

**PRELIMINARY FISCAL IMPACT ANALYSIS
REDEVELOPMENT PLAN ALTERNATIVES
FOR THE
BANCROFT NEUROHEALTH PROPERTY
HADDONFIELD, NJ**

June 15, 2011

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Prepared For:

The Borough of Haddonfield by



Philip B. Caton, PP, AICP
New Jersey Professional Planning License No. 1829

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This Preliminary Fiscal Impact Analysis has been prepared by Clarke Caton Hintz as part of our redevelopment planning services to the Borough of Haddonfield. It examines the annual impact on the Haddonfield Borough and School District budgets of each of the three proposed redevelopment alternatives for the Bancroft property: Public Ownership, Age-Targeted Townhouses and Senior Independent Living Units.

The Redevelopment Alternatives

The Public Ownership alternative assumes that Lullworth Hall, the Carriage House and the associated smaller historic buildings would be subdivided from the 6.07 acre parcel on the west side of Hopkins Lane (Block 13, Lot 25) and sold to a private party for use as a professional office or bed and breakfast. The balance of the lot would be purchased by the Borough and improved with a full-size, synthetic turf soccer field and parking lot for 121 spaces along with 10 affordable housing units. The entire 13.15 acre parcel (Block 14, Lot 2) east of Hopkins Lane would be purchased by the Borough and improved with a Little League baseball field and passive open space. Please see the attached concept plan.

The Age-Targeted Townhouse alternative assumes that the west side of Hopkins Lane would be improved as in the Public Ownership alternative except that the 10 affordable housing units would be constructed on the east side where they would be interspersed with 50 market rate townhouses. The townhouses are depicted as two and half story, two bedroom units with 2,000 square feet in floor area and with single car garages plus pad parking for each unit. The residential development on the east side of Hopkins Lane would be surrounded by approximately 7 acres of parkland. Please see the attached concept plan.

The Senior Independent Living Unit alternative assumes that the west side of Hopkins Lane would be improved exactly as in the Public Ownership alternative, including the 10 affordable housing units. The east side of Hopkins Lane would be developed with 120 age-restricted flats along with 20,000 square feet of space for common activities such as dining, fitness, socializing, etc. The residential units would be one and two bedroom units with an average of 1,000 square feet of floor area arranged in 3 story buildings over underground garage parking. The residential development would be surrounded by approximately 7.5 acres of parkland. Please see the attached concept plan.

Fiscal Impact Analysis

This analysis has been 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 from “Who Lives in New Jersey Housing?” by David Listokin, dated November, 2006. The format for this report and the explanatory text follows that of the October, 2010 Fiscal Impact Analysis prepared by Heyer, Gruel & Associates for the Borough of Haddonfield. However, most of the standards and assumptions in this report differ from that of the prior analysis. In any event, the sources of the significant factors in this analysis are noted.

While the methodology used in this report is well-established, no fiscal impact analysis of this type should be viewed as precise. Rather, it should be used to gauge the relative financial costs and benefits of the alternative redevelopment concepts and to provide an “order of magnitude” estimate of their net fiscal impact.



The Bancroft Site Redevelopment

Haddonfield, Borough, NJ

June 2011

PUBLIC OWNERSHIP



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 Architecture
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AGE-TARGETED TOWNHOUSES

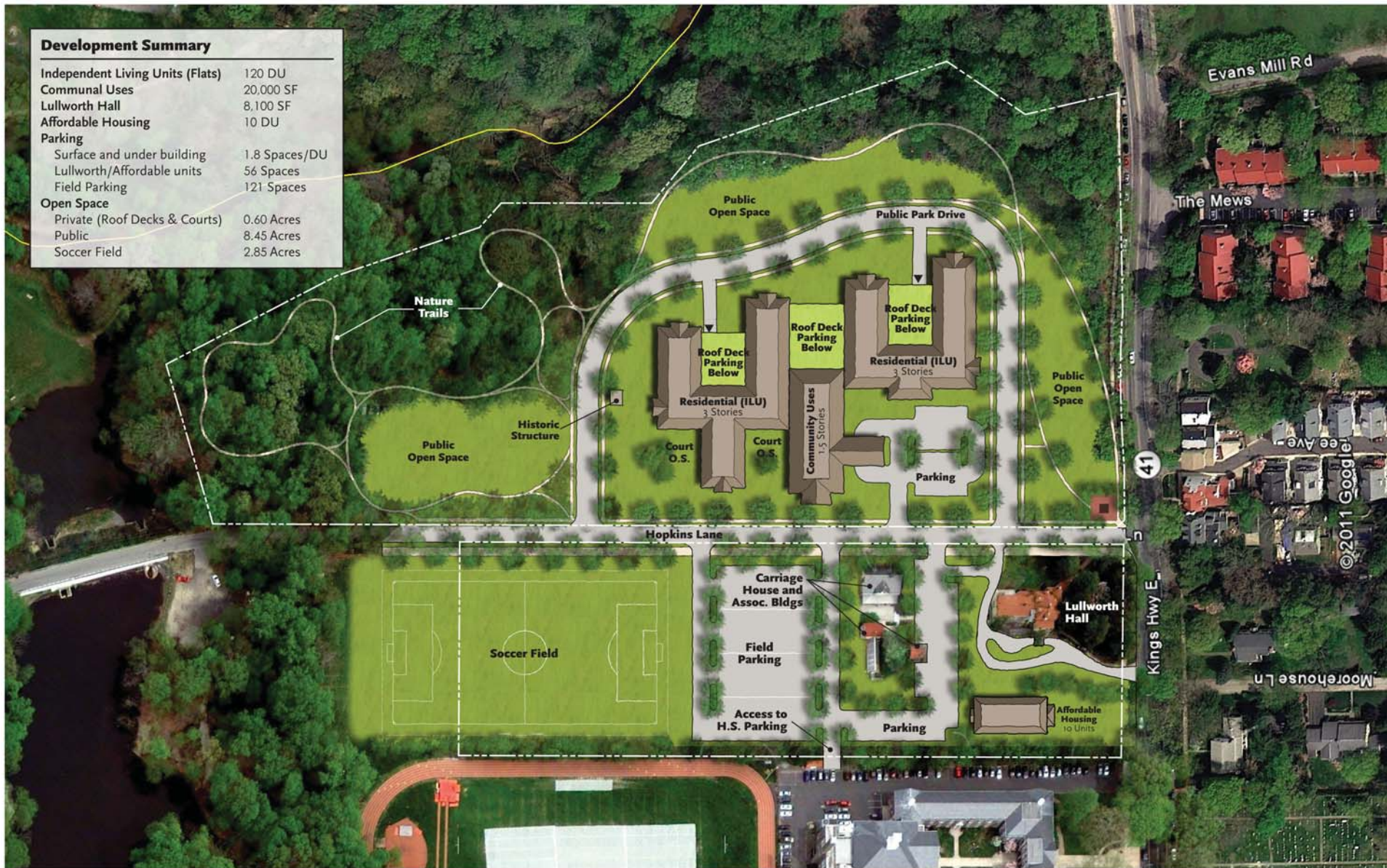
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AGE-RESTRICTED INDEPENDENT LIVING UNITS

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This analysis follows the Per Capita Method, which estimates the public service costs (municipal and school) on a per capita basis (i.e., per local resident, student and private sector employee). This approach assumes that new residents, students and employees generate costs to the same degree as existing residents, students and employees. Since it does not provide for marginal cost increases, the analysis tends to overstate the costs associated with new development. Consequently, the cost projections should be viewed as conservative.

Municipal and School Cost Parameters

The Per Capita Method begins by calculating the cost parameters to the municipality for each new resident and employee and to the school district for each new student based upon the financial data in Table 1: Calculation of Cost Parameters. These calculations provide reliable per capita cost estimates which can be applied to increases in residents, students and private sector employees projected from the alternative redevelopment scenarios. The notes to Table 1 indicate the various calculations performed to yield the cost parameters.

Municipal and School Cost Projections

The cost of the respective redevelopment alternatives can be projected by estimating the number of residents, public school students and private sector employees for each alternative and applying the municipal and school per capita cost parameters from Table 1. The resident and public school student multipliers are drawn from the 2006 study “Who Lives in New Jersey Housing” by David Listokin. The private sector employment multipliers are an industry standard for professional offices and as otherwise indicated in Table 2: Municipal and School Cost Projections. It should be noted that existing municipal costs associated with the Bancroft school (emergency service calls, etc.) have not been netted out of the projections. Consequently, the costs projected in Table 2 are conservative.

Redevelopment Revenues

The projected municipal and school district real estate tax revenues from the redevelopment alternatives are calculated utilizing the published tax rates for each of the jurisdictions (see Table 3: Real Estate Tax Rates). The County tax rate and the Municipal Open Space tax rate are listed for information only – they are not factored into the net fiscal impact analysis on the Borough and the school district.

The revenue from development within a formally designated Redevelopment Area (like the Bancroft site) is typically handled contractually through a Payment in Lieu of Taxes (PILOT) agreement between the property owner and the municipal government. The assumption of this report is that the revenue generated by the respective redevelopment alternatives will be equivalent to that which would result from being taxed at the published rates. The assumptions of assessed valuation for the alternatives are indicated in the notes to Table 4: Assessed Value and Projected Tax Revenues.

Net Fiscal Impact

The net fiscal impact of each of the redevelopment alternatives is calculated based upon the municipal and school district costs and revenues displayed in Tables 1-4 along with the following further cost assumptions:

- The value of the Bancroft property is assumed to be the assessed value: \$12,189,800. This should not be taken as an endorsement of that specific valuation; the actual value may differ. It is merely a convenient benchmark for purposes of this analysis. Furthermore, it is assumed that the value per acre for the Bancroft property is estimated at \$634,225 ($\$12,189,800/19.22$ acres).
- The cost to provide a synthetic turf soccer field and parking on the west side of Hopkins Lane is estimated at approximately \$4.07 million, as follows:

Acquisition:	3.6 acres @ \$634,225/ac =	\$2,283,210
Demolition:	35,600 sf @ 14.90/sf =	\$530,440
Construction:	3.6 acres @ \$350,000/ac =	<u>\$1,260,000</u>
Total		\$4,073,650

- The annual cost of servicing the debt on \$4.07 million is \$305,250 (\$75,000 per \$1 million in debt, payable over 20 years).
- The cost to provide a natural turf Little League baseball field and passive parkland with trails on the entire east side of Hopkins Lane is estimated at \$10,581,839, as follows:

Acquisition:	13.15 acres @ \$634,225/ac =	\$8,340,059
Demolition:	62,200 sf @ \$14.90/sf =	\$926,780
Construction:	13.15 acres @ \$100,000 ac =	<u>\$1,315,000</u>
Total		\$10,581,839

The annual cost of servicing the debt on \$10.58 million is \$793,500 (\$75,000 per \$1 million in debt, payable over 20 years.)

The demolition and construction estimates were provided by John Miller, PE of Suburban Consulting Engineering as cited in “Fiscal Impact Analyses and Open Space Feasibility Study for the Bancroft Site” by Heyer, Gruel & Associates for the Borough of Haddonfield.

It should be noted that the cost to the Borough of acquiring property for open space and recreation purposes was not reduced in anticipation of receipt of open space funds from the county and/or state government or the use of Borough open space funds. Any such funding which is applied to the purchase price will reduce the annual cost to the Borough of retiring the debt at the annual rate of \$75,000 per \$1 million in debt.

1. Expenditures		4. Expenditure Parameters	
Total Municipal Tax Levy	\$9,602,014	Estimated Share of Residential - Associated Expenditures ¹	90.6%
2. Parcels		Estimated Municipal Residential- Associated Expenditures ²	\$8,699,425
Total	4,452	Total Local Population (2010 Census)	11,593
Residential	4,099	Municipal Residential Expenditure Per Capita ³	\$750
Residential Parcel Percentage	92.1%	Total School Expenditures Tax Levy	\$30,299,125
3. Assessed Value		Total School Population (2010-11)	2,482
Total	\$2,262,342,083	School Cost per Pupil ⁴	\$12,208
Residential Parcel Assessed Value	\$2,016,563,800	Total Nonresidential Associated Expenditures ⁵	\$902,589
Residential Parcel Percentage	89.1%	Total Local Employees (NJ DOL)	4,526
		Municipal Cost per Private Sector Employee ⁶	\$199

Sources: Haddonfield Borough 2011 budget and Haddonfield Board of Education 2010 -2011 budget; tax assessor's MODIC database

- Notes:
1. $92.1\% + 89.1\% / 2 = 90.6\%$
 2. $\$9,602,014 \times .906 = \$8,699,425$
 3. $8,699,425 / 11,593 = \$750$
 4. $\$30,299,125 / 2,482 = \$12,208$
 5. $\$9,602,014 - \$8,699,425 = \$902,589$
 6. $\$902,589 / 4,526 = \199

Table 2: MUNICIPAL AND SCHOOL COST PROJECTIONS						
	Senior Independent Living Units	Age-Targeted Townhouses	Lullworth Hall/ Carriage House	Affordable Family Units		
				One Bedroom Units	Two Bedroom Units	Three Bedroom Units
# of Units	120	50	8,100 sf	2	6	2
Multipliers						
People	1.4	1.91	-	1.37	1.76	2.51
Employees	-	-	.003	-	-	-
Students	-	.08	-	.06	.18	.54
Projected Residents, Students and Employees						
People	168	96	-	3	11	5
Employees	25 ¹	-	24	-	-	-
Students	-	4	-	0	1	1
Per Capita Costs (see Table 1)						
People	\$750	\$750	-	\$750	\$750	\$750
Employees	\$199	-	\$199	-	-	-
Students	-	\$12,208	-	\$12,208	\$12,208	\$12,208
Projected Costs						
People	126,000	\$72,000	-	\$2,250	\$8,250	\$3,750
Employees	4,975	-	\$4,776	-	-	-
Students	-	\$48,832	-	\$0	\$12,208	\$12,208
Total	130,975	\$120,832	\$4,776	\$2,250	\$20,458	\$15,958

Sources: "Who Lives in New Jersey Housing?" by David Listokin

Notes: 1. Frank Mandy, Parente Beard

Table 3: REAL ESTATE TAX RATES			
Type of Tax	Tax Levy	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%

Table 4: ASSESSED VALUE AND PROJECTED TAX REVENUES				
	Use			
	Senior Independent Living Units	Age-Targeted Townhomes	Lullworth Hall/ Carriage House	Affordable Units
Total Assessment	\$34,000,000	\$23,500,000	\$1,012,500	\$971,000
County Tax Revenue	\$205,360	\$141,940	\$6,112	\$5,865
District School Tax Revenue	\$482,460	\$333,465	\$14,360	\$13,778
Local Municipal Tax Revenue	\$143,820	\$99,405	\$4,281	\$4,107
Municipal Open Space Tax Revenue	\$1,360	\$940	\$40	\$39
Total Tax Revenue	\$836,791	\$578,370	\$24,907	\$23,898

Note: The assessed values of the redevelopment alternatives are as follows:

Senior Independent Living Units: \$34,000,000
 120 units @ \$262,500 (avg) = \$31,500,000
 Community space: 20,000sf @ \$125/sf = \$2,500,000

Age-Targeted Townhomes: \$23,500,000
 50 units @ \$470,000 = \$23,500,000

Lullworth Hall / Carriage House: \$1,012,500
 8,100 sf @ \$125/sf = \$1,012,500

Affordable Housing Units
 10 units @ \$97,100/unit (avg) = \$971,000