assessment Handbook"

*Information provided by Haddonfield Borough and Tax Assessor's
MODIV Database

** January 2009, "Fast Facts about Haddonfield Public Schools" Haddonfield
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*** NJ Dept. of Labor

**** U.S. Census Bureau, 2009 Population Estimates

As Table One shows, the majority of the data was derived from the Borough, the Borough tax assessor's data and other sources, including the 2009 U.S. Census, 2009 Haddonfield Public Schools Fast Facts and the New Jersey Department of Labor. The goal of these calculations is to create reliable per capita cost estimates for increases in the general population, students, and private sector employees. The data in Table 1 is used to calculate the expenditure parameters in Table 1. The expenditures value is derived from the Borough budget statement. The parcel data and the assessed value data are derived from the tax assessor's data.

The estimated share of residential associated expenditures is calculated by averaging the residential parcel percentage and the residential parcel value percentage. The estimated share of residential associated municipal expenditures is calculated by multiplying the total municipal expenditures by the estimated share of residential associated expenditures. The estimated share of residential associated municipal expenditures is then divided by the total local population, calculating the average municipal expenditures per resident (per capita).

School costs per student were calculated by dividing the total school expenditures by the total school population. Finally, the municipal cost per private-sector employee was calculated by dividing the total nonresidential associated expenditures by the total number of local private sector employees. The total number of local private sector employees was provided by the New Jersey Department of Labor. The total nonresidential associated expenditures were calculated by multiplying the total municipal expenditures by the estimated share of non-residential associated expenditures, which is the balance remaining from the estimated share of residential associated expenditures, or 18.76%.

Redevelopment Revenues

The projected municipal revenue of the proposed project is determined by applying the local municipal and education tax rates. The process estimates the revenues collected through property tax for educational and local purposes. The fiscal parameters for the Borough of Haddonfield, including the current tax rates are shown in the Table Two (2) below. The total 2010 tax rate for the Borough is 2.451 per \$100.

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Type of Tax	Assessed Valuation	Rate	Percentage
County Tax	\$13,697,793.13	0.604	24.64%
District School Tax	\$32,208,436.00	1.419	57.89%
Local Municipal Tax	\$9,602,014.00	0.423	17.26%
Municipal Open Space	\$113,211.00	0.005	0.20%
Total	\$55,621,454.13	2.451	100%

Source: Haddonfield Borough, 2010

Estimated Tax Revenues

As a redevelopment project revenues are generally determined by a negotiated PILOT, this payment cannot be determined until the terms of the developer’s agreement have been set. The analysis below is intended to show revenue generated by the redevelopment project if it were subjected to the current full tax rate.

The proposed redevelopment project will produce a total assessed value of \$99,421,500 and total tax revenue of \$2,436,821 as shown in Table Three (3).

	Use			Total
	CCRC	Lullworth Hall	Affordable Units	
Total Assessment	\$96,000,000*	\$500,000	\$2,921,500	\$99,421,500
County Tax Revenue	\$579,840	\$3,020	\$17,646	\$600,506
District School Tax Revenue	\$1,362,240	\$7,095	\$41,456	\$1,410,791
Local Municipal Tax Revenue	\$406,080	\$2,115	\$12,358	\$420,553
Municipal Open Space Tax Revenue	\$4,800	\$25	\$146	\$4,971
Total Tax Revenue	\$2,352,960	\$12,255	\$71,606	\$2,436,821

*Value of CCRC based upon estimates furnished by Borough’s financial consultant. Figures are generally consistent with values of similar facilities.

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Applying the tax rates from Table 2 to the assessed value then derives the tax revenues seen in Table 3. Applying the tax rate for municipal and school services incurs a tax revenue stream for the Borough. The tax rates for the County, County open space and Municipal open space are also applied.

Development Costs

Once school costs per pupil, municipal expenditures per capita, and municipal costs per private-sector employee are calculated, the total costs associated with the proposed redevelopment was determined by multiplying the total projected population increases created with the per capita costs. The projected student, private-sector employee, and resident populations for each development were calculated by multiplying the total number of units by the given population multiplier. The resident and student population multipliers come directly from the most recent edition of "The New Practitioner's Guide to Fiscal Impact Analysis" by Robert Burchell, David Listokin and William Dolphin. These multipliers were derived from the demographic multipliers used in the American Housing Survey.

A multiplier for private-sector employees was used due to the staffing requirements from operating a CCRC.

Once the per capita impact for each parameter is figured, those costs, along with the appropriate demographic multipliers are applied to the specifics of the development project. This calculates the cost per resident and student and gives the total costs to the municipality. It should be noted that existing municipal costs associated with the existing Bancroft facility have not been netted out of the projected costs. Therefore, the projected costs as detailed in Table 4 are conservative.

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Table 4: PER CAPITA FISCAL IMPACT						
	Independent Living Units (ILU)	Healthcare Beds	Lullworth Hall (office)	Affordable Family Units		Total
				Two-bedroom Units	Three-bedroom Units	
# of Units	190	75	6,700	12	7	
Multipliers						
People	1.3	-	-	2.76	1.37	
Employees	-	1.51	0.003	-	-	
Students	-	-	-	0.68	1.37	
Projected Population						
People	247	-	-	34	10	291
Employees	-	114	21	-	-	135
Students	-	-	-	9	10	19
Per Capita Costs (see table 1)						
People	\$627	-	-	\$627	\$627	
Employees	-	\$284	\$284	-	-	
Students	-	-	-	\$12,907	\$12,907	
Projected Costs						
People	\$154,869	-	-	\$21,318	\$6,270	\$182,457
Employees	-	\$32,376	\$5,964	-	-	\$38,340
Students	-	-	-	\$116,163	\$129,070	\$245,233
Total	\$154,869	\$32,376	\$5,964	\$137,481	\$135,340	\$466,030

Fiscal Impact

The net fiscal impact is then calculated by comparing the revenues generated by the project with the costs. The net fiscal impact of the Redevelopment project would generate a net tax revenue of \$199,756 to the Borough and a net tax revenue of \$1,165,558 to the Local School District for a total net tax revenue of \$1,970,791.

Generally Speaking, PILOT Payments are made to the municipality with the exception of a 5% contribution to the County. No payments are made to the school districts or other taxing entities. Therefore, after netting out project related costs, and 5% County payment, a total of \$2,314,980 of annual revenue would be available if the PILOT were to equal full taxation.

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