

Boston Regional Medical Center Reuse Plan

Review of Proposed Multi-Family Residential Development

Simpson Housing Limited Partnership, Developer
The Gutierrez Company, Owner

FINAL REPORT
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Submitted to:
Ronald Florino, Town Administrator
BRMC Site Work Group

Submitted by:
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Appendix A: BSC Group Review Memoranda

Boston Regional Medical Center Reuse Plan: Residential Development Review

EXECUTIVE SUMMARY

In June 2004, Community Opportunities Group, Inc. (COG) was retained by the Town of Stoneham to review and comment on a proposed reuse plan for the Boston Regional Medical Center (BRMC). The site includes 40.7 acres of land, the former hospital building, which is presently vacant and contains about 250,000 square feet (ft²) of space, and an adjacent office building that is not part of the reuse plan. The Gutierrez Company of Burlington acquired the property several years ago and intended to redevelop it as a large office park. Although the Town agreed to rezone the site to accommodate professional and medical offices, the original concept was abandoned following a lengthy and contentious review of the proposal's environmental impacts.

Thereafter, the Gutierrez Company and Simpson Housing Limited Partnership (SHLP) entered into an agreement to develop a portion of the site for 600 units of multi-family rental housing. The remaining land and buildings were to be reserved for 350,000 ft² of office space that would be developed in the future, i.e., reuse of the existing hospital and a new, 100,000 ft² office building. Since we began our work with the Town, the developers have presented other options to local officials: 450 housing units coupled with 400,000 ft² of office space, and 550 housing units with 250,000 ft² of office space limited to the existing hospital building. This report, our final submission to the Town, focuses on the 550-unit proposal.

The Town hired us to review the 600-unit multi-family development proposed by Simpson Housing Limited Partnership (SHLP), exclusive of office uses to be developed by the Gutierrez Company. In August 2004, we submitted an interim report with comments on the 600-unit proposal, considering the following issues as outlined in our contract with the Town:

- Land use, i.e., the appropriateness of the site for a large multi-family development.
- State policy consistency, considering the regulations and guidelines of the Chapter 40B Local Initiative Program (LIP), the Office of Commonwealth Development's Sustainable Development Principles and related "Smart Growth" policies of the Romney Administration.
- Estimated traffic impacts, considering existing traffic studies and data and their relevance to the proposed development.

At the time, we did not comment on the project's fiscal and economic impacts. We omitted these topics from our interim report for several reasons. As planners, we thought the Town should first determine whether multi-family housing is appropriate for the site and consistent with local planning goals. Furthermore, Chapter 40R had recently been approved in the legislature and the Town wanted to know if the Gutierrez/Simpson proposal would qualify for state incentive

payments. In order to comment on the potential applicability of Chapter 40R, we needed to focus our initial review on the relationship between the site and the proposed project to the Commonwealth's Sustainable Development Principles. Finally, we had identified concerns about the project's design, and we thought it was important to resolve them independently of any fiscal considerations.¹

A considerable amount of work was done prior to our interim report and we have not attempted to replicate that level of review for the developer's 550-unit proposal. First, we have not had an opportunity to review detailed plans for the revised proposal and second, it is beyond the scope of our engagement to review two substantially different projects. However, the developers have prepared a sketch plan of their revised proposal and we have met with them twice to discuss changes to the original concept for this property. The changes they described to us address several of the concerns we identified in August 2004: For example, the revised proposal:

- Includes a mix of rental and ownership units;
- Provides accessory commercial uses to serve residents of the development;
- Anticipates trail connections to surrounding open space in the Middlesex Fells Reservation;
- Anticipates suitable outdoor play areas for children; and
- Achieves a reduction in density by distributing 550 units over 22 acres, in contrast to 600 units on approximately 17 acres. The density reduction coincides with a decision by the Gutierrez Company to forego any new construction of office buildings on the property.

SHLP has asked the Town to support a project eligibility application to the Local Initiative Program (LIP) or MassHousing. If DHCD or MassHousing approves the application and issues a project eligibility letter, SHLP will most likely be authorized to submit a 550-unit comprehensive permit application to the Board of Appeals. Local support is required for at least two reasons: a 550-unit proposal exceeds the Chapter 40B "large-scale project cap" that applies to Stoneham, i.e., 300 units, and if the project will not be financed by a conventional housing subsidy program, the only way SHLP can become eligible to apply for a comprehensive permit is to receive LIP approval. Although we remain concerned about the size of this project, the proposed mix of homeownership and rental units appears to address many housing needs that exist in Stoneham and surrounding communities.

¹ We note that the state has not yet released proposed regulations for Chapter 40R. It is our understanding that the regulations will be published for a public comment period in the next few weeks. Our review of the BRMC development's compatibility with the criteria for a Chapter 40R district was based solely on the text of the legislation as it existed in August 2004 and our own professional judgment about the principles of Smart Growth.

Responding to concerns expressed by the BRMC Site Work Group, SHLP agreed in December 2004 to alter the percentages of homeownership and rental units so the development would bring Stoneham into compliance with the 10% statutory minimum for low- and moderate-income housing under Chapter 40B. Previously, the developer had proposed 350 rental units and 200 homeownership units, a mix that would have brought Stoneham very close to 10%. However, the BRMC Site Work Group was reluctant to embrace the plan because the Town still needed about 29 low- and moderate-income units in order to meet the Chapter 40B standard. Using cost and revenue estimates developed by the Town Administrator and participating department heads, SHLP prepared an opinion of the fiscal impact of both options. In December, the BRMC Site Work Group agreed to support a development with 390 rental units and 160 homeownership units.

The proponents have worked hard to resolve concerns raised by the Town and our firm at various points during the review process. The revised residential development plan significantly improves upon the earlier concept for this property (600 rental units). We believe SHLP has made all reasonable modifications to the original project and that the proposed 550-unit configuration addresses issues that were most important to the BRMC Site Work Group.

The remainder of this document is the report we submitted to the Town Administrator in November 2004. At the time, we commented on the plan that was before the BRMC Site Work Group: 350 rental units and 200 homeownership units. We have not modified our fiscal impact analysis to reflect the exchange of homeownership units for rental units, i.e., the alternative selected by the BRMC Site Work Group on December 22, 2004. However, we note that the fiscal impact of the revised proposal will be somewhat different because reallocating 40 homeownership units to the rental side of the development means a modest reduction in property tax revenue. In our opinion, the development will still generate more total revenue than municipal and school service costs.

PROJECT REVIEW COMMENTS

Site Plan

We were asked to review a preliminary site plan entitled "Fellsway Commons," dated April 29, 2004. The site plan represented a proposed 600-unit multi-family rental development that has since been replaced by a proposed 550-unit development of homeownership and rental units. In an interim report to the Town, we expressed the following concerns about the April 29, 2004 site plan:

- Inadequate pedestrian walkways and pedestrian amenities
- Lack of connectivity to surrounding open space
- Subordination of building form to parking
- Building orientation not conducive to a sense of community
- Relatively small amount of indoor and outdoor space devoted to community facilities
- Inadequate recreation space specifically for children
- Building scale and design inconsistent with established traditions in Stoneham and with the surrounding parkland
- Use of significant cut and fill to make the site work for the project instead of designing the project to fit the site

COMMENTS

In sketch plans and other submittals from the developer since August, many of these concerns have been addressed. For example, the development team has considered a pathway design that provides logical connections to existing trails in the Middlesex Fells. In addition, the most recent concept plan we saw reflects thoughtful attention to outdoor space, notably for children. Finally, the approximate location of buildings and conceptual building designs for the 550-unit proposal demonstrate the developer's commitment to a visually pleasing, livable community. The Town should review the developer's LIP application before signing a letter of endorsement, and assure that site and building plans submitted to the state are substantially similar to sketch plans reviewed recently by the BRMC Site Work Group. In our opinion, changes made by the architects to integrate the project with surrounding open space and strengthen the visual definition of proposed buildings will be advantageous to the Town and future residents of the development. These improvements need to be translated from concept plans to preliminary plans in a manner acceptable to the Town.

Project Feasibility and Housing Affordability

Our review considered the feasibility of the proposed 600-unit rental project. Toward this end, we examined sample unit plans, and in July 2004 we received typical finish plan specifications from SHLP. We also received a preliminary development pro forma, but not a preliminary operating budget or cash flow projection.

To assess the project's competitiveness in the north-of-Boston rental market, we surveyed mixed-income and market developments in Stoneham, Melrose, Wakefield, Winchester, Malden, Reading, Woburn, Saugus, and Burlington, and new Chapter 40B developments outside the immediate market area but in the Greater Boston vicinity. We also consulted with local realtors. There are no exact comparables in Stoneham or surrounding communities due to the project's size and unique location. In comments on the developer's original submission, we expressed concern about characterizing the project as "luxury apartments." We noted that some aspects of the unit plans did not reflect "luxury" standards in the Boston housing market, and that the typical finish specifications included features we could not find on the unit plans. Based on our experience with other Chapter 40B developments, we said the developer's capital budget included costs that seemed unusually low or high. Due to the way costs were grouped and presented in the draft pro forma, we could not conduct a reasonableness review for general administration and overhead. We expressed concern that the market rents were high in relation to regional market conditions, and that the affordable rents seemed to exceed LIP requirements. Finally, we noted that the proposed fees for covered parking spaces would make the development even more unaffordable to low- and moderate-income tenants.

COMMENTS

We have not seen a development pro forma for the homeownership/rental project that is presently before the town, or a preliminary operating pro forma and cash flow statement for the revised rental component. To obtain site approval (project eligibility), SHLP must demonstrate to the state's satisfaction that the proposed 550-unit development is feasible. For a LIP application, SHLP is required to present a complete development and operating pro forma for the rental component using the state's "One-Stop" package. According to LIP guidelines, the maximum affordable rents may not exceed an amount that is affordable to households at 70% of area median income (AMI), adjusted for household size. Based on characteristics of families on waiting lists maintained by housing authorities in Stoneham's area, we recommend that some of the rental units be priced for affordability to households below 70% AMI, and some targeted to households below market but above the maximum income threshold for Chapter 40B units. We understand that the developer has to be able to make the project work from an investment perspective and that deep income targeting may not be realistic for this project.

In general, the affordable homeownership prices seem reasonable, but without knowing what the condominium or homeownership association fees will be, it is difficult to comment on whether the affordable unit prices comply with LIP requirements. DHCD requires that the maximum purchase price for LIP units be affordable to households at 70% AMI, adjusted for household size.

Readiness to Proceed; Chapter 40B

As we noted in earlier comments to the BRMC Site Work Group, new affordable units are added to the Chapter 40B Subsidized Housing Inventory when the comprehensive permit becomes final, i.e., after the Board of Appeals issues the permit and appeal periods have expired. However, the units remain on the Subsidized Housing Inventory only if a building permit has been issued within 12 months of the comprehensive permit. Thereafter, units not subject to a building permit are removed from the inventory. Of course, DHCD restores them when the building permit is actually issued.

Since the proposed project is large and the developer intends to proceed in phases, the Town needs assurances that if the project is approved, Stoneham will be protected from other comprehensive permit projects in the near future. Currently, Stoneham has 494 Chapter 40B units, or 5.35% of the Town’s Census 2000 year-round housing stock (9,231 units).² A 550-unit comprehensive permit that includes 350 rental units and 200 homeownership units would bring Stoneham to 9.70%.

Year-Round Housing Units (Census 2000)	Existing Chapter 40B Units	Proposed Rental Units	Proposed Affordable Ownership Units	New Chapter 40B Inventory	New Chapter 40B %
9,231	494	350	51	895	9.70%

If the Board of Appeals grants a 550-unit comprehensive permit but a building permit is issued only for a portion of the project within 12 months, Stoneham’s Chapter 40B Inventory may be reduced.

COMMENTS

The Town and SHLP need to reach agreement on what will happen if the project requires a longer construction period than the developer anticipates today, or if the proposed project is eventually scaled back because completing it becomes infeasible. This issue should be addressed in the LIP application so that DHCD is aware of the concern and can provide the Town with appropriate guidance. A 550-unit development is very large by suburban standards and if Stoneham decides to support the project, there should be some provision for extending the timeline by which a building permit must be issued in order to preserve the units on the Subsidized Housing Inventory. The Town may want to prepare a Chapter 40B housing production plan and submit it to DHCD. An approved housing production plan could extend the benefits of the comprehensive permit from 12 months to 24 months.

² DHCD to Community Opportunities Group, Inc., 2 August 2004.

Project Design and Local Housing Needs

In earlier comments to the BRMC Site Work Group, we noted that the project's high density, isolated setting relative to the rest of Stoneham, and high estimated asking rents would probably make the development more attractive to young professionals than to families with children. Since one of the review criteria for LIP applications is the degree to which a project responds to "critical housing needs," which DHCD defines as "family and special needs housing in general and low-income family housing in particular," we consulted with housing authorities in Stoneham's market area in an attempt to determine whether the region's most pressing needs match those identified by the agency. We found that waiting lists for family housing ranged from two years to 10-15 years, and in at least one case the waiting list is closed. Most households waiting for two- or three-bedroom units are families headed by a single parent. The data we obtained during our research reinforces DHCD's definition of critical housing needs. Even if all of the waiting lists contain duplicate applications, there are at least 600 families waiting for two-bedroom units and 100 families waiting for three-bedroom units in Stoneham's market area.

COMMENTS

The revised 550-unit proposal will meet housing needs that were not addressed in the 600-unit submission. First, the proposed development includes a mix of homeownership and rental units and as a result, it will reach a larger market of low- and moderate-income people who need affordable housing in the Boston area. Second, the unit plans provide variety in size and amenities, and some of the one- and two-bedroom units with dens will most likely offer new choices to young families with infants or preschool-age children. As designed, the project does not offer a wide variety of choices to families with school-age children, particularly very-low-income families.

Like other developers working with Chapter 40B, SHLP has had to balance its interest in a marketable project with the state's interests in affordable housing and the town's interests in fiscal stability. As planners and housing professionals, we think it is important to point out that the region's most significant unmet housing needs exist among very low-income families and adults with severe disabilities. Chapter 40B developments should help to meet some of these needs whenever possible, though often they do not. However, SHLP's proposal reflects a developer-town negotiation process that was thoughtfully carried out and the result appears to support their respective goals. The project's limited number of three-bedroom units is not inconsistent with other Chapter 40B developments approved by DHCD and MassHousing, so we assume the state will find SHLP's proposed mix of units satisfactory. After participating in the evolution of this project since July, we think SHLP has taken reasonable steps to address many issues by redesigning the development, and the outcome is a superior proposal. From a housing perspective, the planned mix of apartments, multi-family condominiums and townhouses is a good solution for broadening the project's benefits to low- and moderate-income people. The Town should consider requiring up to 70% of the units to be made available to Stoneham residents through a marketing plan that includes local preference. This is fairly standard in LIP developments.

Land Use, Sustainability and Smart Growth

We were asked to comment on the site's suitability for multi-family housing and the project's consistency with the "Smart Growth" policies of the Romney Administration. The legislature's enactment of "Smart Growth" incentives (Chapter 40R) last summer was a timely coincidence, and we were asked to comment on whether SHLP's project might qualify as for Chapter 40R financial support.

Stoneham is a maturely developed suburb of 22,219 people. It has very little vacant, undeveloped land available for new growth. According to a buildout study completed by the Metropolitan Area Planning Council (MAPC) in 2001, Stoneham has a maximum of 184 acres of usable, vacant land: enough to support about 420 more homes and 978,914 square feet of new commercial or industrial development.³ However, MAPC's buildout analysis excluded all land in the Middlesex Fells Reservation, which extends across the entire southern end of town. It appears to have excluded the BRMC property as well, presumably because the site is already developed. MAPC followed a state-prescribed methodology for Stoneham's buildout analysis, and one of the significant weaknesses in the state's model is its inadequate attention to the potential for redevelopment. The proposed reuse of the BRMC property highlights the challenges of trying to plan for a community's future when development forecasting focuses primarily on vacant land.

COMMENTS

Stoneham recently completed a town plan, Stoneham: Imagine. We understand that the plan has not been adopted yet by the Planning Board, but the Community Development Department provided it as a source of information. We consulted the plan to evaluate the SHLP project's consistency with town goals. We did not find evidence in the plan that would make residential uses on the BRMC site compatible with Stoneham's vision of the future. However, SHLP's project could address some concerns expressed in the town plan, such as housing to combat Stoneham's "youth drain," i.e., the declining presence of people between 20-35 years of age.

On one level, the BRMC site is not what Smart Growth policy anticipates as a location suitable for higher-density development. Although the property once supported a hospital and there are adjacent office and assisted living uses, it is hardly an established area with access to transportation facilities, goods and services, or the kind of use mix and design that foster a walkable neighborhood. Indeed, the site is surrounded by the Middlesex Fells Reservation, an unusual open space asset that covers portions of five communities: Stoneham, Melrose, Malden, Medford and Winchester. At one time, the BRMC site was part of the Middlesex Fells and many would like to protect the land from new development.

³ Executive Office of Environmental Affairs, Massachusetts Community Preservation Initiative (2001).

COMMENTS, cont'd

On another level, however, reuse of the BRMC offers an opportunity to apply Smart Growth principles to a very difficult site. Since state government did not move to reclaim ownership of the property when it was sold in a foreclosure auction, purchase by a private buyer became the only viable means of disposition. The state's failure to act essentially prescribed profit-driven reuse, not public preservation. The problem to solve today is how the property can be put to new uses in a manner that respects the surrounding parkland and parkway system and simultaneously meets reasonable investment goals.

In our earlier comments to the Town, we noted ways that the 600-unit project incorporated some Smart Growth elements. However, we also noted conflicts with many of the core principles of Smart Growth. Some of the conflicts involved the site itself, and others involved features of the 600-unit proposal. We suggested a few options for reconsidering the project in terms of design, livability and public benefits. Through the development team's efforts and a substantially revised concept plan, the new proposal incorporates the following improvements:

- The revised concept plan for the site calls for pedestrian connections to walking trails in the Middlesex Fells Reservation.
- The development team has considered ways to reduce vehicular-pedestrian circulation conflicts and increase pedestrian access throughout the property.
- The orientation of the proposed buildings is substantially improved, and overall, the project seems to take better advantage of existing views and natural grades on the site.
- The revised concept plan attempts to preserve mature trees and reduce the amount of site disturbance caused by the project.
- The developer has agreed to provide a bus shelter or stop for people who want to take the MBTA bus to a nearby public transit station.
- There is dedicated pedestrian and recreational outdoor space, including suitable play areas for children.
- The developer has agreed to provide space for accessory retail uses. Although residents of the development will still drive or use bus service for most of their shopping needs, the inclusion of accessory retail means that some services will be available to them on site. Integrating uses and functions in a single development is preferable to a rigid separation of uses.

We understand that the Town does not expect to rezone the BRMC site under the provisions of Chapter 40R. As a result, Chapter 40R is no longer relevant to our review.

Suitability of Proposed Land Use

We were asked to comment on whether the proposed development is an appropriate use of the BRMC site. In our opinion, a reuse plan that includes multi-family housing is very appropriate for the property. However, we reported to the Town that the developer's 600-unit proposal was too dense, the scale of the project seemed out of character in the Middlesex Fells, and the site plan was congested, auto-oriented and potentially hazardous to the people who would live in the development. We were very concerned about developing the site with 600 units of the same type of housing. Finally, we thought the office buildings, the large rental buildings and the associated parking and access roads would collectively result in an intensity of use that exceeded the physical capacity of the land.

The developer's revised proposal differs significantly from the original submission. We have several observations about the project that SHLP would like the Town to endorse at this time.

COMMENTS

The BRMC site appears to be the last large piece of land in Stoneham. It makes sense to consider a project that provides for a planned mix of homes, goods and services, and recreation opportunities. For many decades, BRMC provided a public service to the Town and surrounding communities. The best reuse of the property ought to provide public benefits as well, including but not limited to fiscal benefits for Stoneham. Housing choices are also a significant public benefit. They bring social, economic and age diversity into a city or town, particularly when the units represent a mix of residential use types and price ranges.

A development with rental units, condominiums and townhouses, arranged in buildings with some variety in scale and appearance, will be more advantageous to Stoneham than the 600-unit rental proposal that was originally presented by the developer. Although the new proposal includes fewer Chapter 40B units and will not bring the Town to 10%, it provides affordable housing that meets a broader range of needs. Mixing ownership and rental units on the property also makes a substantial difference in the fiscal impact of the project on Stoneham. For example, the inclusion of homeownership units should result in a much higher assessed valuation and generate fewer costs, especially for public safety.

The site has access to utilities that increase the feasibility of multi-family development: public water and sewer service. Since sewer service is unavailable in so many of the Commonwealth's communities, it seems appropriate for the state to encourage housing in this location as long as the development is designed with sensitivity to the surrounding parkland.

It is important to remember that the property was previously used not only for a hospital, but also dwelling units. At one time, homes and other uses associated with a religious community were located on the land behind the BRMC. Moreover, before the BRMC was built, the property supported a very large hotel overlooking Spot Pond. Intensive use of the land is not without precedent on this property.

FISCAL & ECONOMIC IMPACTS

The developers retained Connery Associates of Melrose to analyze the project's fiscal and economic impacts, and MMA Group to provide an analysis of the project's impact on public safety operations. Although some of our assumptions and conclusions are similar to those of the developers' consultants, in our opinion the project will generate higher service costs, mainly for public safety and other municipal services. We also believe it will generate somewhat less revenue from non-local sources. It is important to note that we were not asked to estimate the fiscal impacts of office space that The Gutierrez Company plans to develop on the site in the future. As a result, the reader should exercise caution when comparing our analysis and findings to reports submitted by the developers' consultants. Our estimate of new revenue and service costs associated with the proposed residential development is summarized in Table 1 and discussed in detail on the following pages of this report.

Table 1: Estimated Fiscal Impact of BRMC Housing Development

	<u>Project Component</u>					
	Rental	Condominiums		Townhouses		Total
		Market	Ch. 40B	Market	Ch. 40B	
New Housing Units						
1-Bedroom	168	54	18			240
1-Bedroom w/ Den	27	9	3			39
2-Bedroom	139	45	15	37	13	249
2-Bedroom w/ Den	9	2	1			12
3-Bedroom	7	2	1			10
Total	350	112	38	37	13	550
New Population	623	194	82	84	36	1,018
New School Students						
Regular Education	36	6	10	1	7	60
Special Education	7	1	2	1	1	12
New Service Costs						
Municipal	\$417,791	\$129,280	\$55,406	\$56,599	\$24,257	\$683,333
Regular Education	\$132,181	\$22,030	\$36,717	\$3,672	\$25,702	\$220,302
Special Education	\$103,635	\$14,805	\$29,610	\$14,805	\$14,805	\$177,660
School Transportation	\$36,000	\$4,909	\$13,091	\$6,000	\$12,000	\$72,000
Total	\$689,608	\$171,025	\$134,824	\$81,076	\$76,764	\$1,153,295
New Revenue						
Property Tax	\$491,400	\$334,317	\$64,495	\$155,866	\$22,397	\$1,023,210
Local Receipts	\$174,339	\$53,947	\$23,120	\$23,618	\$10,122	\$248,759
State Aid (Municipal)	\$37,981	\$11,753	\$5,037	\$5,145	\$2,205	\$62,121
Total	\$703,720	\$400,017	\$92,652	\$184,629	\$34,724	\$1,415,742
Cost/Revenue Ratio	0.98	0.43	1.46	0.44	2.21	0.81
+/- Revenue	\$14,113	\$228,992	-\$42,172	\$103,553	-\$42,040	\$262,447

Overview

An economic impact analysis measures changes in employment, wages and business activity triggered by a significant economic event: the opening of an industrial park or a major retail facility, the construction of new homes, the development of a non-taxable institution, such as a hospital or college, or the relocation of a major employer. The common method of economic impact analysis, an input/output study, assumes that investments associated with one economic event (the “input”) can be used to estimate the dollar value of a chain of activity elsewhere in the economy (the “output”). Input/output studies almost always measure change as gross output (or gross impact), such as using the construction cost of a new project to estimate how many jobs will result in the local economy. These studies should be used cautiously because they do not readily account for economic losses that may occur in one component of the economy while growth takes place in another component. While more precise modeling tools exist, they are intended for regional economic impact analysis and local governments do not have the required data.

In contrast, a fiscal impact analysis measures the relationship between the amount of local government revenue generated by various land uses and their associated community service costs. Most fiscal impact studies are designed to estimate the impacts of future growth, yet the relationship between existing development and town finance plays a major role in determining local capacity to absorb new demands for services. For this reason, we always begin a fiscal impact study by examining recent fiscal, demographic and land use trends. Although there are several fiscal impact models and they differ in important ways, all of the models are designed to address this question: what community service costs and revenue would a given land use be expected to generate? The answer is typically expressed in a “cost-revenue ratio” or simply, a “revenue ratio.” Since communities depend heavily on property taxes to finance town and school services, revenue ratio studies have gained appeal as a policy tool for illustrating the fiscal advantages or disadvantages of various land uses. In fiscal impact parlance:

- A land use is “revenue positive” if it generates more revenue than community service costs. For example, a cost-revenue ratio of .50 means that for every dollar of revenue generated by a land use, the town spends 50 cents to provide it with community services.
- A “revenue neutral” land use represents the break-even point: 1.00.
- A “revenue negative” land use costs more in community services than the amount of revenue it produces. A cost-revenue ratio of 1.50 means that for every dollar of revenue generated by that use, the town spends \$1.50 to service it.

The idea seems simple, but computing revenue ratios can be a complex exercise and often analysts do not agree about short- or longer-term impacts.

The premise of any fiscal impact analysis is that present costs and revenues provide a reliable basis for forecasting the fiscal outcome of future development.ⁱ Scholarship and applied practice in the field show that for the most part, this appears to be true. However, unanticipated events such as a recession can turn fiscally attractive projects into sluggish revenue generators. In

addition, sudden or rapid growth may alter pre-existing relationships between costs and revenues. It is not uncommon for new development to introduce different service expectations into a community, causing costs to increase at a rate that cannot be explained by population growth alone. This kind of change often signals an underlying shift in the political culture of a town, yet a fiscal impact analysis cannot forecast the effects of future political decision-making. While fiscal impact studies measure the relationship between land use costs and revenue, the political culture of each city and town has a direct bearing on costs, just as population demographics and the structure of the local economy have a direct bearing on revenues. Land use provides a consistent basis for measuring costs, but government does not serve housing units or commercial buildings. Rather, it serves people.

Analysis of Fiscal Impacts

The proposed development, Langwood Commons, consists of 550 dwelling units on approximately 22 acres of the BRMC site. As presently conceived, the project will offer 350 apartments, 150 condominiums and 50 townhouses, i.e., a total of 350 rental units and 200 homeownership units. Table 2 summarizes pertinent characteristics of the project.

Table 2: Development Summary by Type and Size of Dwelling Units

Unit Type/Size	Number of Units by Project Component		
	Rental	Condominium	Townhouse
1-Bedroom Market	126	54	
1-Bedroom Affordable	42	18	
1-Bedroom Market w/ Den	20	9	
1-Bedroom Affordable w/ Den	7	3	
2-Bedroom Market	104	45	37
2-Bedroom Affordable	35	15	13
2-Bedroom w/ Den Market	7	2	
2-Bedroom w/ Den Affordable	2	1	
3-Bedroom Market	5	2	
3-Bedroom Affordable	2	1	
Total Units by Component	350	150	50

Source: William Caulder, SHLP, 18 October 2004.

“Market” refers to units that will be sold or rented at market prices while “affordable” refers to units sold or rented to households with incomes at or below 80% of Area Median Income (AMI). Overall, the development includes 139 income-restricted units, including 88 apartments, 38 condominiums and 13 townhouses. We did not ask the developers to update or change their assumptions about the affordable and market rents that will be charged for the apartment units. Instead, we have used our own assumptions based on recently released HUD Fair Market Rents for the Boston area, LIP regulations, and the developer’s estimated market rents in the pro forma that we reviewed for our interim report. As we reported to the Town in August 2004, however, we are concerned about the market rent assumptions for this project.

To comply with requirements of the Local Initiative Program, the income-restricted homeownership units will sell at much lower prices than the market homeownership units, as shown in Table 3. We note that the market condominium and townhouse sale prices in Table 3 are lower than the price ranges estimated by the developers.ⁱⁱ By the time the units are built, they may sell at prices that are much closer to the developer's estimates. However, since our fiscal impact analysis relies on recent community service costs, we must also use recent market and assessed valuation data.ⁱⁱⁱ Presumably, the Town's community service costs will also be higher when the project is completed, making the relationship between service costs and revenue essentially the same.

Table 3: Estimated Rents and Ownership Unit Sale Prices

Unit Size	Apartments		Condominiums		Townhouses	
	Market	Affordable	Market	Affordable	Market	Affordable
1-Bedroom	\$1,100	\$965	\$195,000	\$150,000		
1-Bedroom w/ Den	\$1,175	\$1,135	\$225,000	\$150,000		
2-Bedroom	\$1,350	\$1,135	\$330,000	\$155,000	\$379,000	\$155,000
2-Bedroom w/ Den	\$1,400	\$1,362	\$375,000	\$160,000		
3-Bedroom	\$1,850	\$1,362	\$399,000	\$167,500		

Sources: Simpson Housing, HUD Fair Market Rents, COG market survey.

The total development cost for the apartment buildings is estimated at \$42 million. Using \$42 million as the base value in a fiscal impact analysis results in an average assessed value of \$120,000 per apartment. We surveyed several recently built Chapter 40B developments in the Boston area to determine how they are being assessed. In all but two of the developments we reviewed, the average assessed value per unit is much lower than \$120,000. When we submitted a draft of our fiscal impact report to the Town, the developer challenged our assessed value assumptions for the rental component of this project. SHLP made a persuasive case for a higher value. While we think the developer's analysis is correct, we note that actual rental property assessments in the field are not as high as the analysis would indicate. In compromise, we amended our impact study by increasing the estimated assessed value of the rental housing to \$42 million, which the developer's consultant also used. We further assumed that the assessed value of the homeownership units will be 95% of the estimated sale prices shown in Table 3. Ultimately, the assessed value of the rental and ownership units will be determined by Stoneham's assessor. If the actual assessed values differ significantly from our estimated values, the project will be more or less fiscally beneficial to the Town.

In general, we based our revenue and cost assumptions on the most recent fiscal year for which actual revenue and expenditure data are available, FY 2003. For the most part, we relied on Stoneham's year-end Schedule A Report to the Massachusetts Department of Revenue, and we drew initial inferences from a review of two years of Schedule A data: FY 2002 and FY 2003. To test some of our assumptions, we examined Stoneham's recent fiscal history (1996-2003) by constructing trend lines with information available from the Department of Revenue's Municipal Data Bank. In some cases, we looked forward to FY 2004-2005 and applied FY 2003 average cost and revenue multipliers in order to judge their validity. For the purpose of placing Stoneham in a regional context, we also looked at service cost trends in the surrounding

communities of Wakefield, Reading, Malden, Medford, Melrose, Woburn and Winchester. Together, the same communities were used as comparison geographies for housing market, household size and composition, family size and school-age children statistics in Stoneham.

As Stoneham officials realize, property taxes are not the only source of local government revenue. In addition, the Town relies on local receipts, state aid and other sources such as free cash – surplus funds from prior fiscal years. However, two factors distinguish property taxes from other sources: property tax revenue is relatively easy to predict, and the tax is compulsory. In contrast, forecasting state aid is very difficult, in part because the Commonwealth's allocation formulas are not at all transparent. Chapter 70 (education) is a good example of complicated state aid formulas because aid to public schools is not based on a straightforward amount per student. Moreover, regardless of statutory formulas, what cities and towns actually receive depends on amounts appropriated by the state legislature. Another problem with forecasting state aid is that aid programs change from time to time. Furthermore, state aid is offset by state charges. Stoneham is an example of a community in which state charges (assessments) have increased faster than total state aid since 1996.

Local receipts are largely under a community's control, but unlike the property tax, local receipts are "user" dependent and not all local receipts represent recurring sources of revenue. Revenue from building permit fees increases in a healthy economy and declines in a soft market; general fund parks and playground expenditures are affected by actual amounts received in user fees from participants in recreation programs.^{iv} As reported on the Recap Sheet, local receipts revenue also includes motor vehicle excise taxes. Since officials in many cities and towns underestimate local receipts in order to maximize the amount that can be raised from the tax levy under Proposition 2 ½, the most valid indicator of future local receipts from new development is a community's actual local receipts history. For this and other reasons, we find that the most recent Schedule A report is the preferred source of expenditure and revenue data for fiscal impact studies in Massachusetts.

Educational Cost and Revenue Estimates

Public education is the most expensive component of a community's costs to serve residential development. In Stoneham and virtually every town in the Commonwealth, however, school expenditures have increased at a much faster rate than school enrollments. Table 4 (next page) sheds light on Stoneham's experience with education expenditures, reported in both total and per pupil amounts, and K-12 enrollments since 1996. "Total Expenditures" includes school budget expenditures and municipal expenditures made in support of the community's public schools, e.g., employee benefits for teachers and a pro rated share of town employee salaries attributable to the schools, all as reported by the Town to the Department of Education. According to definitions used by the Department of Education, "Total Expenditures" does not include debt service for long-term school construction bonds, but it does include debt service for construction financing (interest paid on temporary notes). It also does not include expenditures for students in out-of-district, regular education placements or vocational education programs. The costs associated with educating school choice students from other communities would be reported as part of "Total Expenditures," but Stoneham does not accept school choice students.

“Average membership” in Table 4 is a statistic generated by the Department of Education. It is not the same as each year’s official K-12 enrollment. By October 1 enrollment counts, the Stoneham Public Schools absorbed a K-12 increase of about 7.5% between FY 1996-2003, the largest gains having occurred in pre-K, middle school and young high school-age students.^v Still, a 7.5% increase in the number of K-12 students is much lower than the school department’s total expenditure growth of 43% in the same period, yet Stoneham is not unique in this regard. Factors ranging from Education Reform requirements to community expectations for excellent schools and growth in special education costs have affected school operations everywhere. Moreover, school districts that built new schools in the past decade almost always experienced a significant increase in school spending simply because of the personnel and operating costs associated with opening and running new, usually larger facilities. Stoneham probably experienced the same phenomenon, for the Town recently constructed new elementary schools.

Table 4: Education Spending Trends in Stoneham, FY1996-2003

Fiscal Year	Total Expenditure	Average Day Membership	Per Pupil Expenditure		Total
			Regular	Special Education	
1996	\$15,271,073	2,793.1	\$4,609	\$8,909	\$5,467
1997	\$16,122,950	2,790.0	\$4,852	\$10,602	\$5,778
1998	\$16,952,248	2,812.0	\$5,005	\$10,277	\$6,030
1999	\$17,448,839	2,876.4	\$5,165	\$10,342	\$6,066
2000	\$18,608,609	2,922.1	\$5,502	\$10,791	\$6,368
2001	\$19,716,455	3,040.2	\$5,645	\$11,620	\$6,485
2002	\$20,764,331	3,127.4	\$5,628	\$12,750	\$6,639
2003	\$21,828,535	2,713.9	\$6,943	\$14,724	\$8,043
1996-2003	42.9%	-2.8%	50.6%	65.3%	47.1%

Source: Department of Education, Per Pupil Expenditure Reports, FY06-03.

In school systems with a mature teaching staff, salary outlays often run higher than in school systems that recently replaced a large number of early retirees with younger teachers; in other cases, the hiring of many young teachers may reduce the average teacher salary district-wide, but total salary costs nonetheless increase because the new teachers represent additional, not replacement, personnel. Stoneham’s 10.3% growth in total teacher salary appropriations from FY 1998-2003 is modest compared to many communities, but two factors seem to explain the difference: the Town’s average teacher salary declined in relation to the statewide average, from 104.9% to 95.5%, and the total number of teachers, expressed as full-time equivalents, also declined between FY 2002-2003.^{vi}

Stoneham’s decision to build new elementary schools is evident in changes in total outstanding indebtedness and the percentage of the general fund budget devoted to debt service. As of FY 2003, Stoneham had a total of \$32.1 million in long-term debt and another \$13.5 million in short-term notes attributable to school buildings. Annual debt service payments in Stoneham rose by a staggering 294% between FY 1996-2003, due almost entirely to the conversion of school debt from temporary notes to permanent financing in FY 2002-2003. Total indebtedness for schools – including projects both inside and outside the debt limit under G.L. c.44, Section 10 – accounted

for about 72% of all long-term debt in FY 2003. The state reimburses Stoneham for about half the cost of school building debt service, but debt service nonetheless increased from <4% to 9.0% of the annual operating budget in a matter of two fiscal years.

Like all school districts, Stoneham receives education aid from the state. Education funding is appropriated by the legislature and administered by the Department of Education under G.L. c.70, which changed the procedures for calculating state aid and established minimum spending requirements for Massachusetts cities and towns beginning in 1993. Under Chapter 70, each community's school spending is determined by a foundation budget formula, the local share of which is known as the "minimum required contribution." The state's share consists mainly of two amounts: base aid, or the amount paid by the state in the previous fiscal year, adjusted for inflation and other formula factors (until recently), and "foundation aid," or the amount required to close the gap, if any, between base aid and the community's minimum required contribution. The sum of Chapter 70 aid and a community's minimum required contribution is known as "net school spending."

While the foundation budget formula is largely enrollment dependent, i.e., based on minimum per pupil costs for various components of a school budget, the state aid formula is not directly driven by enrollments. Instead, state aid is adjusted when there is a gap to fill between the foundation budget, a community's required contribution, and base aid. Generally, the Chapter 70 aid formula makes high-growth communities and the state's poorest jurisdictions eligible for foundation aid. In FY 2005, 128 local and regional school systems received both base aid and foundation aid. Stoneham is not among them. In fact, Stoneham's Chapter 70 aid declined between FY 2003-2004 and in FY 2005, it has been level-funded at the FY 2004 allocation. Table 5 summarizes Stoneham's recent history with Chapter 70 and other state aid receipts.

Table 5: State Aid Trends, 1996-2005

Fiscal Year	Chapter 70	School Bus	SBAB	Other School Aid	Municipal Aid	Cherry Sheet Total
1996	\$1,300,159	\$81,443	\$0	\$43,362	\$4,268,583	\$5,693,547
1997	\$1,496,509	\$107,931	\$0	\$68,986	\$4,403,067	\$6,076,493
1998	\$1,694,734	\$72,018	\$0	\$114,219	\$4,590,166	\$6,471,137
1999	\$1,963,437	\$78,487	\$0	\$27,592	\$4,764,664	\$6,834,180
2000	\$2,373,084	\$88,798	\$0	\$36,305	\$4,970,195	\$7,468,382
2001	\$2,843,484	\$57,703	\$0	\$33,598	\$5,149,363	\$8,084,148
2002	\$3,284,829	\$59,330	\$985,943	\$9,913	\$5,182,043	\$9,522,058
2003	\$3,284,829	\$56,156	\$1,424,013	\$11,344	\$4,978,332	\$9,754,674
2004	\$2,627,863	\$0	\$1,885,014	\$30,820	\$4,276,364	\$8,820,061
2005	\$2,627,863	\$0	\$1,899,826	\$81,885	\$4,274,563	\$8,884,137

Source: Massachusetts Department of Revenue, Municipal Data Bank, Cherry Sheet Aid.

The data in Table 5 are important because they raise serious questions about the likelihood that Stoneham will receive additional aid for new students. If the BRMC housing development were built and fully occupied today, the estimated number of new students from the project would not have made Stoneham's foundation budget high enough to qualify the Town for foundation

or “gap-filler” aid in FY 2005. Table 6 summarizes Stoneham’s school spending and Chapter 70 history since 1996.

Table 6: Foundation Budget, Chapter 70 Aid and Net School Spending, 1996-2004

Fiscal Year	Foundation Enrollment	Foundation Budget	Required Local Contribution	Chapter 70 Aid	Required NNS	Actual NSS
1996	2,595	\$14,421,893	\$13,798,096	\$1,300,159	\$15,098,255	\$15,166,342
1997	2,618	\$14,886,383	\$14,053,706	\$1,496,509	\$15,550,215	\$16,123,207
1998	2,643	\$15,404,662	\$14,565,444	\$1,694,734	\$16,260,178	\$16,964,356
1999	2,687	\$16,191,054	\$15,157,004	\$1,963,437	\$17,120,441	\$17,889,145
2000	2,731	\$16,430,948	\$15,839,978	\$2,373,084	\$18,213,062	\$18,950,347
2001	2,688	\$16,864,037	\$15,927,053	\$2,843,484	\$18,770,537	\$20,324,581
2002	2,836	\$18,338,536	\$16,975,329	\$3,284,829	\$20,260,158	\$21,469,720
2003	2,797	\$18,526,926	\$17,451,182	\$3,284,829	\$20,736,011	\$22,637,588
2004	2,814	\$19,038,515	\$17,190,098	\$2,627,863	\$19,817,961	\$23,609,518
1996-2003	7.8%	28.5%	26.5%	152.6%	37.3%	49.3%
2003-2004	0.6%	2.8%	-1.5%	-20.0%	-4.4%	4.3%

Source: Massachusetts Department of Education.

Due to the current uncertainties associated with state aid in general, Stoneham’s post-2003 Chapter 70 experience and the statutory scheme that determines how Chapter 70 aid payments are calculated, we cannot assume that new school-age children living at the BRMC housing development will generate any additional school aid for Stoneham. Accordingly, our fiscal impact analysis includes no new Chapter 70 revenue. We have assumed a modest increase in Lottery Assistance because the project’s population growth impact theoretically qualifies Stoneham for an adjusted share of state lottery aid. However, this could be offset by the growth in assessed valuation that will occur as the new housing units are built.

To forecast school costs associated with the BRMC project, we began by estimating the number of children under 18 that will live in the development and the percentage that will likely be school-age children. We examined sources similar to those used by the developers’ consultants, such as the number of school children in other recently built Chapter 40B developments and multi-family developments comprised mainly of market-rate housing. We also had access to recent data for Chapter 40B homeownership developments comprised of condominiums and townhouses. In addition, we drew average household size and family composition statistics by type of housing unit from Census 2000, including cross-tabulation sets for homeowners and renters and the average number of school-age children by family type, for Stoneham as well as surrounding communities. Finally, we considered the number of school students currently living in multi-family units in Stoneham. However, we did not use the information to establish new student multipliers for the BRMC project because for our purposes, the local data set was incomplete.

We arrived at a higher estimate of school-age children than the number estimated by the developers’ consultants, although our estimate is also low considering the overall size of the

project. Two factors explain the difference in school student forecasts. First, we used larger multipliers for the income-restricted apartments and condominiums with dens because under the regulations that govern household size for low- and moderate-income housing occupancy, a den of the size shown in the BRMC unit plans will most likely be treated as another bedroom. Second, we did not reduce our estimate by a percentage for private school attendance. We acknowledge the possibility of charter school enrollments, but we do not have enough information to speculate about the number of children who may be registered in a charter school instead of the Stoneham Public Schools. Table 7 reports our estimate of school-age children by unit type and price range. The total number of K-12 students is 72 (rounded).

Table 7: Estimate of School-Age Children in BRMC Housing Development

Type/Size	<u>Rental</u>		<u>Condominium</u>		<u>Townhouse</u>	
	Units	School Students	Units	School Students	Units	School Students
1-BR Market	126	0.00	54	0.00		0.00
1-BR Affordable	42	0.84	18	0.40		0.00
1-BR Market w/ Den	20	0.30	9	0.10		0.00
1-BR Affordable w/ Den	7	1.75	3	0.04		0.00
2-BR Market	104	12.48	45	6.75	37	1.11
2-BR Affordable	35	20.65	15	10.05	13	8.84
2-BR w/ Den Market	7	1.05	2	0.30		0.00
2-BR w/ Den Affordable	2	1.98	1	0.90		0.00
3-BR Market	5	1.20	2	0.06		0.00
3-BR Affordable	2	2.00	1	1.08		0.00
Total	350	42.25	150	19.68	50	9.95

Note: the number of children in multi-family rental units assumes a 5% vacancy rate. It is unlikely that the rental units will be 100% occupied at any given time.

We generally agree with the approach used by the developers' consultants to forecast the cost of serving students in the development. There are some differences in the dollar values we assigned to each cost category, but the differences are not substantial. A noteworthy difference in methodology lies with the estimate of special education students. At the outset of our work with the Town, we were asked to comment on whether the project might produce a disproportionate increase in special education costs. Accordingly, we obtained data on the percentage of special education students and the percentage of school spending devoted to special education in communities throughout the Greater Boston area. To this basic data set, we added a series of tables from Census 2000, such as each community's number and percentage of renter-occupied units, multi-family units (both owner- and renter-occupied), median family income by family type, and the number and percentage of families headed by married couples and single parents.

Although the communities vary widely and no dominant pattern emerged from our study, we found that in the towns with larger-than-average percentages of special education students, there is a somewhat higher incidence of single-parent families, larger percentages of renter- and owner-occupied multi-family units, lower rents, and a greater tendency toward modest family

incomes. When we looked more closely at the special education services provided in these communities, we found that a relatively large percentage of their special needs students receive in-school support services (resource rooms, tutors) and a lower-than-average percentage are in out-of-district placements and private special education programs. To estimate Stoneham's potential increase in special education costs, we assumed 18% of the new school-age children would be eligible for special education services (up slightly from Stoneham's existing district-wide average of 16.99%), but to be consistent in our application of FY 2003 expenditure data to this study, we adopted a slightly lower cost per pupil that the developers' consultants used (\$15,000). In our opinion, even if the development generates a somewhat larger percentage of special education students than the Town's current average, the students will most likely receive modified or integrated services (program prototypes 502.1 and 502.2). In FY 2003, Stoneham's per pupil cost of special education services in these prototypes was \$14,805.

Table 8 identifies the expenditures that we believe the Town will make to educate children living in the development, using FY 2003 dollars as the basis for establishing service costs. The total education expenditure is \$469,962 (rounded).

Table 8: Estimated Public School Expenditures for BRMC Housing Development

Cost Factor	Apartments	Condominiums	Townhouses
Number of Students	43	19	10
Regular Education	36	16	8
Special Education	7	3	2
Regular Education Costs			
Instructional Salaries	\$2,262	\$2,262	\$2,262
Non-Salary Expenditures	<u>\$1,410</u>	<u>\$1,410</u>	<u>\$1,410</u>
Per Pupil Cost-Regular Education	\$3,672	\$3,672	\$3,672
Subtotal, Regular Education	\$132,192	\$58,752	\$29,376
Special Education Costs			
Per Pupil Cost	\$14,805	\$14,805	\$14,805
Subtotal, Special Education	<u>\$103,635</u>	<u>\$44,415</u>	<u>\$29,610</u>
Subtotal, Education	\$235,827	\$103,167	\$58,986
School Transportation			
2 buses x \$36,000/bus	\$72,000		

Notes: "Instructional Salaries" represents 3.5 teachers @ \$53,000 per teacher, including benefits; "Non-Salary Expenditures" was derived from averaging Stoneham's FY 2003 non-personnel expenditures and may be too high for use as a per-pupil multiplier. School bus transportation at \$36,000 per bus assumes two buses transporting children to various school buildings.

Significantly, Table 8 omits any allocation for capital improvements to serve the project's school-age children. It is our understanding that Stoneham has space to accommodate enrollment growth of about 100 K-12 students. We agree with the developers' consultants that most of the new students will be elementary-age children, i.e., children enrolled in grades K-5. At this time, we do not have enough information to predict whether the additional students will require Stoneham to redistrict any of its elementary schools, a move that may have consequences for the school transportation budget. In addition, we understand that the Stoneham middle school

already has major capital improvement needs regardless of future enrollment growth. Since physical conditions at the middle school pre-date the developers' proposal, we are reluctant to attribute any middle school improvement costs directly to the BRMC housing development. However, we acknowledge that the absence of any provision for future capital expenditures may make our school cost estimate unrealistically low. We do not have enough information to make a reasonable estimate of the project's capital cost impacts, if any, and it would not be fair to the Town or the proponents for us to comment prematurely about additional classroom space or expanded core facilities that may not be necessary. Instead, we recommend that whether the Town accepts the developers' or our estimate of new school-age children, the school department should be asked to evaluate its space needs and comment on them to the Board of Selectmen.

Municipal Service Costs and Revenue Estimates

Municipal services include public works, public safety, cultural facilities such as the public library, recreation, public health and inspectional services, and general government. In FY 2003, Stoneham spent a total of \$24,197,163 for municipal services and shared costs, i.e., costs that apply to multiple (town and school) departments. It would appear that Stoneham spent approximately \$1,092 per capita on municipal services, but this is an overstatement because some of the Town's municipal expenditures were attributable to commercial development. Using a fiscal impact model known as "proportional valuation," we analyzed the Town's property values by use class and determined that in FY 2003, about \$1.4 million of Stoneham's municipal expenditures were primarily to serve commercial, industrial and institutional development. The remaining \$22.8 million represents Stoneham's FY 2003 residential service costs, excluding schools.

Our approach to estimating new municipal service costs is somewhat different from the methodology used by the developers' consultants. They estimated municipal services as an average cost per household for the Town as a whole and then reduced the cost per household based on two assumptions: first, families living in the BRMC development will be fairly small households so the cost to serve them should be less, and second, some services provided by the Town to its existing residents will be provided by the developer to residents of the BRMC housing development. We calculated new costs on the basis of population, i.e., we derived a per capita municipal service cost using Stoneham's 2002 population estimate from the Census Bureau. However, we also reduced the public works portion by 50% and deducted existing school-related debt service from total debt service. We agree that on average, the project's households will be smaller than most households in Stoneham. Accordingly, the adjusted per capita value we used (\$671), multiplied by the project's average household size of 1.85 people, culminates in a total municipal service cost that is considerably less than the cost to serve 550 single-family homes. Table 9 reports our estimate of municipal service costs that will be generated by the BRMC housing development.

Table 9: Estimated Municipal Expenditures for BRMC Housing Development

Cost Factor	Apartments	Condominiums	Townhouses
Population	623	275	121
Per Capita Service Cost	671	671	671
Total Service Costs	\$417,791	\$184,686	\$80,856

These costs will be partially offset by revenue from local receipts and state lottery aid. The combined revenue from these sources should be about \$347,268 for the project as a whole.

Notes on Public Safety Impacts

Although we considered doing so, we have not increased the estimated cost of public safety services that may be associated with the BRMC development. In our experience, public safety costs are usually higher for multi-family rental developments than for single-family homes, measured by police and fire calls per dwelling unit. The difference is often magnified in mixed-income developments similar to the BRMC project. We did not adjust the public safety portion of our service cost per capita estimate because we were unable to confirm some assumptions with the police and fire departments prior to completion of our report. However, we note that after we completed our fiscal impact analysis, the Fire Chief supplied us with a letter about the estimated impact of this project on his department. The letter corroborates concerns we have expressed from the outset of our work with the Town. The basis for our concerns is discussed below.

Tables 10 and 11 summarize Stoneham's 2003 public safety response history for existing residential development by housing type. To generate these tables, we merged address-based incident response logs supplied by the police and fire departments with a parcel database obtained from the assessor's office. This procedure allowed us to cross-tabulate incident response histories with land use codes and numbers of dwelling units by address. While the household size and income characteristics of existing multi-family units in Stoneham may be different from the characteristics of target households for the BRMC project, the statistical averages we found in Stoneham are very similar to averages we have seen in other communities.

In earlier discussions with the Town, we recommended that the police and fire departments be asked to comment on their capacity to serve the BRMC site, given the proposed constellation of land uses. The site's distance from established neighborhoods in Stoneham and the likely increase in calls per unit may make impose somewhat higher demands on Stoneham's public safety operations than the developers' consultants have indicated in their reports. Our data suggest that the additional calls will be about 1,350 per year, which is not significantly higher than the combined police-fire incident response estimate made by the MMA Group (October 13, 2004). In fact, we agree with MMA Group's estimate of the average number of calls per year for residential land uses in general. Our concern is that the average for residential land uses overall does not provide adequate information for estimating the impacts of residential development by class of use. For example, there is usually a substantial difference between the average number of calls per unit in multi-family rental housing and single-family homes, but the average for all residential properties masks these kinds of differences. (Sometimes the differences are due to a large percentage of age-restricted units in a community's multi-family inventory.)

Incident Response: Police Department. Two-family and multi-family buildings comprise 10.4% of Stoneham's residential properties, as classified by the assessor's office. In 2003, 21.6% of all police incident calls to residential addresses were attributed to two-family and multi-family properties. By building type, structures with 9 or more rental units are less than 1% of the town's residential structures, but they accounted for 5.1% of all residential incidents. Four- to

eight-unit residential structures account for less than 1% of developed residential parcels and generated only 1.0% of police calls. Three-unit buildings comprise 1.1% of the residential buildings in Stoneham, and 4.5% of police calls in 2003. Two-family homes occupy 8.6% of the developed residential parcels, but 11.1% of incident calls were reportedly attributed to this class of property. Single-unit properties comprise the vast majority of Stoneham’s residential buildings (88.3%), but they generated about two-thirds of the police calls (67.0%).

Due to a larger number of units per building, multi-unit residential properties would be expected to exhibit higher police calls. A better way to understand the relationship between the number of units in a structure and the frequency of calls is to analyze the number of calls per unit, as shown in Table 10. On average, each unit in a building with nine or more units generated 1.460 calls to the police department during 2003. This is much higher than the lowest rate of 0.456 calls per unit for condominium buildings. Four- to eight-unit structures have a low rate of 0.684, while three-family properties generate 1.317 calls per unit. Two-unit properties generated 0.620 calls per unit, while single-unit structures were responsible for 0.726 calls per unit in 2003. In terms of police department resources, condominiums, two-unit and four- to eight-unit structures had the least impact in 2003, while structures with three and more than nine units had the greatest impact.

Table 10: Average Police Calls Per Dwelling Unit by Units in Structure (2003)

Housing Type	Percent of total residential structures	Percent of 2003 residential police calls	Number of 2003 residential police calls	Number of residential units	Number of 2003 residential police calls per unit
All residential	100.0%	100.0%	5427	7729	0.702
All multi-unit rental	10.4%	21.6%	1173	1419	0.827
9+ unit rental	0.4%	5.1%	276	189	1.460
4- to 8-unit rental	0.3%	1.0%	52	76	0.684
3-unit rental	1.1%	4.5%	245	186	1.317
2-unit rental	8.6%	11.1%	600	968	0.620
Housing authority	0.0%	0.4%	24	Unknown	Unknown
Single-family	88.3%	67.0%	3638	5013	0.726
Condominiums	1.3%	10.9%	592	1297	0.456

Data Sources: Stoneham Police Department, Assessor’s Office.

Incident Response: Fire Department. Table 11 shows that in 2003, 20.8% of all residential fire incident calls were attributed to two-family and multi-family addresses. Buildings with 9 or more rental units accounted for 18.6% of incidents requiring response from the fire department. Four- to eight-unit residential structures generated 0.2% of fire calls while three-unit buildings generated 1.2%. Two-unit buildings were responsible for only 0.6% of incident calls, and single-family properties, about 40%. Expressed on a per-unit basis, each unit in a building with nine or more rental units generated 1.984 calls to the fire department in 2003. The rate for units in four-

to eight-unit structures was 0.053, while the rate for both three-family and single-family properties was about 0.15. Condominiums generated 0.28 calls per unit.

Table 11: Average Fire Department Calls Per Dwelling Unit by Units in Structure (2003)

	Percent of total residential structures	Percent of 2003 fire calls to residential total	Number of 2003 fire calls at residential structures	Number of units in residential	Number of 2003 fire calls per unit using minimum number of units
All residential	100.0%	100.0%	2021	7729	0.261
All multi-unit rental	10.4%	20.8%	421	1419	0.297
9+ unit rental	0.4%	18.6%	375	189	1.984
4- to 8-unit rental	0.3%	0.2%	4	76	0.053
3-unit rental	1.1%	1.2%	24	186	0.129
2-unit rental	8.6%	0.6%	13	968	0.013
Housing authority	0.0%	0.2%	5	Unknown	Unknown
Single-family	88.3%	40.4%	816	5013	0.163
Condominiums	1.3%	18.0%	363	1297	0.280

Data Sources: Stoneham Fire Department, Assessor's Office.

The Fire Chief's recent letter indicates that he needs a staffed fire substation near the site in order to serve people living in the development. He also notes that the capacity assumptions in MMA's report no longer apply because the Fire Department has lost five positions and much of its overtime budget. The Town reduced the Fire Department budget (and all other budgets) in order to bring appropriations in line with anticipated revenue, not because the Town determined that the Fire Department was overstaffed. Accordingly, it is inappropriate to assign the entire cost of restoring five fire protection/first response positions (\$360,000) to the BRMC development. However, it is appropriate to assign a proportional share of new public safety demands to the project, along with the capital costs of a fire substation that would not be built except to serve a large population increase in a previously undeveloped part of town.

Since the Town and SHLP have negotiated the basic terms of a development agreement for this project, the Board of Selectmen will need to determine how to respond to the Fire Chief's request for a fire substation and additional fire protection capacity. We believe the project will generate sufficient general fund revenue to cover the incremental cost of new public safety services (operating costs), but allocating the revenue requires the Town to make a number of policy decisions.

TRANSPORTATION IMPACTS

BSC Group has reviewed traffic impact reports prepared by the developer's transportation consultants, Vanasse Hangen Brustlin, Inc. We have included BSC Group's review memoranda as an attachment to our report; see Appendix A.

RECOMMENDED CONDITIONS OF APPROVAL

If the Board of Selectmen decides to support an application for LIP project eligibility, we recommend that the vote of approval incorporate the following conditions:

1. The proposed residential development shall not exceed 550 units, including a maximum of 390 rental units. There shall be at least 160 homeownership units in the development, at least 25% of which shall be affordable to low- and moderate-income households.
2. The maximum amount of non-residential development that will be permitted on the site shall be limited to the existing hospital building. There shall be no new construction of office or other non-residential space except for accessory commercial uses in the residential portion of the site.
3. Subject to review and approval by Town Counsel, the Town and SHLP/Gutierrez will enter into a development agreement that specifies the terms and conditions for any cash payments or other contributions negotiated by representatives of the BRMC Site Work Group with the developer, any other requirements that may be imposed on the project as conditions of approval by the Board of Selectmen.
4. The Town reserves the right to withdraw its endorsement of the LIP/MassHousing application if the developer does not comply with the development agreement, which should be incorporated by reference in the site approval application.
5. The developer agrees that preliminary plans submitted to DHCD/MassHousing and the Board of Appeals will substantially conform to the conceptual site plan and building elevations dated presented to the BRMC Site Work Group in October-November 2004. Toward this end, the developer will agree to engage in a design review process with the Town prior to submitting a comprehensive permit application to the Board of Appeals, and to work with the Town's authorized representatives to refine the proposed building designs and site plan during the permit process.
6. The Town's endorsement of the application is contingent upon DHCD's written agreement to extend the period for issuing building permits for units approved by the Board of Appeals from 12 months to 36 months. This is to reflect the developer's anticipated construction phasing plan for the project.
7. SHLP agrees to set aside up to 70% of the affordable units as local preference units, i.e., units offered first to Stoneham residents or persons with a connection to the Town. The Town will establish a local preference policy to assist SHLP in designing a marketing plan for the development.

8. SHLP/Gutierrez agree to compensate the Town for all reasonable project review and legal costs incurred in connection with the proposed development and the site approval application.
9. SHLP/Gutierrez agree to provide a sheltered bus stop in a location acceptable to the Town and the MBTA for patrons of MBTA bus service.

END NOTES

ⁱ This would not apply to a land use that does not already exist in a community today, such as a new hospital or airport.

ⁱⁱ William Caulder to Judi Barrett, October 18, 2004.

ⁱⁱⁱ Market sale prices are based on a survey of suburban condominiums for sale and recent condominium sales activity in the Greater Boston area, September-October 2004.

^{iv} "Local receipts" excludes generally revenue and expenditures in enterprise funds and is limited to departmental revenue transferred to the general fund to cover general fund appropriations.

^v Commonwealth of Massachusetts, Department of Education, "Long-Term Trends in School Enrollments by School District," <<http://www.finance1.doe.mass.edu/>> select "Statistical Comparisons" select "Enrollment Trends."

^{vi} Department of Education, "Average Teacher Salaries, 1993-2003." <<http://www.finance1.doe.mass.edu/>> select "Statistical Comparisons" select "Average Teacher Salaries, Massachusetts Public Schools."

Appendix A

BSC Group
Transportation Impact Review Memoranda

Appendix A

BSC Group
Transportation Impact Review Memoranda

To: Judith Barrett
Community Opportunities Group Date: 7/23/04

From: Sam Offei-Addo, PE Proj. No: 2.8164.00

Re: Stoneham Executive Center - Draft Technical Review

BSC Group has been retained by Community Opportunity Group (COG) Inc., on behalf of the Town of Stoneham to perform a technical review of traffic issues relative to a proposed mixed-use development in Stoneham Massachusetts. The proposed project is the redevelopment of the former Boston Regional Medical Center located at Woodland Road in Stoneham.

The Gutierrez Company, the developer, had originally proposed a 790,000 square feet (sf) of office space, including 540,000 sf new space, the reuse of the existing 250,000 sf hospital building, and the continued use of 110,000 square feet of existing medical office condominiums. Gutierrez, through its engineering consultant Vanasse Hangen Brustlin (VHB) had prepared several reports and revisions for the Town and MEPA permitting process. These reports include a Draft Environmental Impact Report (DEIR) (July 2001), Supplemental DEIR (July 2002), and a Final EIR (October 2003).

Since the submission of the Final EIR, the building program has been modified to reduce the size of the proposed office space, and to introduce residential units in the redevelopment of the site. The project as currently proposed, comprise a phased construction of 600 units of apartment, and 350,000 square feet of office space. In addition 110,000 square feet of existing medical office condominiums currently being used will remain operational. It is being proposed that 25 percent of the residential units would be affordable.

BSC was requested to review and comment on a memorandum titled *SEC – Mixed Use Development, Stoneham, Massachusetts*; prepared by Vanasse Hangen Brustlin, Inc. (VHB) dated March 24, 2004. For background and context, BSC met with VHB and also performed a limited review of the DEIR, SDEIR, and the FEIR for Stoneham Executive Center.

Review Findings

General

The VHB memo provides a summary of traffic analysis incorporating changes in the proposed building program from office to mixed-use development. BSC concludes that based on our review, the VHB memo and the EIR reports were generally prepared in accordance with standard traffic analysis methodology.

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Traffic Data

Reference to the DEIR, the traffic count data for the study intersections was collected in 2000-2001. The permitting process for the original proposal has taken some time and as result, the planning horizon and the traffic volume assumptions may no longer be valid. For example, the March 2004 VHB memo utilizes the year 2006 as the future build year. It is recommended that recent counts in the study area, if available, should be used to validate the traffic volumes used in the report. On the other hand, 24-hour Automatic Traffic Counts (ATRs) could be obtained at two roadway locations within the study area, one of the locations being on Woodland Road in the vicinity of the project site. BSC is of the opinion that new traffic counts would not be necessary if the year 2000 traffic counts were within five percent of the current traffic volumes.

Trip Generation

Trip generation estimates contained in the VHB memo are based on the Institute of Transportation Engineers Trip Generation manual for the various phases of the development. The VHB memo presents in Table 1, a comparison between the future No-Build condition representing the “as-of-right” reoccupation of the site, the previous proposed office development, and the current mixed-use proposal. The daily traffic from the proposed mixed-use development is higher than the previously proposed office development. However, during the peak periods, the mixed-use proposal is expected to generate less project related trips. The travel patterns of housing and office uses are “complimentary “ and as Table 1 indicates, the entering and exiting trips associated with the mixed-use development tend to offset each other. Office only developments, however, would have peak hour traffic that is highly directional, with approximately 90 percent traveling to the site during the morning peak hour, and the reverse during the evening peak hour.

Trip Distribution

The trip distribution in the VHB memo was correctly based on the US Census data and reflected separate distribution for residential and office traffic. BSC reviewed journey to work data for residents of Stoneham and agrees with the VHB distribution.

Ravine Road

One of the recommendations of the DCR is to close Ravine Road between Woodland Road and Fellsway East to address cut through traffic issues. The Final EIR provides a “menu of potential cut-through mitigation measures” on Ravine Road. This in depth summary offers a qualitative assessment of three mitigation measures that would “discourage, restrict or prevent” existing and future vehicular traffic from using Ravine Road as a cut-through route. BSC recommends that the proponent undertake a quantitative evaluation of the complete closure of Ravine Road and quantify the impacts on adjacent intersections such as Pond Street and Fellsway East/Wyoming Avenue, and how it might affect the mitigation being proposed under the current roadway network. The Pond Street and Fellsway East/Wyoming Avenue intersection operates at Level of

Service F under the existing and future build conditions and the closure of Ravine Road would worsen traffic operations at this location.

Mitigation

The revised proposed mitigation in the VHB memo has taken into consideration concerns by the DCR not to impact the nature of the parkways. Consequently, several roadway widening/capacity improvements contained in the Final EIR are no longer being proposed. It must be noted that traffic operations at some of these locations, including Route 28/North Border Road/South Road, Woodland Road/South Site Drive, and Fellsway East/Pond Street/West Wyoming Avenue could be impacted in the future as a result of constrained capacity.

Analysis Period for Signals

Proposed mitigation measures were analyzed for the future year 2006. Standard MassHighway practice is to use a 10 to 20-year analysis horizon for traffic signals, thereby providing adequate operational capacity for the foreseeable future. BSC recommends that a 10-year growth horizon be utilized during the design process of the traffic signals and intersection improvements.

Pedestrian and Bicycle Accommodation

The Final EIR describes measures such as sidewalks, crosswalks, pedestrian push-button, and bicycle loops that would be put in place to accommodate the needs of pedestrian and bicyclist. The proponent should confirm that these measures are still part of the proposed mitigation since they would become even more important due to the significant residential uses being proposed at site.

Traffic Monitoring

The Final EIR discussed the implementation of a traffic-monitoring program six months after the construction of the proposed offsite roadway mitigation. The monitoring program, which was prepared for the proposed office development, would involve the collection of ATR and intersection turning movement counts. BSC recommends that the monitoring program should be updated to reflect the proposed phasing of the mixed-use development. In addition the monitoring report should contain remedial action that would be implemented if the project related trips exceeded the permitted threshold. BSC recommends that the Town of Stoneham require the proponent to commit to specific remedial actions including the implementation of appropriate Transportation Demand Management measures to reduce project related traffic

Transportation Demand Management

TDM measures are intended to reduce the volume of traffic by reducing the number of single occupancy vehicles. To that end, the Town of Stoneham, MBTA and the proponent should continue efforts to maintain and enhance public transit services to the site. BSC agrees with the proponent commitment to provide shuttle bus services, if required, but not in competition with MBTA bus services.

To: Judith Barrett
Community Opportunities Group Date: 10/1/04

From: Sam Offei-Addo, PE Proj. No: 2.8164.00

Re: Langwood Commons, Stoneham -
Supplemental Traffic Review

BSC Group, at the request of the Community Opportunities Group Inc., (COG) has reviewed revised trip generation analysis for the proposed redevelopment of the former Boston Regional Medical Center located at Woodland Road in Stoneham. The revised trip generation data was contained in a letter from Vanasse Hangen Brustlin (VHB) titled Langwood Commons, dated September 22, 2004.

According to the VHB letter, the revised redevelopment program will consist of 350 apartment units, 100 condominium units, and 150,000 square feet (sf) of new office space. This will be in addition to the reuse of the existing 250,000 sf of hospital building as office space, and the continued use of the existing 110,000 sf medical office building. Compared to the most recent proposal, the current proposal involves a reduction in the number of apartments/condominiums by 150 units and an increase of the office space by 50,000 sf.

The projected trips associated with the revised mixed-use program, according to the VHB letter, would be less than those of the prior proposal during the morning and evening peak hours as well as on a daily basis. BSC concurs with the VHB trip generation analysis, assuming that the new office space is under the Institute of Transportation Engineers, General Office Land Use Code. BSC also agrees that the directional distribution of the project trips would be altered to reflect the proportion of housing/office components of the development. Since the site drives would experience the greatest impact due to the changes in the directional distribution of the project trips, BSC recommends that the proponent should re-evaluate the capacity analysis for these locations under the Build condition.

We note that in our memorandum dated July 23, 2004, BSC provided comments on a VHB memorandum titled *SEC – Mixed Use Development, Stoneham, Massachusetts*, dated March 24, 2004. The comments included: using a 10-year analysis period for the design of the traffic signals; updating the proposed traffic monitoring program to reflect the current phasing of the project; and performing a quantitative evaluation of traffic impacts on adjacent intersections should Ravine Road between Woodland Road and Fellsway East be closed to prevent cut-through traffic. These and the other comments contained in the BSC memo are still relevant under the revised redevelopment program and should be addressed.

In conclusion, BSC is of the opinion that the mitigation measures identified under the previous mixed-use development would, generally, be suitable for the revised building program. As noted earlier, we recommend that capacity analysis for the site drives be performed for the Build condition with the revised number of project trips.

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Memorandum

To: Judith Barrett
Community Opportunities Group Date: 10/26/04

From: Sam Offei-Addo, PE Proj. No: 2.8164.00

Re: Langwood Commons, Stoneham -
Supplemental Traffic Review

BSC has reviewed trip generation estimates for the latest revision of the building program for the proposed redevelopment of the former Boston Regional Medical Center located on Woodland Street in Stoneham, Massachusetts. The redevelopment program, as currently proposed, will consist of 350 apartment units, 200 condominium units, 250,000 sf of office space, and the continued use of the existing 110,000 sf medical office building.

Trip generation projections prepared by Vanasse Hangen Brustlin Inc., (VHB) in October 2004, were based on the Institute of Transportation Engineers Trip Generation data and traffic counts obtained at the project site in the year 2000. BSC has reviewed the methodology and the calculations and concurs with the projected number of trips associated with the proposed redevelopment.

The VHB analysis shows that the proposed development will generate 8,660 vehicle trips per day, 930 vehicle trips during the morning peak hour, and 960 vehicle trips during the evening peak hour, on an average weekday. These numbers represent a reduction in vehicle trips when compared to previous mixed-use programs proposed for the site. As a result, BSC is of the opinion that the mitigation measures identified under previous mixed-use proposals for the site would be suitable for the revised building program.

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