Hancock Village Development Proposal
Fiscal Impact Analysis Comparison

Prepared for:
Chestnut Hill Realty

Prepared by:

13 October 2010

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13 October 2010

Mr. Jeff Levine
Town of Brookline
Town Hall
333 Washington Street
Brookline MA 02445

Dear Jeff:

Reference: Hancock Village Development Proposal

I am pleased to submit to you the enclosed information for distribution to the Hancock Village Committee. Since our last Committee meeting, we have had our fiscal consultant John Connery (CA) and the town's fiscal consultant Community Opportunities Group Inc. (COGI) analyze the original proposal to develop 466 units of new rental housing on the Hancock Village site. We reviewed the CA report and determined that the project would result in a negative fiscal impact to the Town. Upon receipt and review of the COGI analysis of that proposal which we received at the beginning of June 2010, we developed a new plan that we believe will result in a positive fiscal benefit to the Town and have a negligible impact on the school system when reviewed using either the CA or COGI methodology. We have enclosed a report which details an analysis of the proposed development utilizing both the CA and the COGI methodology. The elements of that report are as follows:

- Analysis of the two original reports based on the original plans and program
- Analysis of the revised plan utilizing the methodology of the COGI report
- The full COGI and CA reports on the original plan
- The CA report on the revised plan
- A graphic plan representing the original plan
- A graphic plan representing the current plan

To accomplish a positive return to the Town and minimally impact the school system we revised the plan to include the following:

- The first two phases of the development will include only 1-bedroom low-rise flats compatible with the look and feel of the existing Hancock Village units and similar in size to the single-family development in the surrounding neighborhood.
- The third phase will consist of a mid-rise structure with 1 bedroom and 2 bedroom units that both consultants identified as a low generator of school age children.
- The final phase of the development will consist of 260 age restricted units which will produce no children and will actually reduce the school age population as it will require the demolition of 14 existing units.

Reference: Hancock Village Development Proposal

- All units in the development will be restricted through a zoning amendment to two occupants per bedroom.
- The entire project will be proposed as rental housing and 15% of the proposed development will be built as affordable housing under the Town's guidelines.
- Parking has been proposed at 1.4 spaces per unit.
- We will build the project with sustainable principals in mind and to improve water quality issues from the existing South Brookline neighborhood that currently flows through the site to the Hoar sanctuary.
- We have reviewed traffic and transportation issues the project may have on the Town and will provide mitigation, if necessary to provide a situation equal to or better than the current level of service.
- We will also be developing a robust transportation management plan to improve transportation options for the new and existing residents of Hancock Village and to the extent feasible will offer those opportunities to the neighborhood as well.

In conclusion, we believe the information enclosed with this cover letter provides the Committee with the information they have requested to evaluate the fiscal impacts of the proposed development program. We hope that this analysis will provide a platform for a serious and cooperative discussion with the committee to facilitate a zoning amendment that the Town and Chestnut Hill Realty can support. We look forward to presenting this plan to you and reviewing the analysis we prepared.

Please contact me should you have any questions. We should discuss the date of the next meeting which we hope can be arranged for some time in late October/early November once the committee has had a chance to review this information.

Sincerely,

STANTEC PLANNING AND LANDSCAPE ARCHITECTURE P.C.

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Attachment: Fiscal Report and Analysis

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Hancock Village Development Proposal
Fiscal Impact Analysis Comparison

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Executive Summary

A comparison of Fiscal Impact Studies by Connery Associates, May 19, 2010 and Community Opportunities Group, Inc., May 30, 2010, and the current Chestnut Hill Realty proposal based on the methodology of those studies.

Chestnut Hill Realty (CHR) is proposing to make a significant investment in Brookline by adding 466 additional apartments on land that is part of Hancock Village in Brookline, MA.

Chestnut Hill Realty's first proposal would have generated a negative fiscal impact on the Town due to the impact on the School System. **Chestnut Hill Realty new proposal when subjected to both their own consultant's, Connery Associates, (CA), methodology and that of the Town's consultant, Community Opportunities Group, Inc., (COGI), generates not only a positive fiscal impact but a minimal impact on the School System.** Much of the discrepancy in the two reports is due to the fact that CA used inflation adjusted dollars and COGI used currents dollars. Please note that any proposal would have 15% of the units set aside to meet the affordable housing requirement of the Town.

ORIGINAL PROPOSAL

- 289 one-bedroom apartments (60%)
- 191 two-bedroom apartments (40%)
- **Total of between 88 -118 new school age children projected**

NEW PROPOSAL

The new proposal decreases the number of apartments available for families thereby decreasing the impact on the school system. The real estate and excise tax revenue stays the same. The building fees stay the same and the other potential municipal impacts stay the same.

- 172 one-bedroom apartments (36%)
- 48 two-bedroom apartments (10%)
- 260 senior restricted apartments (54%) – no school children
- **Total of between 24 new school age children projected**

REVENUE

Construction Fees Revenue

Both CA and COGI agree that the town will receive significant building fee revenue. Some of this will be used to review the proposal over time and some will be available for other town uses.

- CA estimated that one-time construction related fees would be $2,195,000.
- COGI estimated that one-time construction related would be $1,800,000.

Real Estate and Excise Tax Revenue

Both CA and COGI agree that the town will receive significant excise tax and real estate tax revenue.

- CA estimated real estate and excise tax revenue in 2021 to be $1,906,000. *(Inflation adjusted)*
- COGI estimated real estate and excise tax revenue in 2021 to be $1,121,350. (*present dollars)*

COSTS

The school costs are different in each proposal. The other potential municipal costs stay the same.

School cost from the original proposal
Since the project is phased, the cost for 2021 was determined.

- CA projected approximately 88 new students for a total cost of $1,962,576. (*inflation adjusted)*
- COGI projected approximately 118 new students for a total of $1,604,800. (*present dollars*)

School costs from the new proposal

Using COGI methods approximately 24 new students will be generated by the new proposal for a total cost of $326,400 to $376,008.

Other Municipal costs by year 2021

- CA has estimated additional annual municipal costs beyond the schools would be $406,848. *(inflation adjusted)*
- COGI estimates an additional $280,000 would be required for Fire departments personnel costs. *(present dollars)*

SUMMARY

The end result for the COGI analysis and the CA analysis by year 2021 is virtually the same**:**

- **CA report showing annual net revenue of $731,000**
- **COGI analysis indicating annual net revenue of $699,929.**

Comparison Report

Hancock Village Fiscal Impact Studies

A comparison of Fiscal Impact studies by Connery Associates, May 19, 2010 and Community Opportunities Group, Inc., May 30, 2010, and review of the current Chestnut Hill Realty proposal based on the methodology of those studies

13 October 2010

Chestnut Hill Realty (CHR) is proposing to make a significant investment in Brookline by adding 466 additional apartments on land that is part of the existing Hancock Village apartment development in Brookline, MA.

The Town and CHR have been engaged in a planning process since early 2009. The process has involved a series of meetings with the Committee formed to review the project with the Town and meetings with various other Town Boards, staff and Commissions. In that process, CHR prepared a development plan for review by the Town, they also engaged Connery Associates (CA), a consultant who specializes in fiscal impact studies to evaluate the development proposal's impacts on the Town. In order for the town of Brookline to independently evaluate the potential fiscal impacts of the proposal they engaged Community Opportunities Group, Inc. (COGI) to review and explain potential revenue derived from the proposed development as well as the potential costs to the town.

Part one of the analysis that follows compares the two studies explaining the different methodologies and indicating where the studies are in agreement and where there are points of disagreement. The two studies both show a negative fiscal impact to the Town in the latter years of the development.

After reading their consultant's report and then the confirmation by the Town's Consultant, CHR decided to propose a new development plan. In part two of this analysis, we explain this new proposal by Chestnut Hill Realty and provide an analysis using both consultants' methodologies that shows a positive financial impact to the Town and which limits the impact on the School system and the Baker School in particular.

PART ONE
THE ORIGINAL PROPOSAL:

The purpose of the original reports was to provide local officials and residents with an understanding of the fiscal implications of the original ten year phased development program to expand the existing Hancock Village by adding 480 units of new rental housing, while removing 14 existing older

units for a net gain of 466 units, improve the parking and internal circulation system and enhance stormwater and sustainability of the existing site development.

The original proposal was as follows:

- 289 one-bedroom apartments (60%)
- 191 two-bedroom apartments (40%)
- A total of 15% or 72 units will be set aside to meet the affordable housing requirements of the Town.

The dates below represent a draft schedule for completion of construction and total build-out:

- Improvements to surface parking 2011
- 50 one-bedroom units by 2012
- 79 one-bedroom units and 31 two-bedroom units by 2014
- 50 one-bedroom and 50 two-bedroom units by 2016
- 110 one-bedroom and 110 two-bedroom units by 2020

Both CA and COGI used information provided by the Brookline Planning Department, School Department, Department of Public Works, Police Department, Fire Department and Assessor's Office and Chestnut Hill Realty. Both reports are very thorough and contain detailed information about Brookline, fiscal impact methodology, proposed revenue and proposed impacts. CA and COGI used much of the same base information and methodology but came to their conclusions in different ways. The original summaries for each report are included at the end of this document as Appendix A.

Comparing the Reports

The reports have four basic parts: background, potential revenue, potential school costs, and potential additional municipal costs. Of special interest in Brookline are the potential for new public school students and their impact on the school budget. The school system is excellent and the residents want it to stay that way. The proportion of school age children is low compared to other towns of equal quality but it is projected to grow in the next few years. It is understood that Town Meeting ultimately decides how any town revenue is expended. Therefore, all monies designated for individual departments in the reports are estimates.

Please note that CA presented its information in inflation adjusted dollars while COGI presented its information in present dollar values. This accounts for some of the different conclusions and resulting figures. Portions taken directly from either report are in italics.

Brookline Background

Brookline is an exceptionally well-managed town. It has maintained an AAA bond rating from Moody's Investors Service continuously since 1995 – a claim that can be made by only a handful of Massachusetts' communities. Three factors contribute to Brookline's outstanding credit position: its overall financial health, affluence, and conservative debt practices. The Town has a comprehensive financial plan and makes budget decisions in accordance with a series of published financial policies. These policies include an agreement to allocate revenue growth evenly between town departments and the Brookline Public Schools. In many ways, Brookline is the poster child of excellence in local government.

Brookline has reorganized and consolidated services, reduced personnel through attrition and hiring freezes, instituted retirement incentives, raised fees, outsourced some municipal functions, changed its group health insurance plan for municipal employees, controlled wage increases, reducing spending, increased local option taxes, and maintained its reserves. It also has used the override and debt exclusion tools of Proposition 2 1/2 sparingly.

A noteworthy feature of Brookline's approach to financial management is that despite recent fiscal stress, the town remains committed to the high quality of its schools. While school spending may not be the best measure of school quality, it makes a telling statement about the culture of support for public education. Considering all expenses, including both the school budget and appropriations for shared costs such as insurance, building maintenance, employee benefits, and energy costs, Brookline devotes about 55 percent of its operating budget to the schools. Its average per pupil expenditure of $16,847 (FY 2009) – including grant expenditures – ranks highest among fifteen districts with similar characteristics, as reported by the Massachusetts Department of Elementary and Secondary Education (DESE). COGI

Summary of Methodology

Fiscal analyses are traditionally prepared to provide a municipality with an understanding of the fiscal implications of a proposed project with a focus on the

municipal departments that may likely be affected by new growth. As such, a fiscal analysis is generally a projection of the relationship between the municipal operating budget and projected revenues. In this instance the fiscal implications of each phase of the development will be examined as well as the completed (stabilized) proposal. In this manner the Town will be able to determine if at any one point in the development process the project generates the potential for a short term or permanent fiscal loss. CA

Revenue Comparisons

There are three main sources of revenue from this type of proposal, ongoing real estate, excise tax revenue and one-time revenue from building fees. There are smaller sources of revenue that the town receives from other sources such as revolving funds, state aid and monies from fees and licensees. CA uses inflation adjusted figures and COGI uses present value figures to present their information.

Revenue

Contrary to popular understanding, communities have various sources of revenue beyond the real estate property tax. For example, in Brookline the property tax comprises approximately 66% of the annual revenue stream, state aid accounts for approximately 9%, local receipts 21% and other available sources 4%. As noted in the body of the report, the various forms of revenue will be applied, as appropriate; in order to construct an accurate estimate of the relationship between municipal revenue and municipal service costs as the proposal develops. Revenues and costs for municipal water and sewer service are counted as fees paid to the Town into an enterprise account, essentially a pay as you use account. As such water and sewer services do not directly impact the property tax levy in Brookline, as do services such as schools, fire, police, and public works, which are funded directly from general fund. Brookline also has a recreation enterprise account but it does not cover all recreation costs, the report will address this revenue source.

Revenue projections are a combination of the stabilized income method and the improvement value method as appropriate over the ten year estimated project construction period. For this report property taxes are estimated using the current tax rate expanded by a percentage of 2.5% per year while increasing the value of the annual property assessment by 1.5%.

Building Permit fees, a one-time source of revenue, are based on the $20 per $1,000 of construction value plus an additional $1 for other pertinent fee costs

(fees are assumed to be constant over a ten year period); state aid estimates are also based on current levels of assistance for the entire project period, and local receipts reflect the FY 2010 budget estimates with a one percent annual increase per year. CA

Construction Fees Revenue

Both CA and COGI agree that the town will receive significant building fee revenue. Some of this will be used to review the proposal over time and some will be available for other town uses.

CA estimated that one-time construction related fees over the course of the construction period would be $2,195,000.

COGI estimated that one-time construction related fees over the course of the construction period will be $1,800,000.

Real Estate and Excise Tax Revenue

- CA estimated real estate and excise tax revenue in 2021 to be $1,906,000.

  (Inflation adjusted)

- COGI estimated real estate and excise tax revenue in 2021 to be $1,121,350.

  (2010 dollars)

The difference in the two figures indicated above is again a factor of the methodology used in the two studies.

Municipal Costs

All municipal costs vary from town to town. Some departments are more effected than others by new rental units. In this case, it is helpful to have the original Hancock Village to understand the proposed impact using data from a similar housing community next door.

School Costs

The number of new school age children is usually the biggest additional cost than any community will have from a new housing development. The school department has data on the number of students who live at Hancock Village and attend the

Brookline School. There is also considerable data about the generation of school children in different types of rental housing in the greater Boston area.

Variables in determining School Age Children per Unit

Some of the variables to be considered are:

- Size of units – The more bedrooms in a unit, the more likely it is to have children.
- Affordability – Affordable units tend to have more children per bedroom type.
- Price of the unit – more expensive units per bedroom type tends to have fewer children.
- Garden apartments vs. high or mid-rise – garden apartments have more children per bedroom type than high rise.
- The current ratios of students in existing Hancock Village units
- The ratios of students in units in other multifamily developments

Determining School Costs

Both CA and COGI are very conservative in their determination of per pupil costs.

From the information above, both CA and COGI extrapolated slightly different multipliers for each new unit types.

- CA projected 88 new students.
- COGI projected 118 new students.

Once the projected new school age children number was determined both used slightly different per pupil costs.

- COGI used the multiplier of $13,600 per child
- CA used the multiplier of $15,667 per child

Since the project is phased, the cost for the years of 2012 and 2021 was determined.

- CA projected approximately 88 new students for a total cost of $1,962,576 in 2120-2021. *(inflation adjusted)*
- COGI projected approximately 118 new students for a total of $1,604,800 in 2120-2021. (*present dollars*)

The figures above represent the difference in methodology, but also take into account the different per child costs indicated above.

Other Municipal Costs

While other potential municipal impacts costs are of importance and are included in both reports there seems to be more capacity to absorb additional rental units into those budgets.

- CA used a proportional per person cost for additional cost to various town budgets.
- COGI reported that there would be a need for additional fire department personnel and a short term cost to the building department for additional staffing that would disappear when the project was complete, but that other town departments could serve the new residents without additional costs.

According to the existing police and fire records, Hancock Village is a fairly quiet area and makes few demands on public safety.

Overall, there has been a municipal workforce reduction of thirty positions (5 percent) since FY 2003, expressed as full-time equivalents (FTE). Ten of the positions were eliminated in the police and fire departments, reportedly leaving both at staffing levels that existed in FY 1981, when Proposition 21/2 went into effect. However, these recent workforce reductions seem to be part of a longer-term pattern in Brookline. According to one published source, municipal employment in Brookline decreased 16.8 percent between FY 1981 and FY 2009 while school employment rose by 36.5 percent. COGI

In interviews with the Fire Department COGI determined that an additional ladder truck would be required to adequately service the mid-rise buildings at Hancock Village. The Fire Department did not assume that an additional fire company would be required, but that a truck would need to be replaced and relocated closer to Hancock Village. Since the report was prepared the Town has acquired the ladder truck and a second truck is in the capital plan in future years. The Town is studying where these vehicles would be located in the future. CA therefore did not add any additional cost for the fire truck or additional personnel as no additional fire company would be added. COGI also did not add cost for the truck, but chose

instead to add the nominal cost of additional personnel to man the truck.

- CA has estimated that by year 2021, additional annual municipal costs beyond the schools would be $406,848. *(inflation adjusted)*
- COGI estimates that by the year 2021 an additional $280,000 would be required for Fire departments personnel costs. *(present dollars)*

Connery Associates - Summary of Findings

- The proposal is moderately fiscally positive until stabilization occurs in 2021.
- Estimated gross annual revenues (all sources) in 2021 are $1,906,000; and estimated costs are $2,369,424. At stabilization the Proposal will generate an average annual net fiscal loss of approximately $463,000 per year with a *1.24 cost to revenue ratio.*
- By 2021 the Proposal will generate an additional 88 students; approximately 78% or 69 students will attend the Baker School based on students generated existing Hancock Village student enrollment patterns.
- The assessed taxable value for the Proposal in 2021 dollars is approximately $125,000,000.
- The 85% of the proposed market rate units will have rents ranging from 40% to 60% higher than the current market rate units. The 15% of units designated, as affordable housing will be consistent with Brookline's regulations.
- Estimated one-time construction related fees over the course of the construction period is $2,195,000

Community Opportunities Group, Inc. - Summary of Findings

Revenue: *At full build-out, in current (real) dollars, the proposed Hancock Village development would generate approximately $1,121,350 in recurring revenue to the Town of Brookline. This includes approximately $1,020,550 in property taxes and $100,800 in motor vehicle excise taxes. Our report assumes that Brookline will not realize a direct gain in any other sources of General Fund revenue due to the improvements at Hancock Village. Arguably some additional gains are possible, but other revenue sources that may benefit from the expansion of Hancock Village are volatile and very difficult to predict, and they would involve comparatively small amounts revenue growth even under strong economic*

conditions. The notable exception is building permit fees, which, while significant, will provide a temporary benefit to the Town. Short term revenue from building permit fees cannot be treated as an offset to the long term, recurring cost of municipal and school services.

***Expenditures for Community Services:** At full build-out, in real dollars, the proposed Hancock Village development would require an expenditure of approximately $1,884,800 per year. This assumes direct, recurring education costs and the cost of additional personnel in the Brookline Fire Department. The project will place demands on other municipal services as well, but as discussed in our report, we do not believe Brookline will need to increase the capacity of other town departments in order to meet these demands.*

Hancock Village also will have short term impacts on operations such as the Building Department. These impacts will be offset, at least in part, by temporary revenues from the project. If there are needs in other departments that will experience short term or temporary increases in demand, the developer should provide compensatory payments to the Town. Finally, there will be capital improvements required in order to accommodate the new residents at Hancock Village. Our report assumes these needs will be addressed through developer contributions to the Town, most likely as payments secured through a development agreement or, where appropriate, conditions of a special permit.

***Net Revenue:** The Hancock Village development's net fiscal impact on the Town of Brookline, in real dollars at full build-out, is approximately, $763,450. This negative net revenue assumes recurring revenues and costs and excludes temporary and non-recurring impacts. The cost revenue ratio for the project is 1.68, which means that for every $1 in revenue generated by the project; the Town will spend approximately $1.68 on municipal and school services.*

***Debt Service:** Hancock Village will contribute to Brookline's future school space needs. At full build-out, the project will generate about 118 additional public school students, mainly elementary school students. The recently completed school facilities master plan assumes future enrollment growth of 535 students by FY 2019 (2018-2019 school year). Among the plan's assumptions is that on average, Brookline's housing inventory will continue to grow by approximately 67 new housing units per year. Although the facilities plan projections do not account in a direct way for the proposed expansion of Hancock Village, it is inaccurate to assume that all 466 new units at Hancock Village will be in addition to the number of new units considered in the plan's school enrollment forecast. This is because infusing 466 new housing units into Brookline's market is likely to affect production elsewhere. Accordingly, it would be inaccurate to assign to Hancock Village the entire cost of school facility space to serve 118 students. Our report*

acknowledges that Hancock Village will have an impact on school Hancock Village Fiscal Impact Analysis (Rev.) May 30, 2010. COGI

Summary of differences between the two reports:

The key element of the two analyses is that the net revenue lost in the out years will be between approximately $450,000 – 750,000. The difference in the numbers in the two reports lies in three areas, the $250,000 the COGI report believes will be the cost of fire service increases, the $100,000 one time cost for building department fees per year during construction in the COGI analysis and the present value approach used in the COGI report as opposed to the inflation adjusted approach used in the CA report.

PART TWO
THE CURRENT PROPOSAL:

The most significant impact to the Town indicated in both of the studies, was the impact of the number of school age children. Given the Town's current school enrollment issues the fiscal impact on the Town of the additional 88-118 children was only part of the picture. The impact of the additional student enrollment on existing schools could require the Town to spend money on capital improvements or expansion of physical plants at school facilities. With this in mind, CHR revised the proposal for development to minimize the school generation numbers as much as possible. While the school cost drop considerably, the revenue is the same as in the first proposal. The most significant way to accomplish this was to propose an age restricted senior building for the most significant portion of the project. In addition, the number of two bedroom units was reduced significantly and all of the units would continue to be restricted to occupancy of two people per bedroom through a proposed zoning amendment.

The components of the new proposal are as follows:

- 172 one-bedroom apartments (36%)
- 48 two-bedroom apartments (10%)
- 260 senior restricted apartments (54%)

In terms of phasing, the dates indicated below represent estimated completion of construction:

- Improvements to surface parking 2011.
- 104 one bedroom apartments by 2012
- 68 one bedroom apartments by 2014

- 48 two bedroom apartments by 2016
- 260 senior apartments by 2019 (40% one bedroom and 60% two bedroom)

FISCAL ANALYSIS OF THE NEW PROPOSAL:

Connery Analysis:

John Connery produced a report similar to the one he prepared for the original proposal and the complete copy of that report is attached in appendix B of this analysis. The highlights of the report are as follows:

- *At stabilization in 2021, the Proposal will have a cost to revenue ratio of 0.56 and an annual net fiscal benefit of approximately $731,000.*
- *The estimated gross annual revenue in 2021 is estimated at $1,666,177 and the estimated annual service cost is $934,723.*
- *At no point during the 10-year construction program does the Proposal have a negative fiscal profile.*
- *At stabilization in 2021 the Proposal will generate a net of 23 additional students.*
- *School costs represent 57% of all service costs.*
- *The total assessed value of the Proposal in 2021 is approximately $111,000,000.*
- *The 85% of the proposed market rate units will have rents ranging from 40% to 60% higher than the current market rate units. The 15% of units designated, as affordable housing will be consistent with Brookline's regulations.*
- *One-time fees paid over the period of construction comprised of Building Permit and associated fees are estimated to be approximately $2,000,000. This revenue is in addition to the revenues used to estimate the net fiscal position of the proposal.*

The above represents a very positive fiscal picture for the Town as a result of the Hancock Village proposal and the school infrastructure impact is considerably minimized. The total school age children produced by the development are 23, and the bulk of those students are not projected until the out years of the project's ten year build out. The Town will have made planned physical plant

improvements to a number of schools by that time so this minimal enrollment increase should have very minor or no significant impact on the school system.

COGI Analysis:

We have taken the methodology used in the COGI report and applied it to the new proposal. As you can imagine it did produce slightly different results partly as a result of the net present dollar approach and partly as a result of the Fire Department costs associated with the COGI methodology. The results however show a positive fiscal impact on the Town overall, and produce a similar number of school children. We believe the easiest way to show the COGI analysis is through the use of a series of spreadsheets that replicate the methodology of the original report.

Projection of School age Children per Unit Type

Removed Units	1 Bedroom	Two Bedroom	Three Bedroom		Structure Type	Avg. School Children/Unit	New School Age Children	Total School Age Children
104	104	0			Low-rise	0.07	8	8
68	68	0			Low-rise	0.07	5	13
48	0	12		Lower Floor	Mid-rise	1.06	13	26
		36		Upper Floor	Mid-rise	0.22	8	34
-14	-7				Low-rise	0.07	-1	
		-6			Low-rise	1.06	-7	
			-1		Low-rise	1.5	-2	
260	130	130			Senior	0	0	24
TOTAL							**24**	**24**

The spreadsheet above was formulated using the student generation numbers from the COGI report. The 48 unit building that has two bedroom apartments is proposed in the location of the current Gerry Road garage. The first floor of that building is proposed as an at grade parking level. The upper and lower floor calculation for mid-rise buildings was used for this 48 unit building which has 12 two bedroom units on the second floor and 36 units on floor 3-5. ***The total number of students generated by the project is 24.***

Estimated Cost of Increased Student Enrollment

Construction Phase	New Units	Additional Students	Cummulative Students	Additional School Expenditure
2012	104	0	0	$ -
2013		8	8	$ 108,800.00
2014	68	3	11	$ 149,600.00
2015		2	13	$ 176,800.00
2016	48	13	26	$ 353,600.00
2017	-14	-2	24	$ 326,400.00
2018	0	0	24	$ 326,400.00
2019	260	0	24	$ 326,400.00
2020		0	24	$ 326,400.00
2021		0	24	$ 326,400.00

Using the per student cost from the COGI report of $13,800; the table above indicates the total cost per year of the 24 students the project will generate over the ten year development period. The cost projected in year 2021 would be the ongoing cost of increased student enrollment generated by the project going forward into future years.

Fire Department and Building Department Costs

Construction Phase	New Units	Cummulative Units	Fire Department Cost	Building Department Cost	Total Depratment Cost
2012	104	104	$ -	$ -	$ -
2013		104	$ -	$ -	$ -
2014	68	172	$ -	$ -	$ -
2015		172	$ -	$ -	$ -
2016	48	220	$ -	$ -	$ -
2017	-14	206	$ -	$ -	$ -
2018	0	206	$ -	$ -	$ -
2019	260	466	$ 280,000.00	$ 94,500.00	$ 374,500.00
2020		466	$ 280,000.00	$ 94,500.00	$ 374,500.00
2021		466	$ 280,000.00	$ 94,500.00	$ 374,500.00

As explained previously the COGI report expects that the project will require the Town to hire additional fire personnel, and that the additional Building program will require the hiring of building inspectors to facilitate the required review of the project. The costs of these two items are indicated above. However, it should be noted that CHR will pay close to $2 Million in building permit fees to the Town of Brookline. The Fire Department costs would continue into future years, but the Building department costs would end when the project was completed.

Revenue

Phase	Units	% Complete	Commulative Tax Revenue	Excise Tax Revenue	Total Revenue
2012	104	25%	$ 90,600.00	$ 5,460.00	$ 96,060.00
2013	104	75%	$ 254,400.00	$ 21,840.00	$ 276,240.00
2014	68	25%	$ 290,100.00	$ 25,410.00	$ 315,510.00
2015	68	74%	$ 395,772.00	$ 35,977.20	$ 431,749.20
2016	48	25%	$ 420,972.00	$ 38,497.20	$ 459,469.20
2017	48	50%	$ 448,972.00	$ 43,537.20	$ 492,509.20
2018	48	25%	$ 474,172.00	$ 46,057.20	$ 520,229.20
2019	260	25%	$ 610,672.00	$ 59,707.20	$ 670,379.20
2020	260	50%	$ 883,672.00	$ 87,007.20	$ 970,679.20
2021	260	25%	$ 1,020,172.00	$ 100,657.20	$ 1,120,829.20

According to COGI, the annual revenue from the proposal would be $1,120,829. The chart above utilizes the formulas in the COGI report to generate the total revenue projected for the proposed development. The notes explaining the formulas above from the COGI study are as follows:

(a) Real estate taxes at an average of @2,100/unit.

(b) In 2012, real estate taxes have been adjusted to reflect the change in land value triggered by the zoning change. (An increase of approximately $36,000 in land taxes.)

*(c) Motor vehicle excise taxes @ $210/unit (1.4 vehicles * $150).*

(d) In 2019, tax revenue calculation reduced by $22,400 (in real 2010 dollars) to capture the loss of revenue from 14 existing units with average tax payment of $1,600 per unit. The 2019 gain in taxes for new construction is net.

(e) The Town anticipates annual revenue growth of <3% and tax levy growth of ~3% per year through FY 2016. However, to be consistent with Tables 9 and 10, revenues in Table 11 are not adjusted. COGI

Net Revenue

Phase	Recurring Service Cost	Recurring Revenues	Net Revenue
2012	$ -	$ 96,060.00	$ 96,060
2013	$ 108,800	$ 276,240.00	$ 167,440
2014	$ 149,600	$ 315,510.00	$ 165,910
2015	$ 176,800	$ 431,749.20	$ 254,949
2016	$ 353,600	$ 459,469.20	$ 105,869
2017	$ 326,400	$ 492,509.20	$ 166,109
2018	$ 326,400	$ 520,229.20	$ 193,829
2019	$ 700,900	$ 670,379.20	$ (30,521)
2020	$ 700,900	$ 970,679.20	$ 269,779
2021	$ 700,900	$ 1,120,829.20	$ 419,929
2022	$ 606,400	$ 1,120,829.20	$ 514,429

The chart above represents the Net Revenue (the costs subtracted from the revenue in the charts above) the Town should receive on a yearly basis during the ten year build out period of the project and going forward into future years starting in 2022. (The $94,500 yearly cost of additional building department personnel added in the latter years of the project was deleted starting in 2022 as we have assumed the Town would hire that person on a contract basis which would end when the construction was complete). The total net revenue to the Town over the build out period is $1,809,354 using the net present dollar approach of the COGI study, and ***the project will provide an ongoing revenue of $514,429 per year. This is in addition to the $2 Million building permit fees.***

Reconciliation of the CA and COGI reports

A major difference between the CA and COGI study as we indicated elsewhere in this report is the difference inclusion in the COGI report of the Fire Department costs the CA report explains why those costs were not included as follows:

In addition to the annual fire service costs carried on the operating budget, the Fire Chief has made it clear that by the time the 7 story building is in place there needs to be an additional aerial ladder truck with at least a 105 ft ladder in service to service South Brookline. The issue is not that Brookline does not have such equipment but that currently it has only two such 105 ft ladder trucks and they are stationed in North Brookline given building types in that area. The issue, therefore, is one of response time. The Town has recently acquired a third ladder truck, a Quint which is a combination of ladder and pumper, this piece of equipment will initially be housed in Coolidge Corner but may end up at the Reservoir Road Station on Boylston Street. The truck is equipped with a 105 foot ladder. In addition to this new piece of equipment, the Town's capital budget envisions the purchase of a truck in 2018 which would replace another of the Town's standard pumper vehicles with a Quint. If either of these new ladder trucks is located at either the Hammond Street or the Boylston and Reservoir Road fire stations the issue of response time would be mitigated. Accordingly, based on our discussions with the Fire chief the Town is in the process of undertaking a study to determine conditions of each of the stations to house this new generation of fire equipment. The proportional share of said cost assigned to the Proposal is not carried in this report given the projected capital improvement budget for a new fire apparatus by the time the seven story building is under construction and the Town's recent equipment purchase. Further, as with any public safety equipment it is not simply servicing any one location in the Town, it serves the entire community. Accordingly, if there is any

cost associated with the need to upgrade a station to house the new apparatus in the logical proximity to the proposed development, I believe that it should be considered as a one-time cost that can be more logically addressed in an associated development agreement related to the overall project approval. In our discussion with the Fire Chief it was noted that while the ladder would be needed for the reasons indicated above, there would not be a corresponding increase in fire companies nor would the replacement equipment require new staff. CA

If the cost of the additional fire department personnel are removed from the equation, the comparison between the COGI study analysis and the Connery analysis is virtually the same with the Connery report showing a net revenue at the end of the build out of $731,000 and the chart below revising the COGI analysis indicating a net revenue of $699,929 in 2021.

Net Revenue Less Fire Department Costs COGI report

Phase	Recurring Service Cost	Recurring Revenues	Net Revenue
2012	$ -	$ 96,060	$ 96,060
2013	$ 108,800	$ 276,240	$ 167,440
2014	$ 149,600	$ 315,510	$ 165,910
2015	$ 176,800	$ 431,749	$ 254,949
2016	$ 353,600	$ 459,469	$ 105,869
2017	$ 326,400	$ 492,509	$ 166,109
2018	$ 326,400	$ 520,229	$ 193,829
2019	$ 420,900	$ 670,379	$ 249,479
2020	$ 420,900	$ 970,679	$ 549,779
2021	$ 420,900	$ 1,120,829	$ 699,929
2022	$ 326,400	$ 1,120,829	$ 794,429

As indicated above, once completed the project would provide a continuing revenue of $794,429 based on the COGI methodology. This assumes that the Building Department personnel were retained on a contract basis which would end in 2021 when the construction was completed.

CONCLUSION:

Chestnut Hill Realty stated at the beginning of the planning process that they were not interested in proposing a development to the Town that had a negative fiscal impact on the Town. The first proposal did not fit that criteria and would have had a detrimental

fiscal impact on the Town due to the impact on the School System. Chestnut Hill Realty has now proposed a development that when subjected to both their own consultant's methodology and that of that of the Town's consultant generates not only a positive fiscal impact but a minimal or insignificant impact on the School System.

Appendix A
COGI and CA Fiscal Reports for the Original Proposal

HANCOCK VILLAGE FISCAL IMPACT ANALYSIS

May 2010

Community Opportunities Group, Inc.
Boston, Massachusetts

CONTENTS

FISCAL IMPACT SUMMARY

Revenue. At full build-out, in current (real) dollars, the proposed Hancock Village development would generate approximately $1,121,350 in recurring revenue to the Town of Brookline. This includes approximately $1,020,550 in property taxes and $100,800 in motor vehicle excise taxes. Our report assumes that Brookline will not realize a direct gain in any other sources of General Fund revenue due to the improvements at Hancock Village. Arguably some additional gains are possible, but other revenue sources that may benefit from the expansion of Hancock Village are volatile and very difficult to predict, and they would involve comparatively small amounts revenue growth even under strong economic conditions. The notable exception is building permit fees which, while significant, will provide a temporary benefit to the Town. Short-term revenue from building permit fees cannot be treated as an offset to the long-term, recurring cost of municipal and school services.

Expenditures for Community Services. At full build-out, in real dollars, the proposed Hancock Village development would require an expenditure of approximately $1,884,800 per year. This assumes direct, recurring education costs and the cost of additional personnel in the Brookline Fire Department. The project will place demands on other municipal services as well, but as discussed in our report, we do not believe Brookline will need to increase the capacity of other town departments in order to meet these demands. Hancock Village also will have short-term impacts on operations such as the Building Department. These impacts will be offset, at least in part, by temporary revenues from the project. If there are needs in other departments that will experience short-term or temporary increases in demand, the developer should provide compensatory payments to the Town. Finally, there will be capital improvements required in order to accommodate the new residents at Hancock Village. Our report assumes these needs will be addressed through developer contributions to the Town, most likely as payments secured through a development agreement or, where appropriate, conditions of a special permit.

Net Revenue. The Hancock Village development's net fiscal impact on the Town of Brookline, in real dollars at full build-out, is approximately -$763,450. This negative net revenue assumes recurring revenues and costs and excludes temporary and non-recurring impacts. The cost-revenue ratio for the project is 1.68, which means that for every $1 in revenues generated by the project, the Town will spend approximately $1.68 on municipal and school services.

Debt Service. Hancock Village will contribute to Brookline's future school space needs. At full build-out, the project will generate about 118 additional public school students, mainly elementary school students. The recently completed school facilities master plan assumes future enrollment growth of 535 students by FY 2019 (2018-2019 school year). Among the plan's assumptions is that on average, Brookline's housing inventory will continue to grow by approximately 67 new housing units per year. Although the facilities plan projections do not account in a direct way for the proposed expansion of Hancock Village, it is inaccurate to assume that all 466 new units at Hancock Village will be in addition to the number of new units considered in the plan's school enrollment forecast. This is because infusing 466 new housing units into Brookline's market is likely to affect production elsewhere. Accordingly, it would be inaccurate to assign to Hancock Village the entire cost of school facility space to serve 118 students. Our report acknowledges that Hancock Village will have an impact on school

construction debt service in Brookline, but we have separated debt service from community service expenditures and the net revenue calculation for this project. We believe it is premature to determine how much debt service should be assigned to Hancock Village due to the number of unknowns involved. This is discussed in greater detail in our report.

BACKGROUND

Hancock Village is a 789-unit rental development on an 80.8-acre site that straddles the boundary between Brookline and Boston. Most of the land (49.7± acres) and the existing housing (530 units) are located in Brookline. The present owner, Chestnut Hill Realty Trust, plans to redevelop and expand the project by demolishing and replacing fourteen existing units and adding 466 new units in Brookline, for a total of 480 new housing units. The proposed project would be constructed over ten years (at least), substantially as shown in Table 1.

Table 1
Proposed Hancock Village Redevelopment and Expansion

		Unit Size	
Construction Phase	**Total Units**	**1 Bedroom**	**2 Bedrooms**
2012	50	50	0
2014	48	48	0
2014	62	31	31
2016	100	50	50
2019	220	110	110
Total	480	289	191

Source: Joseph Geller to Jeffrey Levine, Memorandum, August 11, 2009.

Note: The 220 units slated for construction in 2019 include the 14 units to be demolished.

Hancock Village was constructed in the late 1940s on a former golf course. Designed and built by the John Hancock Insurance Co. as a low-rise garden village, the development was promoted as a solution to "the serious housing shortage" that existed in postwar Brookline. The project resulted in construction of a new public way, Independence Drive, extending southward from the intersection of Grove Street and Russett and Beverly Roads to VFW Parkway in Boston. Neighborhood commercial uses serving the project are located on the Boston (West Roxbury) side of the property.

Hancock Village currently offers one-, two-, and three-bedroom townhouses in fifty-five residential buildings along a series of drives connected to Independence Drive, Gerry Road, Thornton Road, and Sherman Road (which crosses into Boston). Consistent with an agreement reached by the original developer and the Town, most of the site is open land. Compared with newer multi-family developments in the Boston metro area, Hancock Village is a low-density neighborhood, with a range of eight to thirteen units per acre on the four parcels that make up the Brookline side of the site. This relatively low average density is achieved by clustering the townhouse buildings, landscaping, and leaving large portions of the site undisturbed. Nearby conservation land, cemeteries, and a school yard further reduce the impression of density and intensity of use.

By contrast, the proposed expansion of Hancock Village – which we refer to throughout this report as Hancock Village II – would add 466 multi-family flats and 855 parking spaces to the project in Brookline. Low-rise infill housing is proposed near the lot line closest to the single-family homes along Beverly Road, yet some of the open space buffer that currently defines the edge of Hancock Village would be developed for tenant parking. The owner proposes to

construct taller buildings on the western and southern portions of the site (closer to the Boston city line), together with structured and surface parking.

We think it is critical to note that Hancock Village and Hancock Village II are different projects. If Hancock Village II proceeds as planned, it will change both the visual character of the site and the make-up of the tenant households. The demographic differences will be seen primarily in the characteristics of Hancock Village II households, but the near-doubling of the density on this site could eventually change the tenant mix in the existing townhouses, too. Housing is a product that attracts some markets and discourages others. Although our estimates of the Hancock Village II household population and school-age children take into account conditions on the site today, we have not simply drawn population multipliers from the existing tenant households and applied them to the proposed units. Doing so would be deceptively simple – and methodologically incorrect.

UNDERSTANDING FISCAL IMPACT

The purpose of this report is to estimate the fiscal impact of Hancock Village II on the Town of Brookline. We were not asked to examine the project's fiscal impact on other units of government, notably state revenues and expenditures. In our experience, people have quite different ideas about what a fiscal impact analysis is and the assumptions a fiscal impact analyst should use. It seems appropriate to provide some working definitions, assumptions, and caveats for the benefit of readers.

- **Net Revenue.** Fiscal impact measures the *net revenue gain or deficit* directly associated with a given land use. The relationship between costs and revenue is expressed in a ratio. When the ratio >1.00, total costs exceed total revenues, i.e., a negative fiscal impact.

- **Direct Impacts.** A fiscal impact analysis looks at *direct* cost and revenue impacts. It does not capture other (non-fiscal) types of development impacts or indirect or secondary impacts, including those which may involve a change in municipal costs and revenues.

- **Foreseeable Conditions.** A fiscal impact analysis of a multi-phase development often involves a higher risk of inaccuracy than small or single-phase developments. Despite an analyst's best efforts, sometimes conditions change in ways that could not be foreseen when a project was originally reviewed. If Hancock Village II had been proposed several years ago, many of today's assumptions would have been different: estimates of state aid, local receipts, and free cash, and possibly the Town's own school enrollment projections.

- **Real vs. Nominal Values.** Fiscal impact studies usually report future costs and revenues in today's (current, or real) dollars. Studies of large, multi-year developments and comparison projects, e.g., two alternative land use proposals for the same site or land use prototype studies, often report the net present value of net revenue (the difference between costs and revenues) by using a discount rate to capture the time value of money. All cost and revenue calculations in this report are based on 2010 dollars, extended over the ten-year project completion period that we were asked to consider. For at least two reasons, we did not use nominal (inflation-adjusted) dollars. First, increasing costs and revenues for inflation can mask real change, and second, it is very difficult (and debatable) to forecast longer-term

inflation rates due to the number of variables involved and the unpredictability of the economy. Historic averages are not necessarily a valid indicator of the future.

A fiscal impact analysis should not be the sole - or even the primary - basis for making a major public policy decision. Several caveats need to be considered by readers of this study and any other estimate of the fiscal impact of Hancock Village II:

- **Competing Public Interests.** Some types of development provide social or environmental benefits that matter more to a community's decision-makers and residents than municipal revenues. Hancock Village II exemplifies this challenge. There is no question that Hancock Village II will cost more in services than the total amount of revenue it generates, yet the project offers public benefits, too, notably the provision of affordable housing and the accommodation of new housing units on a site with existing multi-family units.

- **Different Assumptions.** Fiscal impact studies provide an estimate of net revenue based on a series of assumptions. If the assumptions change, the net revenue may change as well. Two practitioners can study the same development and reach different conclusions simply because their analytical models involve different assumptions.

- **Local Policy Decisions.** The conclusions of a fiscal impact analysis do not guarantee that a town will actually commit new revenues to the services that experience new demand. Our task is to identify and quantify a project's net operating impact on municipal and school services, but clearly we do not control decisions made by a community's legislative body. Town meetings make appropriation choices based on local policies and priorities, not on estimates and projections reported by fiscal impact analysts.

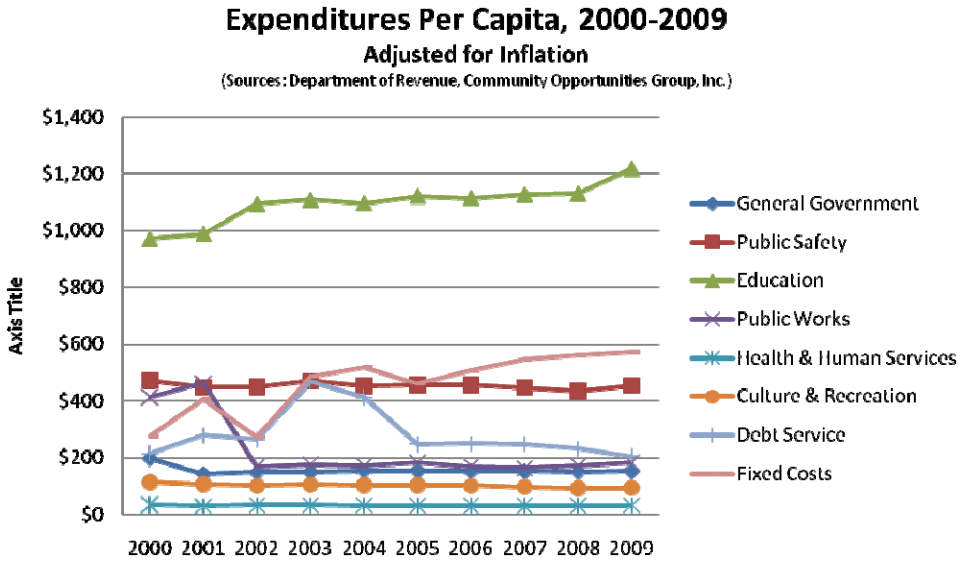
- **Long-Term Variables.** Changes in the economy, technology, state aid policies, and federalism play a significant role in the long-term fiscal impact of development on local governments. For example, the state's abandonment of partial reimbursement for public school transportation means that local governments have changed the way they pay for school bus service. Similarly, the shift in aid policies under the Quinn Bill have forced cities and towns to absorb a cost that was historically subsidized with state revenues. As a result, forecasting the total cost to expand police services today requires a different set of assumptions than those used five years ago. Furthermore, forecasting future revenues before Proposition 2 1/2 was not the same as forecasting future revenues after 1981.

- **Existing Fiscal Conditions.** Standard fiscal impact models do not account well for a town's overall fiscal well-being, yet the real impacts of a project are largely determined by the demographic and financial characteristics and trends of the receiving community. The background information about Brookline's finances and municipal employment history in this report is typically omitted in a fiscal impact analysis; we think it is crucial.

- **Bias.** The history of fiscal impact practice is replete with "advocacy" studies, or models that support a particular conclusion.

- **Causal Fallacies.** In all communities, operating costs increase even without population and household growth. The best example of this is the rapid acceleration in shared or "fixed" costs such as employee health insurance over the past eight or nine years. From Fiscal Year

(FY) 2000 through FY 2009, Brookline's total general fund operating expenditures increased at an average annual rate of two percent per capita, adjusted for inflation. However, fixed costs increased at an average annual rate of approximately thirteen percent per capita.[1]



There are several ways to estimate revenue and service costs. Some models work best for analyzing residential costs and revenue and others are designed primarily for non-residential development. Regardless, all fiscal impact models rely to some extent on existing conditions and assumptions to estimate future outcomes. For example, nearly all non-residential models assume that a proportional relationship exists between the assessed value of a land use and its associated community service costs (the proportional valuation method). Analyzing a residential development such as Hancock Village II can involve one of two approaches: estimating future expenditures by multiplying a population growth increment by current spending per capita (an "average cost" approach), or identifying service gaps that will likely be created or exacerbated by new development and assigning the cost of filling those gaps to the proposed project (a "marginal cost" approach). Both approaches have strengths and limitations, and due to the assumptions they embrace they should never be combined in one study. In general, the marginal cost method generally provides a more accurate look at near-term (five- to ten-year) impacts. For a typical municipal finance horizon, the marginal cost analysis is the preferred tool.

When a fiscal impact analysis is based on a development concept plan, which is usually the case for proposals that involve a zoning change, the results must be treated as approximations. By the time a developer prepares and submits detailed plans for site plan review, a project may have fewer housing units, or the mix of housing units may be somewhat different than the mix shown on the conceptual plan. Similarly, what started out as a proposal for homeownership units may

[1] Commonwealth of Massachusetts, Department of Revenue (DOR), Division of Local Services, "General Fund Expenditures," 2000-2009, *Municipal Data Bank*, http://www.dls.state.ma.us/mdm.htm, and Community Opportunities Group, Inc.

become a proposal to build rental housing. Any of these kinds of changes can make a substantial difference between a positive or negative fiscal impact. For purposes of this report, we have assumed that Hancock Village II will remain a rental housing development because we have no reason to think the form of ownership will change in the near future. However, it is important to point out that the same number of multi-family housing units would have a significantly different impact on Brookline if they were developed and sold as condominiums. The differences would be dramatic, and they would be evident both in service costs and revenues.

FISCAL CONDITIONS IN BROOKLINE

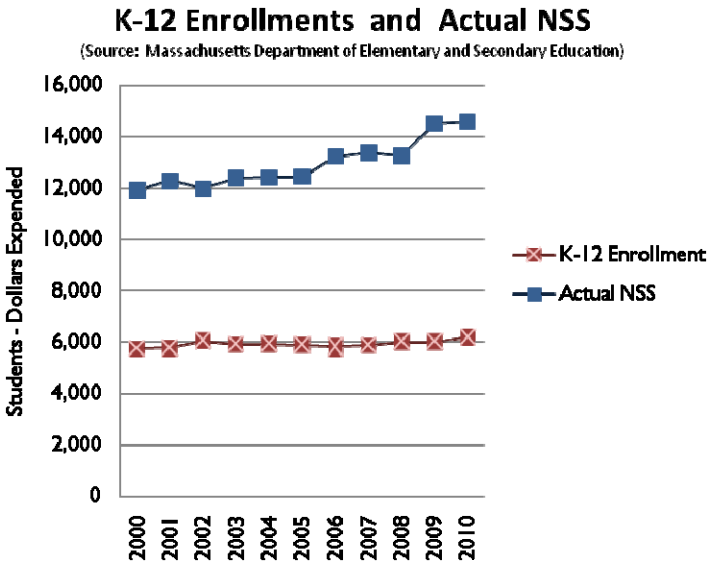
Brookline is an affluent urban center and a very desirable place to live. Its population of approximately 60,000[2] is quite different from that of other inner suburbs around Boston, for Brookline has both the college population characteristics of communities such as Wellesley and Newton and an unusually large share of post-graduates. It also has a large group humorously referred to by some demographers as "web boomers," or people between the ages of 25 and 34. These qualities help to explain why school-age children make up a relatively small percentage of Brookline's total population: slightly less than 12 percent. By contrast, school-age children represent 16 percent of the total population in Newton and 20 percent in Wellesley.[3]

Despite Brookline's small population percent of school-age children, K-12 enrollment in the Brookline Public Schools continues to grow. The irony of suburban sprawl in Eastern Massachusetts is that in the past eight to ten years, K-12 growth rates have increased in Boston's wealthy urban centers – the older, maturely developed suburbs along and inside Route 128 – but this is not the case in many of the former high-growth school districts closer to I-495, where enrollments have reached a plateau or begun to decline. Brookline, Wellesley, Newton, Lexington, Belmont, Winchester, and Needham continue to gain students as housing turnover in these communities attracts young, upper-income families. Not surprisingly, enrollment growth in Boston's core suburbs has triggered an accelerated rate of growth in school spending, both for

[2] According to intercensal population estimates published by the Bureau of the Census, Brookline's population decreased from 57,107 in 2000 to 54,896 in 2008, or -3.9 percent. The American Community Survey (ACS) presents a different picture, for ACS places the town's current (three-year-average) population estimate at 62,225, or a 9 percent *increase*. Since ACS and a proprietary data source, Claritas, Inc., generally agree about Brookline's current population, we have used the ACS estimate to calculate expenditures per capita for municipal services. It is important to note that during the 1990s, the Census Bureau's intercensal population estimates for Brookline also reported a population decline, yet the town's population actually increased 4.3 percent between 1990 and 2000. Further, despite differences between the Census Bureau's decennial census methods and the sampling methods used to generate ACS estimates, the overall demographic profile of Brookline represented in these sources (and by Claritas) is strikingly similar.

[3] U.S. Department of Commerce, Bureau of the Census, American Community Survey (ACS) 2006-2008 Three-Year Estimates, "B01001. Sex by Age." User-defined query for Brookline and nine regional "peer group" communities (Arlington, Boston, Cambridge, Framingham, Lexington, Medford, Newton, Wellesley, and Weymouth). For historic comparisons, see also: Census 2000, Summary File 1, "P12: Sex by Age." For source of peer group communities, see Town of Brookline, *Override Study Committee Final Report* (January 2008).

regular and special education services.[4] In Brookline, for example, total K-12 enrollment growth of 5 percent between FY 2004 and FY 2009 was attended by a 32 percent increase in Actual Net School Spending (Actual NSS) per student (or 17 percent adjusted for inflation). However, the 5 percent increase system-wide masks conditions in the elementary schools, which experienced more rapid enrollment growth of about 11 percent in the same period.[5]



Older built-out suburbs face some unique challenges when they experience waves of population and school enrollment growth. In these communities, growth in demand for municipal and school services sometimes has little to do with housing growth. As a result, the size of the tax base may not change much even though the population grows and exerts more pressure on community services. In Brookline, the total housing inventory reportedly increased by about 720 units between 2000 and 2008,[6] or a modest 2.7 percent, so it is not surprising that new growth revenue fell below the state average, measured as a percentage of each previous year's tax levy, during the same period.[7] For communities like Brookline, the tax base expands in response to incremental changes in land use, such as infill development or intensification of use in older properties (through redevelopment), mansionization, condominium conversions, and one-of-a-kind circumstances such as the conversion of tax-exempt properties to taxable uses. The base also changes if a community approves an override of Proposition 2 ½, as Brookline did in FY 1995 and FY 2009.[8]

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[4] Commonwealth of Massachusetts, Department of Elementary and Secondary Education (DESE), "Long-Term Trends in Individual District PK-12 Enrollment, FY 1989-2009," http://finance1.doe.mass.edu/.

[5] Ibid, and DESE, Chapter 70 District Profile, FY 2000-2010, and Per Pupil Expenditure Reports, FY 2007-2009 Three-Year Comparison, Brookline Public Schools.

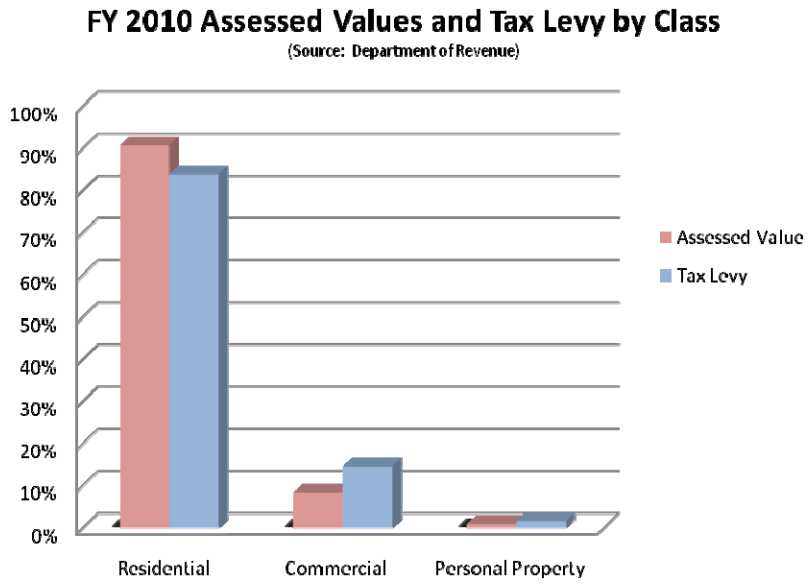
[6] Town of Brookline, Department of Planning and Community Development, "Multi-Family Permitting and Construction Activity Report, 2000-2007 (April 2007), http://www.brooklinema.gov. Note that according to the Bureau of the Census, Brookline has permitted only 330 units since 2000; "Building Permits by County or Place," http://www.census.gov/const/www/permitsindex.html. User-defined query for Brookline, Massachusetts, CY 1996-2008. We have used data published on the town's website because we assume it is more accurate. In addition, the number of housing units arrived at by adding Brookline's data (718 units) to the Census 2000 base of 26,413 produces an estimate (27,131) that is remarkably close to the ACS Three-Year Estimates (27,426).

[7] DOR, "New Growth Applied to the Levy Limit," 1992-2010, *Municipal Data Bank*, and Community Opportunities Group, Inc.

[8] DOR, "Override Votes, FY 1983 to the Present," *Municipal Data Bank*.

TAX BASE

Brookline is a predominantly residential community. It has locally oriented commercial areas in Coolidge Corner and Brookline Village, smaller commercial nodes at Saint Mary's MBTA Station, Chestnut Hill, Washington Square, and Harvard Street (JFK Crossing), and virtually no industrial development. Less than 5 percent of Brookline's land area is used for business purposes, and the combined value of all business properties (including taxable personal property) is just over 9 percent of the town's total assessed valuation.[9] These properties support about 1,600 employers, most of which are retail, professional services, education, or health care establishments.[10]



Brookline is one of 107 cities and towns with a classified or split tax rate, which means the town transfers a portion of the residential tax burden to commercial, industrial, and personal property (CIP) taxpayers. The procedures for establishing a so-called CIP shift are governed by state law, and Brookline transfers at nearly the maximum rate permitted by the Department of Revenue (DOR). As a result, CIP taxpayers generate approximately 16 percent of the total tax levy even though their share of the town's total assessed valuation is much smaller. For example, in FY 2009, the median value of a single-family home in Brookline was $1,017,000 and the homeowner's tax bill was $9,130; by contrast, the median value of a commercial property was $1,015,600, but the property owner's tax bill was $17,590.[11] Brookline also has adopted the residential exemption option (M.G.L. c. 59, § 5C), which allows the town to transfer some of the residential tax burden away from modest, older single-family homes and condominiums to more valuable residential properties: apartments, high-end houses and estates, and summer residences.[12]

Residential condominiums are the largest single class of taxpayers in Brookline. The town has approximately 9,500 condominiums, including both garden-style and townhouse units. Consistent with the town's land use pattern, the vast majority of these units can be found in the

[9] Brookline Assessor's Parcel Map, Level II Data, MassGIS, http://www.mass.gov/mgis/; DOR, "Assessed Values," FY 2009, 2010; and Community Opportunities Group, Inc.

[10] Commonwealth of Massachusetts, Department of Labor and Workforce Development, "ES-202: Employment and Wages," 2008 Annual Data, *Economic Data Programs*, http://www.detma.org/.

[11] Richard J. Kelleher, Brookline Town Administrator, *Town of Brookline FY 2011 Financial Plan*, III-11.

[12] DOR, "FY 2009 CIP Shift and Amount Shifted."

densely settled neighborhoods close to Coolidge Corner and Brookline Village. The entire single-family home inventory is less than half the size of the condominium inventory, measured in number of housing units (about 4,500). Two-family, three-family, and other multi-family properties account for 11 percent of all taxable parcels in Brookline and approximately 43 percent of all housing units. Non-residential taxpayers – including the owners of commercial buildings with upper-story housing – constitute less than 4 percent of the total.[13] In short, Brookline depends primarily on its residents to pay for the municipal and school services that local government provides.

SOURCES OF REVENUE

A crucial element of any fiscal impact analysis is the amount of revenue a development will generate. New developments generate recurring, temporary, and non-recurring revenues and require local governments to make corresponding expenditures. Recurring revenues are those received every year, such as property taxes, motor vehicle excise taxes, and state aid. Temporary revenues are generated in more than one fiscal year, but they do not become part of a project's permanent revenue contribution, e.g., building permit fees.[14] Non-recurring revenues include sources such as special permit or site plan application fees. In a fiscal impact analysis, these classes of revenue should not be co-mingled.

General Fund Revenue. In local government finance, the General Fund is the primary fund used to account for and report revenues and expenditures authorized by the legislative body. For example, it includes all tax revenue raised and appropriated at town meeting. In Brookline, the General Fund makes up about 88 percent of the annual operating budget.[15] For a fiscal impact study, General Fund revenues and expenditures, and General Fund *net revenue* in particular, are the most important factors to consider. This is because activity occurring within the General Fund directly affects the property tax rate.

Table 2
Summary of General Fund Revenue in Brookline, FY 2007-2010

FY 2007	FY 2008	FY 2009	FY 2010 (Estimated)
$184,511,814	$189,738,706	$198,901,422	$204,048,949

Source: FY2011 Financial Plan, I-27. FY 2010 estimated revenue number is adjusted down by $1.2M from FY 2010 Financial Plan.

General Fund revenue consists of:

- Real and personal property taxes;

[13] DOR, "Parcels by Class of Use," FY 2000-2009.

[14] "Temporary" revenue is a fiscal impact term for some types of revenue sources that municipal finance officials typically think of as recurring. Building permit fees are the best example. To a fiscal impact analyst, building permit fees are temporary because the project will not continue to generate them following construction. To a municipal finance official, however, building permit fees are a recurring revenue source because communities receive permit fees every year.

[15] Unless otherwise noted, the sources of local financial data reported in this section are the Town of Brookline's FY 2010 and 2011 Financial Plans.

- State aid;
- Unallocated local receipts (*excluding* receipts accounted for as enterprise revenue);
- Free cash (unexpended funds from previous fiscal years and receipts in excess of the estimates used to establish the current fiscal year operating budget); and
- Other available funds (monies left in other funds and available for appropriation in future years, e.g., the unencumbered balance in a stabilization fund or funds remaining in the overlay reserve and not needed to cover tax abatements).

Property Tax. For wealthy suburbs like Brookline and many of the state's rural towns as well, property taxes make up the vast majority of General Fund revenue. Unlike other aid sources, as discussed below, the property tax is the most predictable revenue source and the most readily controlled by voters. (*See also, Financial Management*.) The property tax includes taxes on real estate and personal property, which generally refers to equipment used in the operation of non-manufacturing businesses. In Brookline, personal property has generated about 1.6 percent of the total tax levy for the past several years.[16]

Table 3
Property Tax Revenue in Brookline, FY 2007-2010

	FY 2007	FY 2008	FY 2009	FY 2010 (Budgeted)	% Change
Total Revenue	$184,511,814	$189,738,706	$198,901,422	$204,048,949	10.6%
Property Tax	$128,871,387	$133,849,950	$146,542,184	$152,681,998	18.5%

Source: FY2011 Financial Plan, I-27. FY 2010 estimated property tax revenue adjusted up by $130,000 from FY 2010 Financial Plan (Original budgeted estimate: $152,552,834.)

State Aid. State aid tends to make up a large share of the budget in lower-income communities and a relatively small share in affluent communities. The largest state aid account is Chapter 70, or aid for public schools. Other state aid sources include funds generated by the state lottery (now called "Unrestricted General Government Aid"), statutory reimbursements for certain types of local tax relief and veterans benefits, aid for public libraries, payments in lieu of taxes (PILOT) for state-owned property, and payments under the Quinn Bill. In addition, when communities carry out a state-approved school construction project, they receive reimbursement for a portion of the construction cost from the Massachusetts School Building Authority (MSBA). Since MSBA reimbursement is a non-recurring revenue source tied to a capital project, it should not be included in an analysis of ongoing operating budget revenues.

Contrary to popular opinion, most state aid is not distributed on a straightforward per capita basis. Rather, aid programs are governed by various statutory formulas that consider factors such as total population, population density, equalized valuation (EQV) per capita, household wealth, municipal revenue growth, or population (and school enrollment) growth rates relative to overall growth in the Commonwealth. In some cases, aid is based on certified costs incurred by a municipality during the previous fiscal year, e.g., tax exemptions and veteran's aid. In Brookline, state aid has contributed a declining share of total General Fund revenue for the past several years, as shown in Table 4.

[16] DOR, "Levies by Class," FY 2000-2009.

Table 4
Revenue from State Aid in Brookline, FY 2007-2010

	FY 2007	FY 2008	FY 2009	FY 2010 (Budgeted)	% Change
Total Revenue	$184,511,814	$189,738,706	$198,901,422	$204,048,949	10.6%
Property Tax	$128,871,387	$133,849,950	$146,542,184	$152,681,998	18.5%
State Aid	$18,023,846	$18,946,277	$17,962,793	$16,536,492	-8.3%

Source: FY2011 Financial Plan, I-27. FY 2010 estimated state aid reduced by $621,000 from FY 2010 Financial Plan (Original budgeted estimate for state aid: $17,157,180.)

Unallocated Local Receipts. The largest source of unallocated local receipts, motor vehicle excise tax revenue, is directly dependent on the number of vehicles registered under a Brookline address. Other sources of local receipts include interest earned on investments, various departmental fees and charges, fines, payments in lieu of taxes from tax-exempt entities, and in Brookline, so-called local option taxes and solid waste disposal fees. In general, several sources of unallocated local receipts tend to be both population-sensitive and vulnerable to swings in the economy. From FY 2007 to FY 2009, local receipts revenue decreased 3.5 percent in Brookline, consistent with trends in many communities throughout the state, largely due to a decline in motor vehicle excise taxes and to a lesser extent (in dollars), building permit fees. As a result, Brookline reduced its local receipts estimate by 9 percent for the FY 2010 operating budget and has assumed a further reduction (2.4 percent) for FY 2011.[17]

Table 5
Local Receipts in Brookline, FY 2007-2010 (Excluding Enterprise Funds)

	FY 2007	FY 2008	FY 2009	FY 2010 (Budgeted)	% Change
Total Revenue	$184,511,814	$189,738,706	$198,901,422	$204,048,949	10.6%
Property Tax	$128,871,387	$133,849,950	$146,542,184	$152,681,998	18.5%
State Aid	$18,023,846	$18,946,277	$17,962,793	$16,536,492	-8.3%
Local Receipts	$23,281,093	$24,524,074	$22,455,149	$20,357,125	-12.6%

Source: FY2011 Financial Plan, I-27. FY 2010 estimated property tax revenue adjusted up by $130,000 from FY 2010 Financial Plan (Original budgeted estimate: $152,552,834.)

Free Cash. In Brookline, free cash rose fairly steadily after the recession of the early 1990s and peaked in FY 2000. Since then, the town's free cash position has been somewhat erratic, ranging from $4.5 to $7 million. By policy, Brookline transfers a modest amount of free cash to reserve funds (including the operating budget reserve) and applies the rest to pay-as-you-go capital improvements. Among other benefits, this policy helps to buffer the operating budget from unpredictable swings in free cash. It also reinforces the town's commitment to capital improvements – a need that too many towns defer year after year, making the cost of some capital projects higher than necessary.

[17] Note: Brookline (like most communities) has historically underestimated local receipts, for actual revenue from local receipts has exceeded the amount budgeted. The resulting surplus (net revenue) contributes to each year's "free cash."

Table 6
Free Cash in Brookline, FY 2007-2010

	FY 2007	FY 2008	FY 2009	FY 2010 (Budgeted)	% Change
Total Revenue	$184,511,814	$189,738,706	$198,901,422	$204,048,949	10.6%
Property Tax	$128,871,387	$133,849,950	$146,542,184	$152,681,998	18.5%
State Aid	$18,023,846	$18,946,277	$17,962,793	$16,536,492	-8.3%
Local Receipts	$23,281,093	$24,524,074	$22,455,149	$20,357,125	-12.6%
Free Cash	$5,387,435	$3,814,792	$5,954,963	$7,053,295	30.9%

Source: FY2011 Financial Plan, I-27.

As if to underscore the challenges inherent in relying on free cash for any purpose, Brookline's free cash available for FY 2011 (as of the beginning of FY 2010) dropped considerably: to $4.6 million. We excluded this from Table 6 because Brookline had not adopted an operating budget for FY 2011 when we conducted our analysis of Hancock Village, but we think it is important to note that free cash, like other non-tax revenue sources, is vulnerable to circumstances that often lie wholly or partially outside of a community's direct control.

Other Available Funds. Brookline captures "other available funds" primarily from inter-fund transfers to the General Fund. Since 2002, all receipts collected from water and sewer ratepayers have been accounted for in an enterprise fund,[18] which means the revenue is legally segregated from the General Fund. However, since Administration & Finance staff manage all transactions associated with the water and sewer fund, the town is allowed to transfer an overhead charge from the enterprise fund to the General Fund. In effect, the water and sewer enterprise provides a modest subsidy for General Fund operating expenses. The same applies to the Golf Enterprise Fund. Similarly, the town transfers money from special (restricted) revenue funds for parking meter receipts, cemeteries, and recreation to the General Fund for the purpose of funding those activities within the operating budget.

The composition of this revenue source has changed quite a bit, largely due to local policies. For example, until a few years ago, Brookline transferred the cost of each year's water and sewer debt service from the enterprise fund to the General Fund and expensed the debt service from there, but this practice changed in FY 2009, accounting for the sharp drop in "other funds" shown in Table 7. Also, the amounts set aside to fund for tax abatements fluctuate from year to year.

Table 7
Revenue from Other Available Funds in Brookline, FY 2007-2010

	FY 2007	FY 2008	FY 2009	FY 2010 (Budgeted)	% Change
Total Revenue	$184,511,814	$189,738,706	$198,901,422	$204,048,949	10.6%
Property Tax	$128,871,387	$133,849,950	$146,542,184	$152,681,998	18.5%
State Aid	$18,023,846	$18,946,277	$17,962,793	$16,536,492	-8.3%
Local Receipts	$23,281,093	$24,524,074	$22,455,149	$20,357,125	-12.6%
Free Cash	$5,387,435	$3,814,792	$5,954,963	$7,053,295	30.9%
Other Funds	$8,948,053	$8,603,612	$5,986,333	$7,420,040	-17.1%

Source: FY2011 Financial Plan, I-27. FY 2010 estimated other available funds adjusted down by $873,000 from FY 2010 Financial Plan (Original budgeted estimate: $8,293,101.)

[18] Town of Brookline, "FY97-FY07 Spending History."

LOCAL GOVERNMENT SERVICES

Brookline is a "full-service" suburb with municipal services delivered by professional staff and other employees. Residents serve as volunteers on many boards and committees, and Brookline still elects a relatively large number of local officials. However, day-to-day service delivery is a staff function in Brookline as is the case in most of the maturely developed communities in Eastern Massachusetts. As a result, Brookline's spending per capita on municipal services is likely to be on the high end of the range for the state as a whole, but roughly similar to spending per capita in other communities like it. This conclusion, albeit general, has been established in other studies as well.[19]

Brookline Public Schools

Brookline has one of the most prestigious school districts in Massachusetts. The Brookline Public Schools provide a K-8 education in eight neighborhood schools, a comprehensive program for grades 9-12 at Brookline High School, and a wide range of special education services, including the Winthrop House alternative high school at the Baldwin School building at Chestnut Hill. The Brookline Early Education Program (BEEP) operates inclusion programs for pre-kindergarten students in all eight K-8 schools as well as Brookline High School, and an inclusion preschool at the Lynch Center. As a participant in the Education Collaborative of Greater Boston, Inc. (EDCO), Brookline also has access to special education programs supported by 20 other school districts in the Greater Boston area.[20] In addition, Brookline is a member of the Metropolitan Council for Educational Opportunity (METCO) and accepts approximately 300 K-12 students from Boston.[21] In the current school year, Brookline's total K-12 enrollment is 6,217.[22]

The K-8 neighborhood school model is a long-standing tradition in Brookline and it seems very important to the community. Due to the school district's excellent reputation and Brookline's appeal to young householders, the town has experienced significant enrollment growth in all of its elementary schools, and some of the schools have reached or already exceed planned operating (functional) capacity. According to enrollment projections supplied by the school department, Brookline anticipates future enrollment growth of 535 students by the 2018-2019 school year, or an 8.6 percent increase in ten years. The vast majority – 412, or 77 percent – are projected to be K-8 students. This assumes that Brookline will continue to serve about 85 percent of its school-age population in the public schools.[23]

Brookline has taken care of its school buildings. In the past fifteen years, the town has carried out several renovation and expansion projects and built a new elementary school. The Edith C. Baker School, located next to Hancock Village, was improved in 2000. Brookline also renovated the Heath School in 1996 and the Lawrence School in 2003-2004, and is currently initiating a $29.1 million improvements project at the Runkle School. In 1994, the former Lincoln School was replaced by a new building with the same name. Since "Old Lincoln" is still available, it will be

[19] See, for example, *Town of Brookline Override Study Committee Final Report* (January 2008), Appendix III.

[20] Educational Collaborative for Greater Boston, Inc., http://www.edcollab.org/.

[21] Brookline Public Schools, METCO Program, Teaching and Learning, http://www.brookline.k12.ma.us.

[22] Brookline Public Schools, "Enrollment Overview," October 2009.

[23] Ibid.

used as temporary school space during the Runkle School renovations project. Brookline plans to upgrade the Devotion School in 2012-2013. The School Facilities Master Plan that Brookline commissioned a year ago (2009) calls for more renovations and the addition of two pre-kindergarten classrooms at the Baker School in 2016-2017, and improvements to other K-8 buildings as well. The estimated cost of all K-8 capital projects is $145 million.[24]

Municipal Services

Brookline offers all of the traditional town services one would expect to find in large, well-established suburb. The following briefly describes these services and their current-year operating budget and capacity, measured in personnel. Unless stated otherwise, dollars and personnel reported in this section reflect General Fund appropriations, i.e., excluding enterprise funds.

Administration & Finance

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$7,813,706	$7,360,231	66.24	-4.4%

Local government in Brookline is headed by a five-member board of selectmen and directed on a day-to-day basis by a professional town administrator. The selectmen have authority over the executive functions of government, issuing licenses and permits, and setting the operating and financial policies that guide the budget process. The town administrator is the chief administrative officer of the town, responsible for carrying out the selectmen's goals and policies, preparing the town's annual financial plan and capital improvements plan, making recommendations to the board for employee hirings, committee appointments, and so forth. Other traditional administration and finance functions in Brookline include:

- *Human Resources*. Serves as the town's personnel department, assisting with employee recruitment and hiring decisions, administers employee benefits, negotiates union contracts, provides management training, and administers and enforces a variety of employment policies.

- *Information Services.* Manages the town's computer infrastructure and applications, provides technical support to town and school department employees, and oversees specialized functions such as Geographic Information System (GIS) databases.

- *Finance Department.* Handles all aspects of financial management: financial accounting, the treasurer-collector (billing, collections, investments, and disbursements), purchasing, and assessing;

- *Legal Department.* Provides in-house town counsel services.

- *Town Clerk.* The official keeper of the record, responsible for elections and voter registration.

[24] MGT of America, Inc., *Public Schools of Brookline Facilities Master Plan* (2009),

Planning and Community Development

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$593,196	$628,455	12.10	-1.5%

Brookline's Department of Planning and Community Development has broad responsibility for planning, zoning, and design review; providing support to the Planning Board, Board of Appeals, and Preservation Commission during the development review process; providing technical assistance and staff support to the Housing Advisory Board, Preservation Commission, and Economic Development Advisory Board; managing the town's $1.6 million Community Development Block Grant (CDBG) allocation and Home Investment Partnership (HOME) funds received from the West Metro HOME Consortium in Newton; and preparing the Five-Year Consolidated Plan, a HUD requirement.

Building Department

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$6,965,036	$6,986,849	33.01	-4.5%

The Building Department's primary responsibility is to protect the public by reviewing construction plans, issuing building, gas, electrical, and plumbing permits, monitoring building construction (including demolition), conducting inspections prior to issuing certificates of occupancy, and enforcing state and local codes. By law, the Building Department is required to conduct annual inspections of certain types of properties, such as public buildings, hotels and restaurants, and nursing homes. In Brookline, the Building Department also oversees maintenance of municipal and school buildings and daily operations of three town facilities (Town Hall, the Health Center, and the Public Safety Building).

Police Department

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$14,680,250	$14,397,219	177.30	-0.8%

The Brookline Police Department, located in the Public Safety Building at 350 Washington Street, is responsible for crime prevention, law enforcement, criminal investigations, parking enforcement, 911 dispatch, community relations and public education, and animal control. It includes a financial management office that serves both the police and fire departments. By far, the Police Department's primary function is patrol, both for enforcement and crime prevention purposes. It currently has 104 FTE patrol officers, reflecting a reduction from 108 as of FY 2009. Under current operating policies, the department has 17 patrol officers on duty during daytime hours, 14 during the evening shift, and 13 overnight.[25]

Last July (2009), the state significantly reduced its support for the "Quinn Bill," legislation that has historically provided a financial incentive to police officers who pursue higher education. Like other cities and towns, Brookline plans to absorb the Quinn Bill funding gap within its own operating budget.

[25] The Police Department also has one officer whose position is funded by a grant.

Fire Department

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$12,280,892	$12,129,414	161.00	-4.2%

The Brookline Fire Department provides fire suppression, fire prevention, and emergency medical services and maintains a full-time training unit. In any given year, the Fire Department responds to about 7,500 calls. It shares headquarters space with the Police Department at 350 Washington Street and operates five neighborhood fire stations: 140 Washington Street (Brookline Village), 665 Washington Street (Washington Square), 49 Babcock Street (Coolidge Corner), 827 Boylston Street (Chestnut Hill), and 962 Hammond Street, which is the closest station to Hancock Village.

All fire stations are equipped with at least one fire engine and various other apparatus. An in-house maintenance division services the department's apparatus. Two stations have ladder trucks, and two other stations house Advanced Life Support (ALS) ambulances for Fallon Ambulance Company, which is under contract with Brookline for emergency medical transport. The Fire Department's firefighters are certified as Emergency Medical Technicians (EMTs) and they also respond to emergency medical calls. However, under the Town's ambulance service contract, Fallon Ambulance Company receives all of the ambulance fees paid by insurance companies, i.e., emergency medical response by Town staff is not offset by any third-party revenues. Finally, the department has statutory responsibility for issuing various fire safety permits, conducting inspections of public buildings, multi-family housing, and facilities such as nursing homes and day care centers, and investigating fires.

Due to budget constraints, the town reduced the number of budgeted firefighters from 121 to 115 in FY 2010. In May 2010, Brookline hired thirteen firefighters, including eleven to fill existing vacancies (budgeted but not staffed positions) and two additional firefighters with federal stimulus funding.[26]

Public Works

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$13,896,651	$12,859,892	134.86	-7.6%

The Department of Public Works maintains the town's infrastructure: roads, water and sewer, cemeteries, parks and public land, and solid waste and recycling facilities. It consists of the following divisions:

- *Highway.* Maintains public roads, provides snow and ice removal, street cleaning, and signage and street lights, and handles routine maintenance of all town-owned vehicles.

- *Engineering.* Manages design, bidding, and oversight of public works projects and provides technical support to the town's Transportation Board.

- *Parks and Open Space.* Maintains all parks, playing fields, and grounds of municipal and school buildings, as well as the town skating rink and public cemeteries.

[26] J. Hilliard, " Brookline Fire adds 13 firefighters, one new truck," *Brookline Tab* [online], May 14, 2010.

- *Sanitation.* Manages solid waste and recycling facilities and services.

- *Water and Sewer Enterprise.* Maintains the town's water distribution system, sewer collection system, and stormwater drainage facilities. Brookline purchases water and sewer service from the Massachusetts Water Resources Authority (MWRA), but the town is responsible for its own infrastructure. The DPW's water and sewer functions are paid for entirely with water and sewer receipts, which are accounted for through an enterprise fund. Accordingly, the town's FY 2010 appropriation of $23,953,37 from the water and sewer enterprise fund and the 40.5 FTE employees in this division of the DPW are in addition to the amounts shown above.

Health and Human Services

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$2,248,680	$2,202,089	26.68	-8.8%

As a fairly large suburb with a diverse population, Brookline offers a comprehensive approach to human services. These services include:

- *Health.* The Brookline Health Department provides environmental, community, and clinical health services, public education, and hazardous emergency response planning. It also is responsible for a wide range of licensing, permitting, and inspectional functions, most of which are required by state law, e.g., food service establishments, day care centers, and housing inspections and housing code enforcement.[27]

- *Veterans Services.* Massachusetts cities and towns are required to provide certain types of assistance to qualifying veterans and their dependents. In Brookline, these responsibilities are handled by the Veterans Services Department, which provides financial aid, assistance with medical bills, and VA program referrals for eligible applicants. The state provides partial (75 percent) reimbursement for the Veterans Department's assistance.

- *Council on Aging.* The Council on Aging serves residents 60 years and over by providing health, recreation, and social programs, meals, transportation, social services, and information and referral. The department's administrative offices and programs are located at the Brookline Senior Center, 93 Winchester Street.[28]

- *Human Relations-Youth Resources.* Brookline has had a Human Relations-Youth Resources Commission for nearly forty years. The Commission's responsibilities include programming and services in intergroup relations, civil rights, and youth advocacy. It has one staff member, the director, who has several civil rights-related duties: affirmative action, Americans with Disabilities Act (ADA) compliance, fair housing, and helping lower-income residents obtain social and financial assistance.

[27] The Health Department also has 5.3 FTE positions funded by a grant.

[28] The Council on Aging has 3.18 FTE positions funded by a grant.

Library

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$3,489,100	$3,461,306	52.75	-1.1%

The Brookline Public Library is overseen by a board of library trustees and managed by a professional library director and staff. It includes the main library at 361 Washington Street and branch library facilities at Coolidge Corner and on West Roxbury Parkway (Putterham), which is close to Hancock Village. The Public Library's holdings include more than 350,000 books, an extensive collection of magazine subscriptions, audiocassette, tapes, and compact discs. Brookline's membership in the Minuteman Library Network (MLN) gives local residents access to the collections of 40 other libraries in the Boston metro area.

In addition to town funding and support from private friends groups, the library receives state grant funds. The grant funds (approximately $40,000) are in addition to the General Fund budget reported above.

Recreation

FY09 Actual	FY10 Budgeted	FY10 Budgeted FTE	FTE Change FY06-FY10
$912,909	$970,754	12.00	-14.3%

Brookline's Recreation Department is overseen by the Parks and Recreation Commission and managed by a professional recreation director and staff. The department is responsible for providing year-round recreation programs for residents of all ages, and toward that end, it has authority to design programs, charge and collect user fees, and recruit, hire, and train program instructors or leaders. Program revenues and expenditures are accounted for through a revolving fund separate from (in addition to) the amounts shown above. The recreation department also maintains and operates the town swimming pools and oversees the operation of the town golf course (Putterham Meadows). All golf course revenues and expenditures are accounted for and reported as enterprise fund activity during the fiscal year, and surplus receipts are transferred to the General Fund at the end of each fiscal year.[29]

FINANCIAL MANAGEMENT

Brookline is an exceptionally well managed town. It has maintained an Aaa bond rating from Moody's Investors Service continuously since 1995 – a claim that can be made by only a handful of Massachusetts communities. Three factors contribute to Brookline's outstanding credit position: its overall financial health, affluence, and conservative debt practices.[30] The Town has a comprehensive financial plan and makes budget decisions in accordance with a series of published financial policies. These policies include an agreement to allocate revenue growth evenly between town departments and the Brookline Public Schools. In many ways, Brookline is the poster child of excellence in local government. To combat the components of structural

[29] The Recreation Department also oversees 13.6 FTE positions under the Recreation Revolving Fund and 9.9 positions under the Golf Enterprise Fund.

[30] DOR, "Moody's Bond Rating: FY 1986-2009," *Municipal Data Bank*. For analysis of credit rating criteria, see Moody's Rating, Brookline, Massachusetts, March 20, 2009 and February 17, 2010.

deficit, Brookline has reorganized and consolidated services, reduced personnel through attrition and hiring freezes, instituted retirement incentives, raised fees, outsourced some municipal functions, changed its group health insurance plan for municipal employees, controlled wage increases, reducing spending, increased local option taxes, and maintained its reserves.[31] It also has used the override and debt exclusion tools of Proposition 2 ½ sparingly.

A noteworthy feature of Brookline's approach to financial management is that despite recent fiscal stress, the town remains committed to the high quality of its schools. While school spending may not be the best measure of school quality, it makes a telling statement about the culture of support for public education. Considering all expenses, including both the school budget and appropriations for shared costs such as insurance, building maintenance, employee benefits, and energy costs, Brookline devotes about 55 percent of its operating budget to the schools.[32] Its average per-pupil expenditure of $16,847 (FY 2009) – *including* grant expenditures – ranks highest among fifteen districts with similar characteristics, as reported by the Massachusetts Department of Elementary and Secondary Education (DESE). (*See Appendix Table A-2.*) Excluding grants, revolving funds, and other sources outside the town's General Fund, Brookline's average per pupil expenditure in FY 2009 was approximately $14,575.[33]

In the past few years, both the schools and town departments have been forced to curb budget increases and in some cases they have absorbed personnel reductions as well. Constrained revenue growth, largely due to the recession, has affected all communities and Brookline is no exception. Slow growth in local aid and more recently, local aid cuts have contributed to this problem, but Brookline has also witnessed a decline in local receipts, e.g., fees for some types of departmental services, licenses and permits, motor vehicle excise taxes, and interest earned on investments. These conditions and others contributed to the elimination of funded positions in many town departments, including public safety (mainly the Brookline Fire Department), administration and financial operations, public works, culture and recreation, and health and human services. Overall, there has been a municipal workforce reduction of thirty positions (5 percent) since FY 2003, expressed as full-time equivalents (FTE). Ten of the positions were eliminated in the police and fire departments, reportedly leaving both at staffing levels that existed in FY 1981, when Proposition 2½ went into effect.[34] However, these recent workforce reductions seem to be part of a longer-term pattern in Brookline. According to one published source, municipal employment in Brookline decreased 16.8 percent between FY 1981 and FY 2009 while school employment rose by 36.5 percent.[35]

But for the predictability of property tax revenue and the town's willingness to pay for quality services, Brookline's fiscal condition would be similar to that of less affluent communities, which rely more heavily on other revenue sources. About 78 percent of Brookline's General Fund revenue comes from the tax levy, and unlike FY 2010, it is the only revenue source that is

[31] Kelleher, *Town of Brookline FY 2010 Financial Plan*, I-2 to I-20 *passim*.

[32] Ibid, II-5.

[33] DESE, Per Pupil Expenditure Reports, FY 2009 State Average Comparison, Brookline Public Schools; and Community Opportunities Group, Inc.

[34] Richard J. Kelleher, *Town of Brookline FY 2011 Financial Plan*, I-6, I-7, I-11.

[35] *Report of the Other Post Employment Benefit (OPEB) Task Force* (June 2009), 5.

expected to increase in FY 2011.[36] The decline in other revenue sources typically used to balance the budget means that Brookline homeowners pay extraordinarily high taxes. In FY 2009 when the most recent Proposition 2½ override went into effect, the median single-family tax bill increased 8.2 percent, to $9,130 – about 2.6 times the median for the state as a whole – and the median condominium tax bill rose 8 percent, to $2,786.[37]

ANALYSIS OF IMPACTS

BROOKLINE PUBLIC SCHOOLS

Brookline officials report that their primary concern about Hancock Village II is the project's potential to trigger significant school enrollment growth. Under the proposed plan – with 289 one-bedroom units and 191 two-bedroom units – we estimate that upon completion and at full occupancy, Hancock Village will house approximately 118 K-12 students over and above the 300± reportedly living there during the 2009-2010 school year.[38] Three factors help to explain the difference between the size of the development's school population today and that of the proposed project:

- Just over half of Hancock Village's current housing units consist of two- or three-bedroom townhouses, but the new project would be composed entirely of garden-style flats, with 60 percent limited to one bedroom.

- The new project includes mid-rise structures (four or more stories), and well over half of the proposed apartments will be located in them.

- The rents for the new market-rate units would be be much higher than rents charged for the existing units.

In any given year, the actual number of school students could easily vary by 8 to 10 percent, i.e., from a low of about 105 students to a maximum of 130. What is unlikely to vary is the age mix of the children. Consistent with Brookline's experience with Hancock Village today, the vast majority of the development's children will be elementary school students, and about half will be in the lower grades (K-4). This kind of profile is fairly typical of multi-family rental developments, though the percentage of elementary students at Hancock Village (78± percent) is somewhat larger than the norm. The explanation for Hancock Village's large population of young children is straightforward: the next-door presence of the Edith C. Baker School. The Korean English Language Learners Program at the Baker School is important to many families at Hancock Village, too.[39] The school's proximity to this development suggests that expanding

[36] DOR, "Revenues by Source" and "General Fund Revenues," FY 2000-2010, *Municipal Data Bank*.

[37] *Town of Brookline FY 2010 Financial Plan*, III-11.

[38] Brookline Public Schools, 2009.

[39] According to DESE, 29 percent of all students at the Baker School are Asian and 35.8 percent are native speakers of a language other than English. The Baker School also houses a system-wide Cognitively

Hancock Village will result in more school-age population growth than one would expect to find in most new rental developments in the Greater Boston area. However, we do not believe the project will generate as many new school students as some people imagine.

Variables Affecting Estimates of School-Age Children

It seems universally true that people associate multi-family housing with scores of families with children. Analysts can arrive in a community equipped with data and case studies that indicate the contrary, and people will still argue that multi-family housing is the straw that threatens to break the school district's back. The concerns about Hancock Village II make sense because the existing development houses such a large share of the children who attend the Baker School. However, we think the Town, the School Department, neighbors, and others with an interest in the fate of Hancock Village need to step back from the proposed project long enough to consider the significant differences between Hancock Village as it exists today and Hancock Village II. The expansion project will obviously have school-age children – and more than Brookline can accommodate at the Baker School – but not as many children as the existing development.

At least three studies of multi-family housing and school-age children have been published in Massachusetts over the past several years. One study relied on older federal census data, and two studies relied upon federal data from two sources – the most recent decennial census and the Census Bureau/HUD American Housing Survey[40] – as well as information obtained directly from school districts and rental housing property managers.[41] In addition, our firm has tracked the number of school students in thirty-two multi-family housing developments every year since 2003 (none directly comparable to Hancock Village). Perhaps the most helpful supplement to all pre-existing sources of data is the Census Bureau's new American Community Survey (ACS), which is already providing "rolling" demographic estimates for larger communities throughout the country and will soon provide the same information at the block group level every year. Some general findings can be gleaned from these sources:

1. Households in new multi-family developments differ from their counterparts in older multi-family developments. The differences range from household size and composition to

Impaired Special Education Program. Most of Brookline's elementary schools have at least one system-wide English language support program or special education program.

[40] The American Housing Survey (AHS) is conducted by the Bureau of the Census for the U.S. Department of Housing and Urban Development (HUD) between federal census periods. Initiated in 1973, the AHS provides detailed housing and household characteristics for all metropolitan areas in the U.S., roughly in six-year intervals. The most recent AHS report for the Boston metro area is based on samples taken in 2007. See U.S. Department of Commerce, Bureau of the Census, American Housing Survey for the Boston Metropolitan Area: 2007, Current Housing Reports H170/07-3, February 2009. Data sets available for use by analysts may be found at HUD Office of Policy Development and Research (PD&R), http://www.huduser.org/datasets/ahs.html.

[41] All three studies were prepared for the Citizens Housing and Planning Association (CHAPA). The studies include Robert Nakosteen, James Palma, et al., *The Fiscal Impact of New Housing Development in Massachusetts: A Critical Analysis* (February 2003); Community Opportunities Group, Inc., *Housing the Commonwealth's School-Age Children* (September 2004); and University of Massachusetts Donohue Institute, *The Fiscal Impact of Mixed-Income Housing Developments on Massachusetts Municipalities: A Report for Citizens' Housing and Planning Association* (May 2007).

household income and employment characteristics. A key factor separating older from new developments is that the former are frequently designed to cater to families. This can clearly be seen at Hancock Village: a low-rise townhouse development offering a mix of housing sizes and plentiful open land.

2. The number of school-age children in multi-family housing is driven primarily by the size of the dwelling units (number of bedrooms) and, in more recent projects, whether the units are subject to age restrictions. For non-age-restricted housing, three-bedroom units almost always attract families with children, including school-age children; two-bedroom units attract a mixed population, including some families with school-age children; and one-bedroom units rarely have older children. Brookline is somewhat different, for data supplied by the town show that at least at Hancock Village, there are school-age children living in some of the one-bedroom units. Compared with the number of children in the two- and three-bedroom townhouses, however, the school-age population in one-bedroom units is very small.[42]

3. In addition to unit sizes, new multi-family developments have a greater or lesser tendency to attract families based on:

   Location. Multi-family developments near schools, playgrounds, or traditional neighborhoods of single-family homes tend to have more students than developments in isolated areas or on the edge of industrial parks, in commercial centers, or near highway interchanges. This finding seems to be corroborated by the fact that Hancock Village has so many young children today: a conspicuously larger school population than one would expect to find in almost any new multi-family development, including townhouse developments. Its location next to an elementary school and so many single-family homes makes the site very desirable for families.

   Density. Higher-density developments tend to have fewer children of any age than lower-density developments. However, this seems to correlate with unit size because very high-density developments are usually dominated by one- and two-bedroom units. As presently configured, Hancock Village is not a dense development. It may be dense compared with the surrounding single-family development pattern, but by current multi-family standards, Hancock Village is, at best, a moderately compact neighborhood.

   Building height. When families with children live in newer multi-family developments, they are far more likely to occupy first- and second-floor units than upper-story units. The taller the building, the less likely it is to generate many children. It makes sense that Hancock Village has so many families with children; the development consists of two-story townhouses.

   School district prestige. Families of all income levels tend to gravitate toward communities with prestigious schools. As a result, sometimes units that would be relatively "child-free" in most towns will have children, including school-age children, if the public school system has

[42] The developer's FIA consultant, John Connery, cross-tabulated a list of student addresses from the Brookline Public Schools with the property manager's rent roll. In our opinion, his conclusions are reasonable. They largely confirm other multi-family housing data that are available from public sources.

an exceptionally strong reputation. This can be seen in a few high-end suburbs around Boston, notably Brookline, Winchester, Lexington, Belmont, and Wellesley.

Other choices in the housing market. Since new multi-family developments are so often designed to discourage family occupancy, families seeking rental housing will choose other options (if available) in the same market area. Units in older, established neighborhoods, such as the small multi-family buildings and rowhouses constructed for factory workers a century ago, tend to have many families even though the units lack the amenities offered by new rental developments. Hancock Village is not century-old housing, but relative to other housing in Brookline – and especially in South Brookline – it is about the only modestly priced choice for families priced out of the market.

Housing costs. In a given market area, the higher the rent, the more likely it is that a renter household will not have school-age children. Older multi-family developments are more likely to house families with children because the rents tend to run below market, and sometimes they are subsidized. Although the existing rents at Hancock Village are not low, they are not as high as prevailing market rents for one- and two-bedroom units in many parts of Brookline.[43] Moreover, they are nowhere near the "luxury" rents anticipated for the proposed one- and two-bedroom units in Hancock Village's expansion buildings.[44] In fact, the proposed rents are not consistent with the rent ranges one finds in family-oriented developments we are familiar with in any Boston-area suburb.

We conducted an extensive literature search in an effort to corroborate our assumptions about the number of school-age children in the proposed buildings. Unfortunately, we found very little existing, readily available information about projects similar to Hancock Village. The development is unique because of its Brookline location, with an elementary school next door and proximity to single-family home neighborhoods, and its low-rise buildings and open space. For most developments in the size range of Hancock Village, the density is much higher; the land use, more intensive; and the setting, more urban and more likely to be composed of mixed uses. The available data for higher-density multi-family housing seems more appropriate for estimating the school-age population at Hancock Village II, but often, the data sets do not account well for the "Brookline factor," i.e., the enviable draw of the Brookline Public Schools.

To compensate for the shortage of data for comparable projects, we considered data from our own project studies, state and national research that we conducted for the Metropolitan Area Planning Council (MAPC) in 2003,[45] and data sets available from HUD's *American Housing Survey*, which are often better suited for a housing impact study than decennial census data published by the Bureau of the Census. However, we also conducted an analysis of household composition using Geographic Information System (GIS) software to study differences in household size and composition at the census block level both in the Boston area and several high-ranking urban and suburban school districts nationally. The districts were selected with

[43] Based on a simple survey of Brookline apartments listed for rent on the internet, February – March 2010.

[44] As reported in a memorandum from Joseph Geller to John Connery, Jeff Levine, "Plan Outline for Fiscal Analysis," August 11, 2009.

[45] *Peer Review of the South Weymouth Naval Air Station Village Center Plan* (January 2005).

basic educational quality and performance indicators in a U.S. Department of Education database because we wanted to focus the relationship between high-achieving schools and multi-family household characteristics. After choosing a range of school districts that offered both highly rated schools and a diverse housing mix, we used GIS to map housing and land use patterns within the districts in order to locate areas or neighborhoods with higher-density development. We focused on these areas for the purpose of drawing school-age population samples. Since census blocks are so small, it is possible to compare neighborhoods by household type and size, householder age, and population age distribution.[46]

Table 8
Estimate of New School-Age Children by Building Type, Hancock Village II

New Units	Structure Type	1BR Units	Average Per Unit	2BR Units	Average Per Unit	Total School-Age Children
50	Low-Rise	50	0.07	0	1.06	4
48	Low-Rise	48	0.07	0	1.06	3
62	Mid-Rise					
	Lower floors	16	0.07	16	1.06	18
	Upper floors	15	0.05	15	0.22	4
100	Mix					
	Lower floors	25	0.07	25	1.06	28
	Upper floors	25	0.05	25	0.22	7
206	Mid-Rise					
	Lower floors	31	0.07	31	1.06	35
	Upper floors	72	0.05	72	0.22	19
466		282		184		118

Source: Community Opportunities Group, Inc.

Notes:

(a) Numbers may not total due to rounding.

(b) The estimate of school-age children is based on the 466 new units that will be constructed on the site, i.e., excluding the 14 units that will be demolished for construction of a seven-story apartment building.

(c) "School-age children" means children between 4 and 18 years.

The research process we pursued for this study largely reinforces the findings listed above. That is, greater density, taller buildings, smaller units (especially one-bedroom units), and high housing costs discourage family occupancy and cause developments to house fewer school-age children than lower-density, low-rise developments with larger units and moderately priced rents. These tendencies exist in every urban area we studied, including areas served by school districts with comparable (or higher) educational quality indicators than those associated with the schools in Brookline. Accordingly, we devised school-age children multipliers for Hancock Village II that relate to the types of structures proposed by the developer and the rent ranges contemplated for this project. As shown in Table 8, we did not use a single multiplier for all units of a certain size.

[46] See Appendix A of this report for a list of the school districts and data sources used to arrive at school-age population multipliers.

Education Costs

To estimate Brookline's cost to educate the children living at Hancock Village II – not including school construction debt service – we used the Town's FY 2010 Actual Net School Spending (Actual NSS) per student, *net of Chapter 70 aid*, as a base cost multiplier ($13,600, rounded).[47] The result is shown in Table 9. The Town's actual cost of education for the children at Hancock Village II may be somewhat higher or lower than the estimate presented in Table 9, but for planning purposes, we believe the build-out cost projection of $1.6 million is reasonable.

Table 9
Estimated Cost of Education, Hancock Village II (FY 2010 Dollars)

Construction Phase	New Units	Additional Students	Cumulative Total, Additional Students	Additional School Expenditures (Cumulative)
2012	50	0	0	$0
2013		4	4	$54,400
2014	110	3	7	$95,200
2015		22	29	$394,400
2016	100	0	29	$394,400
2017		18	47	$639,200
2018		17	64	$870,400
2019	206	0	64	$870,400
2020		10	74	$1,006,400
2021		44	118	$1,604,800

Sources: Chapter 70 Profile, Brookline Public Schools, FY10 Actual Net School Spending (Actual NSS), and Community Opportunities Group, Inc. Numbers may not total due to rounding.

Notes:

(a) These costs are likely to increase at a real appreciation rate (adjusted for inflation) of 1.8 to 2 percent per year, based on Brookline's 10-year historic expenditure trends.

(b) Enrollment growth is staggered because the apartments will not be occupied until the construction of each phase is completed or substantially completed. See also, Table 11.

(c) See Table 8 notes regarding number of units used to estimate education costs.

Actual NSS per student has limitations. First, it can tend to overstate or understate costs because the student population count on which it is based sometimes differs from a school district's actual K-12 enrollment. Second, its use in a study like this assumes that all of the incoming students will be K-12 placements in the home school district and that all students will use school services at the district-wide average. However, some students may need more support services than others, and the possibility exists that a development (regardless of housing type) will have a family with a child whose severe special needs requires an out-of-district placement. Actual NSS does not include out-of-district placements. Third, Actual NSS is a district-wide measure that does not account for differences between elementary and secondary education costs.

Another criticism of Actual NSS or, for that matter, DESE's year-end per pupil cost statistic, is that adding 118 students will not necessarily require Brookline to spend the full amount per student that is currently spent district-wide. Proponents of this view argue that using Actual NSS

[47] DESE, Chapter 70 Profile: Brookline Public Schools; and Community Opportunities Group, Inc.

as a cost multiplier overstates what a school district needs to spend in order to accommodate a given number of new students. We disagree. If anything, using Actual NSS as a constant cost multiplier can mask the effects of real appreciation, i.e., the degree to which spending grows independent of inflation. In Brookline, the ratio of inflation-adjusted increases in Actual NSS per student to rate of enrollment growth has been about 3.6 per year over the past few years, i.e., for every 1 percent growth in enrollments, Actual NSS has increased 3.6 percent. We have not incorporated real appreciation in our future cost *or* revenue multipliers, but we think it is important to point out that costs rise for reasons other than inflation – and for reasons other than school enrollment or population growth.

MUNICIPAL SERVICES

Estimating the cost of recurring municipal service demands for Hancock Village II is one of the more challenging aspects of this study. Though it is tempting to use Brookline's existing expenditures per capita as cost multipliers (in current dollars), much like the approach used to estimate school costs, we are hard-pressed to defend a projection of municipal service costs on that basis. We have seen some estimates like this in Brookline - estimates that suggest the Town spends $3.9 million per year to serve Hancock Village's current population. Without knowing the source or the particular method and assumptions used to create the multipliers, we hesitate to comment on them. However, they create impressions that need to be probed further.

Brookline has added several hundred housing units since 2000 and its population has grown accordingly. Despite the expansion of Brookline's housing inventory and the number of people that local government is expected to serve, the Town has reduced its municipal workforce by some thirty FTE positions in the last five years after increasing employment by approximately eleven FTE positions beginning in the mid-1990s. Doing the same (and perhaps more) with less seems to be a pattern in Brookline and most communities in Massachusetts due to the phenomenon known as structural deficit. Brookline's approach to managing resources in the face of structural deficit is impressive, for the town has taken a comprehensive approach to increasing revenues, controlling costs, and maintaining its commitment both to reserves and capital improvements. Still, as analysts of a new development, we must ask whether an increase of 466 new housing units in the next ten years will cause Brookline to hire more personnel and increase its non-personnel expenditures when the addition of 700± units between 2000 and 2007 was eventually attended by a decrease in budgeted employment.

We do not see how one development with a ten-year phasing plan could fundamentally reverse choices the Town has recently made. This is not to say that Brookline's workforce reductions resulted in optimal operating conditions in any town departments. However, its response to declining state aid, local receipts, free cash, and other sources highlights the hazards of forecasting future costs on the basis of present spending patterns converted to an average cost per person for the population as a whole. Had Hancock Village II been proposed in FY 2005 or 2006, before Brookline eliminated several public safety and public works positions, the average cost per capita used to estimate the cost of police and fire services would have been different from today's cost per capita (adjusted for inflation).

Similarly, all housing types do not generate municipal service demands in the same way or to the same degree. Some services are affected directly and immediately by new single-family home development, yet the same services experience relatively modest demands from new rental

housing. Two examples that come to mind are public library services and recreation programs. In every city and town that we have studied, these services tend to attract larger shares of patrons and participants from owner-occupied housing. Further, single-family homes and condominiums generate one tax bill per unit while rental housing generates one tax bill per parcel. The assessor may experience a workload increase because determining the assessed value of rental property is time-consuming, but the treasurer-collector's job is more likely to be affected by processing payments from multiple homeowners than one payment from a rental housing owner. By contrast, rental housing almost always places more demands than single-family homes on health departments (housing inspections and code enforcement) and public safety personnel.

These general tendencies illustrate that basing a fiscal impact projection on average costs can distort the picture for a project, but they illustrate something more: the average cost per person for *any* municipal service contains an underlying assumption that a community's current population is homogenous, yet this is not true. Average costs per capita can be useful for comparing local government *standards of service*, which is how the federal government and international organizations use this kind of information. However, the average cost per capital is problematic in fiscal impact studies. A second problem with average cost multipliers is their assumption that housing generates the entire demand for community services, yet nonresidential taxpayers and tax-exempt institutions *also* place demands on the same services. Services such as public safety and public works frequently experience more demands from nonresidential development than residential development. In Brookline, we estimate that about 8 percent of the town's operating budget reflects the cost of municipal services to commercial properties.[48] Before a meaningful cost per capita for residential services can be determined, these costs must be deducted from the total appropriation for each category of service.

Direct, Indirect, and Non-Recurring Impacts

Due to the large number of units to be concentrated in one location, Hancock Village II will place unique demands on some municipal services, i.e., demands less likely to occur, or less obvious if they do occur, when housing growth is geographically dispersed. It makes more sense for Brookline to focus on issues unique to Hancock Village because for many town services, cost growth does not always correspond with population or household growth – or, for that matter, with municipal employment growth. Operationally, town services are quite different from school services and this needs to be accounted for in a fiscal impact analysis.

The organizations most likely to experience a noticeable change in demand from Hancock Village II are the public safety departments. There will be public works impacts from Hancock Village II, too, such as added road maintenance triggered by growth in vehicular use of public ways. These types of costs are typically treated as indirect impacts and most fiscal impact studies do not include them. In our opinion, the direct public works impacts from Hancock Village II will be felt primarily as needs for capital improvements such as pedestrian and bicycle accommodation. These impacts should be addressed through a development agreement. They are not matters for the town's operating budget; they are a *development impact* more than a *fiscal impact*.

[48] Robert Burchell and David Listokin, *The Fiscal Impact Handbook* (1987), see Proportional Valuation methodology. Data used to run the model are based on Brookline's FY 2010 assessed values, parcels by class, and General Fund operating budget. See Table A-3.

In addition, there will be intermittent impacts on the Planning Department, the Building Department, the Health Department, and possibly the Assessing Department. In some cases, the impacts will be offset in whole or in part by non-recurring revenue sources, but not always. A development as large as Hancock Village II is not the same as a relatively small or inconspicuous housing project. For town staff, it will involve a more complicated plan review process, more public relations and public information efforts, and more coordination. Hancock Village II has *already* consumed many hours of staff time in Brookline, all at taxpayer expense. There is no generally accepted method of assigning a cost to these kinds of sporadic demands unless the cumulative impact requires hiring additional personnel. This will be the case in the Building Department, temporarily, but it is very unlikely that other departments at Town Hall will have to add personnel as a direct result of Hancock Village.

According to the Town's FY 2011 Financial Plan, "losses due to fire and crime are down" despite the public safety personnel cuts that occurred in FY 2009. There may be a variety of reasons for this, but it seems clear from the Town's own representations that its present public safety capacity is basically adequate to meet existing demands. When we met with staff in October 2009, we did not hear what we thought we might hear: that Hancock Village already places a considerable burden on public safety personnel and the new project would simply exacerbate this condition. Instead, we heard that Hancock Village is in a fairly quiet area and it does not generate an unusual number of public safety calls. We perused the Police Department's blog for evidence to the contrary, and found nothing to suggest that Hancock Village generates more demand than other neighborhoods. In fact, we found so few noted incidents in the vicinity of Hancock Village that the existing project seems to have a *de minimis* impact on Brookline's public safety personnel.[49] We think that while the Police Department will experience a noticeable increase in calls generated from Hancock Village II, there is probably adequate capacity within the department to absorb the demand.

Our meeting with staff did produce some persuasive concerns about municipal services. For example, we heard that Brookline may need fire suppression apparatus to address an incident in a seven-story building in this location,[50] and second, the probability of an increase in emergency medical calls raises concerns about the Fire Department's response capacity, especially in taller buildings. Third, the Building Department does not have sufficient staff to manage plan review and inspections for the later phases of the project. We note that both the Building Department and the Fire Department will also have ongoing inspectional service obligations once the project is built.

[49] Note: our meeting included representatives from the Fire Department, not the Police Department. We did not receive information directly from the Brookline Police relative to Hancock Village. The most readily available source of data is the department's blog. Arguably, the blog does not represent a complete picture of the Police Department's incident response history, but some areas of Brookline appear frequently in the blog and others are rarely if ever mentioned. Hancock Village falls in the latter category. See http://blog.brooklinepolice.com/.

[50] The Brookline Fire Department currently owns two ladder trucks: a 105' ladder truck housed at Station 1 and a 75' ladder truck at Station 5.

Public Safety

Fire Department. Hancock Village II will create some growth in demand for emergency medical services and potentially an increase in fire suppression calls. We assume that by the time the last phase of the project is ready to proceed (the seven-story building), the Town will need another aerial ladder truck - presumably by replacing an existing apparatus - and there will be a Fire Department shift impact (personnel) as well.

The cost of a ladder truck depends on the type, whether it is new or used and refurbished, and how it is equipped. One question is whether a ladder truck, however priced, should be acquired and financed by the Town or acquired by Hancock Village II and donated to the Town as part of a mitigation package. The more important question is whether Hancock Village II has *any* obligation to pay for all or a portion of a new ladder truck for the Fire Department. Brookline has a well-established capital plan policy of rehabilitating ladder trucks every ten years and replacing them every twenty years. If Brookline needs another 110-ft. ladder truck in order to provide adequate fire suppression response at Hancock Village and other properties, presumably the Town would account for this when it replaces Ladder #2 in FY 2015.[51] It should be noted that in the current fiscal year (2010), Brookline replaced an older reserve engine with a Quint: a multi-purpose fire suppression apparatus that includes an aerial ladder. In light of actions that are already underway and planned, we do not see how the Town's cost to purchase a ladder truck can be attributed specifically to Hancock Village II. Our conclusion would be different if Brookline had to accelerate its apparatus replacement schedule because of the project, but we have no evidence that this is the case. According to the town's capital improvements plan, Ladder #2 will be replaced before construction of the seven-story building at Hancock Village II.

If the Fire Department has to respond to more calls, the Town may need to increase its fire suppression and emergency medical response capacity. Under Brookline's local operating policies, staffing an aerial ladder truck requires a four-person team.[52] If the Town funds additional firefighter/EMT positions in order to ensure adequate staffing, the new positions would benefit the rest of the area served by the Hammond Street fire station, too. Hancock Village II will generate demands on emergency services, but the volume of calls will not be so large as to tie up a ladder truck and four firefighters for an entire day. In a situation such as this, assigning the full cost of the additional personnel to one project is not appropriate, yet dividing the cost among all affected property owners implies that other taxpayers will be willing to pay for their "fair share" of the benefit. The true fiscal impact of the "new" costs (whether apparatus or personnel, or both) is the impact on the tax rate of total costs minus Hancock Village's share, based on the project's proportional demand for services. This assumes that Brookline would actually appropriate the funds to hire more firefighters.

According to the Fire Chief, providing enough capacity to staff a ladder truck safely would require a recurring municipal expenditure of approximately $1.4 million per year.[53] Allocating a percentage of that cost to any beneficiary is a debatable exercise, but given the land use pattern in

[51] Town of Brookline, *Capital Improvements Program 2011-2016*, VII-27-28.

[52] Note: staffing four firefighter/EMT positions requires adding five personnel because of coverage for vacation, sick time, training, and so forth. Source: Peter Skerry, Brookline Fire Chief, May 5, 2010.

[53] Ibid.

the area served by the Hammond Street station, we do not think it is unreasonable to assume that as much as 20 percent of the total demand for services would be generated by Hancock Village. As noted before, Brookline recently filled eleven Fire Department vacancies and committed federal stimulus funds to hire two more firefighters. Filling vacant positions is not the same as a net increase in personnel; rather, it brings the Fire Department to its budgeted capacity. The hiring of two additional firefighters "off budget" - that is, with a federal grant - also is not the same as a net increase in personnel. In Brookline's case, given prior-year reductions in force, the two additional hires move toward restoring lost capacity. We think the Town should anticipate that Hancock Village II will have a noticeable impact on Fire Department operations. For planning purposes, the impact should relate to the staffing requirements for a ladder truck due to the height of at least one of the proposed structures. Accordingly, we have applied 20 percent of the cost of a net increase in Fire Department capacity to Hancock Village II, as shown in Table 10.

Building Department. The Building Department has experienced a workforce reduction of 2.62 FTE personnel since FY 2007. Although Hancock Village II is not responsible for restoring capacity in the Building Department to pre-2007 levels, the project is responsible for the demands it will create for plan review and inspections during construction. We assume that at least for the two-story building construction phases from 2012 to 2014 (98 units), the Building Department will be able to manage the workload with existing personnel. As the project moves toward taller, larger buildings in 2014, the Building Department will need additional support. We note that for most large-scale projects we have reviewed, the developers *wanted* to provide funds for additional capacity in the Building Department so they could be guaranteed a quick response when they needed construction inspections.

Hancock Village II will generate a considerable amount of building permit revenue (about $1.8 million over the ten-year construction period) and on one level, this is more than adequate to cover the cost of an additional inspector. One problem with representing another building inspector as an expense offset by building permit receipts is that Town Meeting has to appropriate the funds in May, but depending on the economy and the market, the revenue may not materialize until much later in the same fiscal year (if at all). A second consideration is that building permit receipts, like other unallocated non-tax revenue, flows to the General Fund and cannot be segregated. Third, operating budgets do not carry over from fiscal year to fiscal year. A building permit fee paid in FY 2014 will count as a local receipt in FY 2014 until June 30, 2014, at which point the “surplus” – the amount of the fee exceeding the pro-rated salary of a new building inspector – will become unrestricted revenue and eventually, free cash, which cannot be appropriated until certified by DOR. In short, the timing of local government’s legislative and fiscal cycle and the project’s needs may not coincide as well as some would imagine.

If every construction project could lay claim to the specific FTE capacity it needs for inspectional services, based on its share of building permit revenue, the Town would find it quite difficult to manage its financial and human resources. Brookline will need to make a policy-level decision about this matter because the developer may expect the Town to cover the cost of additional personnel with building permit revenue. For our purposes, we have treated the cost of an additional building inspector as a temporary expense associated with Hancock Village, not an ongoing need of the Town.

Table 10
Estimated Change in Public Safety Costs (FY 2010 Dollars)

Construction Phase	New Units	Cumulative Units	Fire Department (Personnel Costs)	Building Department (Personnel Costs)
2012	50	50		
2013				
2014	110	160		
2015				
2016	100	260		$94,500
2017				$94,500
2018				$94,500
2019	220	480	$280,000	$94,500
2020			$280,000	$94,500
2021			$280,000	$94,500

Sources: Community Opportunities Group, Inc. Cost basis for each category of personnel taken from Town of Brookline FY 2010 Financial Plan.

Notes:

(a) These costs are likely to increase at a real appreciation rate (adjusted for inflation) of approximately 1.2 percent per year, based on Brookline's historic 10-year expenditure trends for public safety.

(b) Unlike Tables 8 and 9, Table 10 reports all 480 units because the demand on the Building Department will be based on construction for the entire project.

REVENUES

Real Estate Taxes. As a rental housing development, Hancock Village II is unlikely to generate the amount of revenue that would be required to match the cost of services used by its residents. The issue is not high service costs; rather, it is the manner in which investment properties are appraised. Hancock Village is currently assessed at $150,000 per unit (rounded), which means the project pays about $1,600 per unit in real estate taxes.[54] Even with the higher rents that Chestnut Hill Realty expects to charge for market-rate units in Hancock Village II, we do not foresee this development paying more than an average of $2,100 per unit in real estate taxes, based on our analysis of the project and a survey of vacancy rates and average taxes per unit for high-end apartment developments in the Boston area.[55] By contrast, the median condominium tax bill in Brookline is $2,853. From a land use perspective, apartments and condominiums are the same use – multi-family housing – but from an appraisal perspective, they are a different product.

[54] Town of Brookline, Assessor's Department, Online Database, http://www.brooklinema.gov/ and Community Opportunities Group, Inc.

[55] The $2,100 figure reported here is a weighted average for market-rate and affordable apartments, assuming the rent ranges provided by the developer. Communities surveyed to establish ranges of taxes per unit for recently built or redeveloped rental housing include Newton, Wellesley, Watertown, Cambridge, Natick, Dedham, and Lexington. We reviewed the tax bills for existing apartment developments in Brookline as well, though many buildings developed for rental occupancy have been converted to condominiums. It is very difficult to locate a rental development comparable to Hancock Village.

Motor Vehicle Excise Taxes. Hancock Village II also will generate growth in motor vehicle excise taxes. For purposes of this review, we assumed 1.4 vehicles per unit, corresponding to the project's minimum parking requirement. The project may also generate some revenues to the Recreation Enterprise Fund and miscellaneous local receipts, e.g., refuse fees, dog licenses, but the effect of these revenues will be *de minimis* because they will either be used to cover corresponding costs or to provide a minor subsidy for general operating costs. As with the need to focus on direct and measurable service costs, we urge the Town to focus on direct and measurable revenues. These include real estate and motor vehicle excise taxes. Any other recurring revenue source that may be associated with the project will be indirect or insubstantial.

Table 11
Estimate of Recurring Revenue Sources, Hancock Village II (FY 2010 Dollars)

Phase	Units	Percent Complete	Cumulative Tax Revenue	Excise Tax Revenue	Total Revenue
2012	50	25%	$62,250		$62,250
2013		75%	$139,950	$10,500	$150,450
2014	110	25%	$197,700	$20,580	$218,280
2015		75%	$370,950	$33,600	$404,550
2016	100	25%	$423,450	$33,600	$457,050
2017		50%	$528,450	$38,850	$567,300
2018		25%	$580,950	$54,600	$635,550
2019	220	25%	$674,050	$54,600	$728,650
2020		50%	$905,050	$66,150	$971,200
2021		25%	$1,020,550	$100,800	$1,121,350

Source: Community Opportunities Group, Inc.

Notes:

(a) Real estate taxes at an average of @2,100/unit.

(b) In 2012, real estate taxes have been adjusted to reflect the change in land value triggered by the zoning change. (An increase of approximately $36,000 in land taxes.)

(c) Motor vehicle excise taxes @ $210/unit (1.4 vehicles * $150).

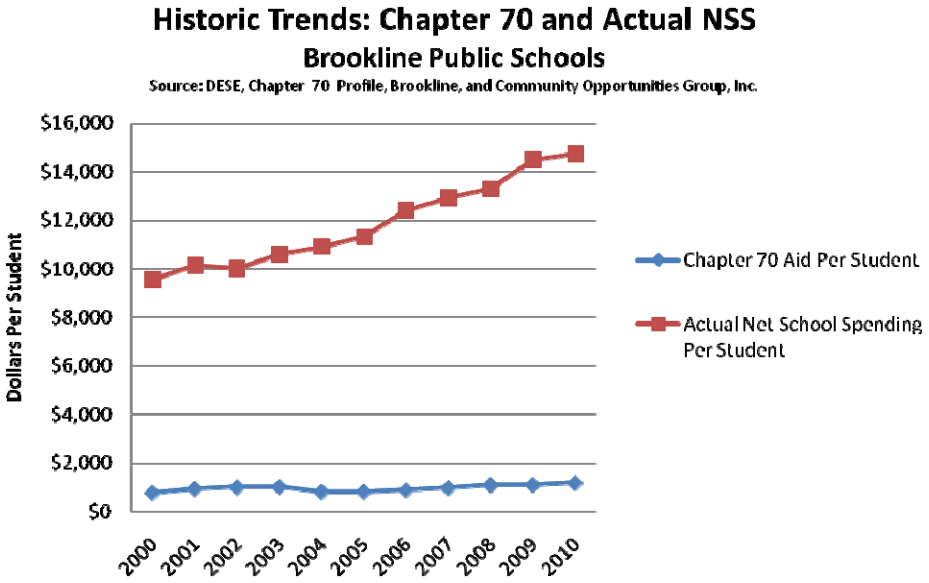
(d) In 2019, tax revenue calculation reduced by $22,400 (in real 2010 dollars) to capture the loss of revenue from 14 existing units with average tax payment of $1,600 per unit. The 2019 gain in taxes for new construction is net.

(e) The Town anticipates annual revenue growth of <3% and tax levy growth of ~3% per year through FY 2016. However, to be consistent with Tables 9 and 10, revenues in Table 11 are not adjusted.

Comments on State Aid. Some may wonder why our analysis omits a factor for state aid, which has historically contributed 8 to 10 percent of Brookline's total operating revenues each year. As previously noted, the major state aid accounts include Chapter 70 and unrestricted local aid. The simple answer is, Chapter 70 aid is not distributed on a per pupil basis and unrestricted local aid is not distributed on a straight per capita basis.

The Chapter 70 calculation is based on a fairly complex formula that ranks all of the Commonwealth's school districts by household wealth, EQV per capita, and local revenue growth. Wealthy communities like Brookline receive a comparatively small amount of Chapter 70 aid, though under current DESE policy, all districts are supposed to be guaranteed Chapter 70 funding at least equal to 17.5 percent of their Education Reform foundation budget (which *is*

calculated on a per-pupil basis). Despite Brookline's net growth in student enrollments over the past several years, Chapter 70 aid has been erratic and slow to increase. By contrast, Brookline has witnessed significant non-school aid reductions in the past two years, yet its population is growing. This is because the state directs local aid to communities with the greatest need, defined in terms of wealth indicators.



Due to the impact of the economy on state revenues, it is widely speculated that unrestricted local aid will decline further in FY 2011 while some modest growth may occur in Chapter 70 aid. We note that Brookline's FY 2011 Financial Plan assumes essentially no change in Chapter 70 aid over FY 2010 conditions, and we are inclined to make the same conservative assumption. Even if the Town's Chapter 70 aid does increase, however, the amount will not be based on a straight per-pupil cost increment. No individual housing development will cause school aid to rise or decline because of the way Chapter 70 aid is calculated.[56] Furthermore, Brookline has no control over decisions the legislature makes to fund the Chapter 70 program. The DESE formula for allocating Chapter 70 aid is only one part of the process by which education aid is provided to Massachusetts cities and towns. Ultimately, the legislature determines the total amount of funding that will be available for DESE to distribute.

In light of this, we need to emphasize that our calculation of additional school costs assumes a FY 2010 per-pupil expense *net* of FY 2010 Chapter 70 aid, calculated per student (approximately $1,180). It would not be fair to calculate Brookline's cost to educate Hancock Village II students without making a deduction for Chapter 70 aid unless we also *add* Chapter 70 to the sources of revenue generated by the project. We cannot do this because Hancock Village II will not "generate" Chapter 70 aid. Although there is some risk of distorting the Town's true cost by treating the Chapter 70 deduction as an average per student, we do not think the distortion - if any - is substantial.

[56] Note: An exception would be housing built in an approved Chapter 40R district.

NET REVENUE

Hancock Village II will generate a modest revenue surplus until households begin to occupy the two-bedroom units introduced during the second phase of the project, i.e., between 2015 and 2016. For the first few years of construction, project revenues will track ahead of project costs due to the difference between Hancock Village's obligations to the Town and actual occupancy of the new housing units. The two-bedroom units in the 2014 and 2016 phases of Hancock Village II have an immediate, permanent impact on the development's fiscal position. Even though the number of school-age children in Hancock Village II is relatively small, it is enough to change the project's service demands to a negative revenue position.

Table 12
Fiscal Impact, Hancock Village II – Recurring Costs and Revenues (FY 2010 Dollars)

	Cumulative 2012-2021		
Phase	**Recurring Service Costs (Education & Fire)**	**Recurring Revenues (Real Estate & Excise)**	**Net Revenue**
2012	$0	$62,250	$62,250
2013	$54,400	$150,450	$96,050
2014	$95,200	$218,280	$123,080
2015	$394,400	$404,550	$10,150
2016	$394,400	$457,050	$62,650
2017	$639,200	$567,300	-$71,900
2018	$870,400	$635,550	-$234,850
2019	$1,150,400	$728,650	-$421,750
2020	$1,286,400	$971,200	-$315,200
2021	$1,884,800	$1,121,350	-$763,450

Source: Community Opportunities Group, Inc.

Notes:

(a) Service costs are from Tables 9 and 10.

(b) Revenues are from Table 11.

(c) Expenditure and revenue decreases between 2019-2022 reflect cessation of building permit fees and additional building inspector.

Discounted over ten years at 1.5 percent (real, not nominal, interest rate),[57] the net present value of the fiscal benefits (surplus revenue) and costs (deficit revenue) is -$1,263,960.

Throughout the construction process, Hancock Village II will generate approximately $1.8 million in building permit fees (assuming the developer's construction cost estimate). This is obviously enough to cover the Town's cost for additional inspectional services support, which could be as high as $567,000.[58] The issue is whether the funds will be available for appropriation when the

[57] Congressional Budget Office, Economic and Budget Outlook: Fiscal Years 2010-2020 (January 2010), http://www.cbo.gov/ftpdocs/108xx/doc10871/BudgetOutlook2010_Jan.cfm, and Consensus Economics, Inc.

[58] This assumes an additional full-time building inspector, including the Town's cost of employee benefits, over six years, beginning with construction of the second phase and ending at substantial completion of the final phase.

Town needs to hire an additional building inspector. If the project goes forward, we recommend that the Town obtain a commitment from the developer to fund the first year of additional inspectional services support, i.e., in addition to building permit receipts. It should be possible to carry the position(s) with building permit fees in subsequent years.

SCHOOL CONSTRUCTION DEBT SERVICE

There is no question that the most difficult aspect of analyzing Hancock Village II involves the School Department's facility space needs. The Town already expects enrollment growth of some 535 school students in the next ten years, including 412 K-8 students, roughly coinciding with the construction phases for Hancock Village. To accommodate this anticipated enrollment growth, Brookline faces a capital improvements program of some $145 million.

According to data from the Massachusetts School Building Authority (MSBA), the cost to build new elementary schools has been about $35 million in the past few years. On average, elementary school construction costs in Eastern Massachusetts have ranged from $225 to $275 per square foot.[59] The town could use these figures to arrive at an order-of-magnitude capital cost impact for Hancock Village II, but we do not recommend it, first because there are many unknowns and second, the average experience of other districts may have little relationship to the school facility expectations of Brookline voters. The School Superintendent estimated that a new K-8 facility in Brookline could run as high as $45 million, and staffing the building would add $8-$9 million to the school department's annual operating budget. Even with a 41 percent reimbursement from the Massachusetts School Building Authority (MSBA), the 20-year debt service for Brookline's net cost to build a new school would be approximately $1.9 million per year. Furthermore, the recently completed school facilities master plan promotes expanding and improving the existing K-8 buildings over new construction for reasons of cost and lack of land for a new school site. A new school does not seem like a realistic option.

Our role is not to question the School Department's enrollment or space needs projections. However, it is methodologically unsound at best, and dubious public policy at worst, to argue that one multi-family development's school children would be the sole cause of needing to construct a new K-8 building, to initiate a significant redistricting plan, or to revisit ideas about a middle school and elementary grade reconfiguration. To make a case for any of these claims, one would have to assume that all of the proposed units at Hancock Village II are in addition to Brookline's average annual housing growth of 67 units and that all 118 new school-age children are in addition to the projected growth of 535 students. The more likely scenario is that while Hancock Village II will cause annual housing growth to accelerate in Brookline, some of the project's new units are already accounted for within the historic 67-unit-per-year average cited in the school facilities master plan, and some of its 118 school-age children are already accounted for in the ten-year projection of 535 new students.

[59] See Massachusetts School Building Assistance Authority, http://www.massschoolbuildings.org/. "New" elementary schools include all new construction as well as projects that include both renovation of existing schools and expansion. An online survey of new elementary schools in twelve Eastern Massachusetts communities suggests that construction costs have ranged from $225 to $313 per sq. ft. The communities include Peabody, Needham, Boston, Framingham, Hingham, Lowell, Acton, Woburn, Waltham, North Reading, Dedham, and Billerica.

The Town needs to make some policy decisions about how school construction costs should be assigned to Hancock Village II. Other new housing units will be constructed in the same period that Hancock Village II proceeds, and they also will contribute to the need for additional school space. Debt service for school plant improvements has to be allocated across all of the housing that generates demand for classrooms and teachers; it cannot be assigned to one development. Hancock Village II does present a unique dilemma – the Baker School site has finite capacity for expansion – but if the building is renovated to accommodate K-8 enrollment growth of 103 students by 2018-2019, it would not be fair to say that all of the new capacity is already set aside for children from other housing units. Unfortunately, this would be the effect of saying that Hancock Village II will create school space needs above and beyond the space projections identified in the school facilities master plan.

APPENDIX

Table A-1
School Districts for Mid-Rise Housing Demographic Data

District	Data Sources
Arlington, VA	Arlington County GIS Bureau of the Census Cartography Library (City of Arlington) Census 2000 PUMS American Housing Survey Washington, DC-MD-VA MSA, 2007 American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
City of Alexandria, VA	City of Alexandria Maps and GIS Bureau of the Census Cartography Library American Housing Survey Washington, DC-MD-VA MSA, 2007 American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
Fairfax County, VA (Falls Church, Springfield, Mount Vernon, Vienna; Fairfax County Public Schools Clusters 1, 2, 4, 5, and 6)	Fairfax County GIS Census 2000 PUMS Bureau of the Census Cartography Library American Housing Survey Washington, DC-MD-VA MSA, 2007 American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
Syracuse, NY	City of Syracuse MIS/GIS Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
Richmond, VA	City of Richmond Geographic Information Services Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series, Richmond (city) and Richmond MSA
Montgomery County, MD (Districts 1, 6, 7, 10)	Montgomery County GIS Census 2000 PUMS Bureau of the Census Cartography Library American Housing Survey Washington, DC-MD-VA MSA, 2007 American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
Madison, WI	City of Madison Geographic Information Services Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series, Madison WI

Table A-1

School Districts for Mid-Rise Housing Demographic Data

District	Data Sources
Durham, NC	City of Durham GIS Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series, Durham, NC
West Lafayette, IN	Tippecanoe County Geographic Information Services Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series
Hamilton Southeastern Schools (Fishers, IN)	City of Fishers, IN GIS Census 2000 PUMS Bureau of the Census Cartography Library American Community Survey Three-Year Estimates, 2005-2007 and 2006-2008 Series, Fishers IN

Table A-2
Comparison School Districts

School District	Type	EQV Per Capita (FY08)	State EQV Rank	Median Household Income (2000)[a]	State Income Rank	Overall Wealth Rank	Average # Students[b]	Total School Spending[c]	Cost Per Student[d]
Brookline	K-12	$268,401	39	$66,711	87	63	6,394	$107,711,615	$16,847
Lexington	K-12	$272,328	37	$96,825	18	28	6,332	$97,304,949	$15,368
Andover	K-12	$219,674	67	$87,683	29	48	6,286	$82,484,113	$13,122
Needham	K-12	$257,604	46	$88,079	27	37	5,225	$67,681,744	$12,955
Natick	K-12	$204,555	77	$69,755	74	76	4,884	$63,132,997	$12,926
North Andover	K-12	$170,943	117	$72,728	62	90	4,732	$51,804,134	$10,949
Reading	K-12	$171,209	116	$77,059	49	83	4,479	$48,114,269	$10,742
Marshfield	K-12	$192,745	89	$66,508	89	89	4,829	$49,471,387	$10,244
Chelmsford	K-12	$159,148	131	$70,207	71	101	5,811	$59,396,144	$10,221
Westford	K-12	$182,453	100	$98,272	15	58	5,338	$54,185,705	$10,151
Franklin	K-12	$157,554	134	$71,174	64	99	6,719	$67,253,926	$10,010

Source: Massachusetts Department of Elementary and Secondary Education, 2010.

Notes:

(a) Median household income based on Census 2000.

(b) Average # Students includes students in out-of-district placements.

(c) Total school spending includes both Town appropriations and off-budget spending from federal or state grants, and non-departmental costs, e.g., employee benefits and general liability insurance. In addition, it includes a portion of the municipality's administration and finance costs that relate to the schools, such as payroll processing, audit, and so forth.

(d) Cost per student refers to all sources of revenue to the schools: local, Chapter 70, and off-budget sources (grants and certain revolving funds).

Table A-3

Methodology for Estimating Cost of Nonresidential Services and Per Capita Cost of Residential Services, FY 2010

Methodology Component *(Proportional Valuation)*	**FY10 Appropriation (Rounded)**	**Departmental Group** *(Category of Service)*	**FY 10 Appropriation (Rounded)**	**Percent Nonresidential (Estimated %)**	**Nonresidential Share (Rounded)**	**Residential Share (Rounded)**	**Residential Service Costs Per Capita**
A. Total Operating Budget	$187,490,395	General Government	$7,360,000	10.0%	$1,552,000	$5,808,000	$97
B. School Budget	$68,823,845	Public Safety	$33,513,000	45.0%	$6,983,000	$26,530,000	$442
C. Fixed Costs Share	$28,745,000	Education	$68,824,000	0.0%	$0	$68,824,000	$1,147
D. Debt Service Share	$8,801,000	Public Works	$12,670,000	30.0%	$4,655,000	$8,015,000	$134
F. Estimated Municipal Expenditures	$81,120,550	Health & Human Services	$1,100,000	1.0%	$155,000	$945,000	$16
G. Non-Residential Real Property Value	$1,249,969,700	Library	$3,461,000				
H. Total Real Property Assessed Value	$14,703,432,300	Health & Human Services	$2,202,000	0.0%	$0	$2,202,000	$37
I. Ratio (G/H)	0.09	Recreation	$971,000				
J. Non-Residential Parcels	482	Debt Service	$12,572,000	6.0%	$931,000	$11,641,000	$194
K. Total Parcels	17,007	Fixed Costs	$41,064,000	8.0%	$1,241,000	$39,823,000	$664
L. Average Value: Non-Residential Parcel	$2,593,298	Other	$3,753,000	0.0%	$0	$3,753,000	$63
M. Average Value: All Parcels	$864,552	Operating Budget	$187,490,000	100.0%	$15,517,000	$167,541,000	$2,792
N. Ratio (L/M)	3.00						
O. Refinement Coefficient	2.25						
P. Nonresidential Expenditures (F*I*O)	$15,517,000						
Q. Residential Expenditures (A-P)	$171,973,395						
R. Nonresidential Percent (P/A)	8.3%						

Sources: Center for Urban Policy Research, Rutgers University; Town of Brookline FY 11 Financial Plan, and Community Opportunities Group, Inc.

Notes:

(a) Numbers may not total due to rounding.

(b) Assessed values for G and H represent real property only, i.e., excluding the assessed valuation of personal property.

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Hancock Village

Brookline Massachusetts

A Phased Development Program

A Fiscal Impact Analysis

May 27, 2010

1.0 Preface

This report has been prepared for Chestnut Hill Realty **(**CHR**)** as part of the Hancock Village Committee review process to consider additional development on the property located off Independence Drive in the Town of Brookline Massachusetts generally known as Hancock Village. Assistance was provided by the Brookline Planning Department, School Department, Department of Public Works, Police Department, Fire Department and Assessor's Office. The conclusions and findings are those of John W. Connery the report author.

The objective of the report is to provide local officials and residents with an understanding of the fiscal implications of a ten year phased development program to expand the existing Hancock Village by adding 480 units of new rental housing, while removing 14 existing units and improving the parking and internal circulation system (Proposal).

In terms of unit types the proposal is as follows:

- 289 one bedroom apartments (60%)
- 191 two bedroom apartments (40%)

In terms of phasing, the dates indicated below represent completion of construction:

- Improvements to surface parking 2011.
- 50 one bedroom units by 2012
- 79 one bedroom units and 31 two bedroom units by 2014
- 50 one bedroom and 50 two bedroom units by 2016
- 110 one bedroom and 110 two bedroom units by 2020.

The Proposal at completion will generate 480 new multi-family units and remove 14 existing units as a consequence of the new construction resulting in a net addition of 466 units. A total of 15% or 72 units will be set aside to meet the affordable housing requirements of the Town.

This report is primarily concerned with the estimated *net fiscal position* of the proposed housing expansion during each phase of the project and at project stabilization. Specifically, the report

intends to illustrate the estimated relationship of the annual municipal service cost to the annual municipal revenue said relationship being expressed in terms of dollars (annual net fiscal loss or gain) and as a ratio of annual service cost to annual revenue i.e. the cost to revenue ratio. The cost to revenue ratio indicates what portion of each revenue dollar collected is needed to cover the costs of the associated municipal services. A cost to revenue ratio of 0.50 indicates that a project requires 50 cents of every revenue dollar received to be expended for municipal services leaving 50 cents as a net fiscal benefit that can be assigned to other municipal needs. A cost to revenue ratio of 1.00 is revenue neutral, a ratio of 1.50 is negative and indicates that the development requires $1.50 in service cost for every dollar received as revenue i.e. an indication of net fiscal loss.

2.0 Summary of Findings.

- At stabilization in 2021 the Proposal will generate an average annual net fiscal loss of approximately $511,000 per year with a *1.28 cost to revenue ratio.*
- Estimated gross annual revenues (all sources) in 2021 are $1,858,000; and estimated costs are $2,364,620.
- By 2021 the Proposal will generate an additional 88 students; approximately 78% or 69 students will attend the Baker School based on existing Hancock Village student enrollment patterns.
- School costs represent approximately 82% of all service costs in 2021.
- The assessed taxable value for the Proposal in 2021 dollars is approximately $125,000,000.
- The 85% of the proposed market rate units will have rents ranging from 40% to 60% higher than the current market rate units. The 15% of units designated as affordable housing will be consistent with Brookline's regulations.
- Estimated one-time construction related fees over the course of the construction period are $2,195,000.

3.0 Summary of Methodology

Fiscal analyses are traditionally prepared to provide a municipality with an understanding of the fiscal implications of a proposed project with a focus on the municipal departments that may likely be affected by new growth. As such, a fiscal analysis is generally a projection of the relationship between the municipal operating budget and projected revenues. In this instance the fiscal implications of each phase of the development will be examined as well as the completed (stabilized) proposal. In this manner the Town will be able to determine if at any one point in the development process the project generates the potential for a short term or permanent fiscal loss.

Revenue

Contrary to popular understanding, communities have various sources of revenue beyond the real estate property tax. For example, in Brookline the property tax comprises approximately 66% of the annual revenue stream, state aid accounts for approximately 9%, local receipts 21%, and other available sources 4%. As noted in the body of the report, the various forms of revenue will be applied, as appropriate; in order to construct an accurate estimate of the relationship between municipal revenue and municipal service costs as the Proposal develops. Revenues and costs for municipal water and sewer service are counted as fees paid to the Town into an enterprise account, essentially a pay as you use account. As such, water and sewer services do not directly impact the property tax levy in Brookline as do services such as schools, fire, police, and public works which are funded directly from general fund. Brookline also has a recreation enterprise account but it does not cover all recreation costs, the report will address this revenue source.

Revenue projections are a combination of the stabilized income method and the improvement value method as appropriate over the ten year estimated project construction period. For this report property taxes are estimated using the current tax rate expanded by a percentage of 2.5% per year while increasing the value of the annual property assessment by 1.5%. Building Permit fees, a one-time source of revenue, are based on the $20 per $1,000 of construction value plus an additional $1 for other pertinent fee costs (fees are assumed to be constant over a ten year period); state aid estimates are also based on current levels of assistance for the entire project period, and local receipts reflect the FY 2010 budget estimates with a one percent annual increase per year.

Municipal Cost

This report uses the FY10 municipal operating budget and the FY 10 Fiscal Plan as the basis for its municipal cost estimates and findings, however, for real estate tax estimating purposes the current residential rate of $10.97 was applied as the real estate tax basis. The cost component of this analysis includes a review of all municipal budget items that are measurably impacted by the proposal. In this instance, I employed current police data and information assembled via

discussions with the fire department to illustrate the projected public safety costs. Municipal cost associated with the school department reflects the portion actual net school spending per pupil (ANSS) that is the responsibility of the community i.e. the portion of the school costs paid by local residents via the property taxes, but excluding state aid revenue paid to the Town that subsidizes a portion of school costs, said revenue is addressed separately so not to double count that revenue source. In this analysis the ANSS is adjusted at a compounded rate of 4.5% annually to reflect rising school costs over the estimated ten year period of project construction

The Building Department will also incur the cost of construction review. However, the building permit fees and other associated fees will generate approximately $2,195,000 over the course of construction. The value of the building permit and associated construction fees are provided to illustrate that the significant one time revenue generated by this revenue source will be more than adequate to address additional departmental project review costs.

My review and discussion with DPW officials indicates that the proposal will not generate any new Department of Public Works (DPW) costs since all the traditional DPW costs will be assumed by the private owner as is the case with the existing Hancock Village. Additionally the water and sewer enterprise fees will address the cost of providing said services to the proposal, and therefore are also not part of the fiscal analysis balance sheet.

Existing public debt is not calculated as part of annual fiscal cost since it is a pre-existing condition. For all other budget line items which include the wide array of the remaining community services, I applied either a per capita cost estimate or service call estimate minus any appropriate revenue off-sets as applicable or as in the case of the police department a cost estimate based on actual service call records. To address rising service costs for various municipal departments over the 10 year construction period I increased annual service costs by 3%, a factor based on my interpretation of the 2010 Fiscal Plan.

The individual departmental cost and revenue analyses are combined in summary tables and unified to provide the reader with an overview of projected cost and revenues as the Proposal proceeds through a ten year development cycle and with an estimated stabilization in 2021.

4.0 Municipal Service Cost Analysis

This analysis divides municipal service costs into two broad categories: education costs and general service costs which are all other non-school operating costs. In addition, there are several departmental or general budget line items that will not be impacted by the proposal in any measurable way. Some examples of municipal costs not measurably impacted are existing municipal debt, overlay accounts, free cash and special appropriations. The non-school costs examined in this report (general service costs) are divided into the general budget categories employed by the Town.

4.1 Education Costs and New Enrollment

Our review of the most recent Massachusetts Department of Education data **(**updated to July 2009) indicates that enrollment in Brookline peaked 2002 and declined slightly over the next four years. However, since 2007 enrollments have returned to the historic high water marks. Currently, there are approximately 6,200 students in the Brookline School System. Additionally, the 2009 -10 school year witnessed a significant increase in pre-school and kindergarten enrollments of approximately 160 students which is likely to further stress a physical plant that according to a February 2009 School Facilities Assessment Report, (prepared for the Brookline School Department) is near or over capacity at all facilities except for Brookline High School.

Given the above noted capacity issues, this report employs the Actual Net School Spending (ANSS) per pupil cost, as opposed to a more defined incremental cost analysis, as the method best suited to reflect the school costs of additional pupils. In FY2009, the last year of complete data the ANSS is $14,971. It is important to note that not all of the ANSS cost impacts the Brookline general fund. The Town received approximately $1,242 per pupil in state aid in FY09. This is a revenue source that needs to be assigned against the ANSS. By *deducting the state aid from the ANSS value I have accounted for the state aid to education revenue source. Accordingly, deducting $1,242 per pupil from the ANSS of $14,971 leaves a local school cost responsibility of $13,729 per pupil* for the Brookline school system. It should be noted that the ANSS includes all indirect payments.

The exiting 530 unit Hancock Village generates a significant number of school aged children. The October 2009 Hancock Village records obtained from The Brookline School Dept. indicate a total of 309 students ages 2.6 months to 18 years of age. The resulting student per total unit ratio of 0.58 (309 students divided by 530 units) is considerably higher than the Town wide average of 0.21. However, it must be noted that Hancock Village is not a traditional multi-family development but rather a development of attached single family units (town or row houses) and these units are more analogous to single family homes than traditional multi-family apartments in terms of student generation rates. More importantly, given current average rents, as compared to Brookline as a whole, Hancock Village is the Town's large scale affordable rental community. Nearly a majority of Hancock Village units (46%) would qualify as an affordable housing given Brookline's broader definition of affordable housing which permits some affordable rents to be set in accordance with 100% of area median income (AMI). Accordingly, given unit type, age of units, and the current average rent it is not surprising that Hancock Village has a higher student per unit ratio than Brookline as a whole.

While the student generation characteristics of the existing 530 development will likely remain the same for the foreseeable future, the Proposal has been designed to avoid exacerbating the pre-existing capacity issues in the Brookline School System. Specifically, all the new units will be designed as flats and 60% of all units designed as one bedroom units. Accordingly, the completed project will have only 1.4 bedrooms per unit a ratio that will minimize traditional family use. Further, the proposed development anticipates a revision to the zoning by-law that

would restrict all one bedroom units to only 2 people per unit; there will be no three bedroom units, and 220 of the proposed 480 units will be in a seven story building. The seven story building typically would have demonstrably fewer students per unit than garden style flats (See Appendix 1). More importantly the new units will be designed and finished to permit market rate rents in 85% of the new units, that reflect the comparable rents for new rental properties in Brookline; in this case market rents 40% to 60% higher depending on unit type. It is anticipated that with market rents more consistent with existing Brookline market rate rents there will be considerably fewer students per unit. The student projections were developed using existing Hancock Village rent data as base factor for the enrollment projections.

Currently, there are 246 one bedroom units in Hancock Village; of this number 15 one bedroom units generate 17 students. Accordingly, 231 of the 246 one bedroom units do not generate any school aged children. The student per unit ratio is 0.069 students per unit (17 students per 246 one bedroom units). In general terms this is a very low student per unit ratio but for one bedroom units it is a high generation rate given that the regional average for one bedroom units (affordable and market rate combined) is essentially zero. Accordingly, in my projections it is recognized that the Proposal will generate school aged students in the new one bedroom units, but the student generation rate will be tempered by the significantly higher rents in the new market rate units and proposed limitation on occupancy of one bedroom units to two people. As mentioned above, as part of the Proposal, Chestnut Hill Realty would require a zoning change with a restriction requiring a maximum of two people per one bedroom unit. This restriction along with rents consistent with market rate rents for new units in Brookline will generate a disincentive for use of one bedroom apartments for families or individuals with school aged children.

The current average rent of a Hancock Village one bedroom unit is $1,605; however, the average rent for a new market rate one bedroom units will be $2,300 (current dollars) an increase of 44% or approximately $700 per month or $8,340 per year. Accordingly, we believe that the higher rents (consistent with market rents for new units in Brookline) and the proposed zoning restriction will reduce the number of school aged children generated from one bedroom units.

It is important to note that rent rates have a well understood impact on the number of school aged children likely to be found in an apartment unit. For example, my experience (and the experience of many fiscal analysts) is that market rate *two bedroom units* generate approximately 0.15 students per unit in the Boston Metropolitan Area. However, the affordable two bedroom units, with rents at approximately $700 dollars less per month generate 0.40 students per unit. The regional student generation rate for affordable and market rate two bedroom units clearly indicates the relationship between the cost of rent and student generation. Specifically, that an affordable unit can generate approximately 2.7 times the number students as the market rate units (0.40 to 0.15). Given the higher rents in the majority of Brookline rental units outside Hancock Village and the overall low student per unit ratio experienced in Brookline (0.21 per unit) the relationship of students per unit and higher rent must be considered a significant factor in the

overall student per unit rates in Brookline. The long term regional experience has been and continues to be that affordable units (units with lower rents) generate a higher student per unit rate. This same principal can be applied to the Proposal's market rate units (85% of the total) which will increase rents for one bedroom units by approximately $700 per month and by $850 per month for two bedroom units. Applying the same 2.7 student differential ratio for market and affordable units, referenced above, I anticipate that market rate one and two bedroom student generation rates will decline. Accordingly, to recognize the potential for student generation from the new market rate one bedroom units I am assigning a value of 0.027 students per unit; a value that is considerably above the regional average of zero. However, for the 15% affordable rate one bedroom units I am maintaining the existing overall a rate of 0.069 per unit reflecting the existing conditions.

Currently in Hancock Village the two bedroom student per unit rate is rate is 1.04 students per unit (264 school aged children in 255 total units). Similar to the current one bedroom student rate discussed above, this is a high rate particularly when compared to the regional average of 0.15 for two bedroom market rate units and 0.40 for affordable units. Taking into consideration the anticipated and significant rent increases, (the current two bedroom average rent of $1,912 will increase to an average $2,850 per month an increase of $11,250 per year; I am assigning a value of 0.40 students per two bedroom unit for the new market rate units and 1.04 students per (current average) for the proposed affordable units.

The Proposal also calls for 110 of the 193 new two bedroom units to be located in a seven story building. Comparable buildings in Brookline and the region generate significantly fewer students per unit (See Appendix 1). Accordingly my student per unit estimate reflects student generation rates for both the two bedroom garden style and elevator accessed apartment units. Additionally, the two bedroom market rate rents in the seven story building will be significantly higher than the garden style apartments i.e. an average of $3,100 or an increase of 62% above current two bedroom rates or an increase of $13,800 per year.

Accordingly, for the two bedroom market rate units in the new seven story building I am employing a rate of 0.35 given the proposed rent schedule and the impact of building type. For the affordable two bedroom units in the seven story building I am employing the ratio 0.75, less than the current 1.04 to take into consideration the impact on student generation ratios traditionally found in buildings serviced primarily elevators i.e. usually half or less than half the rate in buildings not primarily serviced by elevators.

Please see Table 1 on the following page for a student projection by year thorough to project stabilization in 2021.

Table 1. Additional Students by Development Phase and Total

School Year	Occupied Units by Type	Students / unit	Total Students
2010-11	No rented units	0	0
2010-12	No rented units	0	0
2012-13	42 one bedroom, market rate	0.027	1.13
	8 one bedroom affordable	0.069	0.55
	Students added this year		2
	Total: 50 units occupied		
2013-14	Same as 2012-13		
	Students added this year	0	0
	Cumulative students		2
	Total: 50 units occupied		
2014-15	40 one bedroom market	0.027	1.08
	8 one bedroom affordable	0.069	0.55
	Students this year		2
	Cumulative students		4
2015-16	No change		
	Cumulative students		4
2016 - 17	26 one bedroom market	0.027	0.70
	5 one bedroom affordable	0.069	0.35
	26 two bedroom market	0.400	10.04
	5 two bedroom affordable	1.040	5.20
	Students this year		16
	Cumulative students		21
	Total 160 units occupied		
2017-18	42 one bedroom market	0.027	1.13
	8 one bedroom affordable	0.035	0.28
	42 two bedroom market	0.400	16.80
	8 two bedroom affordable	1.040	8.32
	Students added this year		27
	Cumulative students		48
	Total 260 units occupied		

2018-19	No additional occupancies Cumulative Students Total occupied units 260		 48
2019-20	47 one bedroom market 8 one bedroom affordable 47 two bedroom market 8 two bedroom affordable Students added this year Students removed Net New Students added this year Cumulative students Total: 370 occupied units	0.015 0.035 0.350 0.750	0.705 0.280 16.45 6.00 23 -6 (1) 17 65
2020-2021	47 one bedroom market 8 one bedroom affordable 47 two bedroom market 8 two bedroom affordable. Students added this year Cumulative students Total: 480 occupied units	0.015 0.035 0.350 0.750	0.705 0.280 16.45 6.00 23 88
Total	**480**		**88**

(1) The 14 units to be removed in 2019 are comprised of 6 two bedroom, 1 three bedroom and 7 one bedroom units. Based on the ratios assumed in the table above they will generate 6\ students.

Table 1 above indicates that by the 2020-21 school years the proposal will generate 88 school aged children, given the reductions associated with the removal of 14 existing units. Assuming the same breakdown of school assignments as exists today, 78% or 69 students will attend the Baker School; 10 or 11% will attend the High School and the remainder or 9 students will attend other elementary schools. While Brookline has a significant private school enrollment of approximately 15% of all school aged children, the very large majority of said students are from home ownership residences and the higher income families in Brookline. Accordingly I have not assigned any of the projected students as potential private school enrollees.

It is important to note that the anticipated increase in school age children not only occurs over a period of 10 years but that there are defined breaks in the generation of new enrollment during said period. Table 2 below illustrates this characteristic and the estimated school costs. As noted

in Section 4.1 the actual net school service (ANSS) cost per pupil in 2009 was $13,729 after removing state aid. Since this study assumes a 10 year construction period I have examined the school budgets of the past ten years and determined that the average annual increase in school costs has been approximately 4.3 % per year. To be conservative, I have applied a 4.5% average annual increase for the purposes of this study (Note: while the years 2009-12 year indicates no additional cost due to no new enrollments , the future calculations was based on the current $13,729 plus the compounded effect of 4.5% annual cost increases). Thus for the school year 2012 -13 cost is $15,667 and accordingly by 2020-21 direct impact on the tax levy is estimated at $22,302 per pupil, not including state aid.

Table 2. Projected School Enrollment Increases and Associated Cost.

School Year	*New* Enrollment	Total Enrolment	Estimated Cost per Pupil	Total Cost per Year
2009-10	0	0	0	0
2010-11	0	0	0	0
2011-12	0	0	0	0
2012-13	2	2	$15,667	31,334
2013-14	0	2	$16,372	32,744
2014-15	2	4	$17,109	$ 68,436
2015-16	0	4	$17,879	$ 71,516
2016-17	16	21	$18,702	$392,742
2017-18	27	48	$19,544	$938,112
2018-19	0	48	$20,423	$980,304
2019-2020	17**(1)**	65	$21,342	$1,387,230
2020-2021	**23 (2)**	**88**	**$22,302**	**$1,962,576**

(1) Includes reduction of 6 students due to removal of 14 existing units.

(2) Assumes final rent up of the proposed 7 story building and stabilization in 2021.

As noted in Section 4.1 the actual net school service (ANSS) cost per pupil in 2009 was $13,729 after removing state aid. Since this study assumes a 10 year period I have examined the school budgets of the past ten years and determined that the average annual increase in school costs has been 4.3 %. To be slightly conservative I applied a 4.5% average annual increase for the

purposes of this study. Accordingly, by 2020-21 school year, the school cost per pupil will be approximately $22,302 per pupil, not including state aid. Therefore, by the 2020-21 school year the estimated school costs related to the Proposal will be approximately $1,962,576.

As indicated by Table 2 above by the 2013-14 school year we anticipate only two (2) additional students in the school system; by the 2016-17 school year total enrollment increases will amount to 21; by the 2017-18 school year it will be 48 and by 2020-21 the projected total of 88 net new students will be achieved.

4.2 Public Safety. For most communities public safety costs are the second largest municipal service costs after school costs. For the purposes of this report public safety costs are divided into police and fire safety services.

Police Department

Hancock Village, like all residential uses, generates a need for a variety police services. Currently Brookline has a force of 140 officers, or a rate of 1 officer per 400 people. In some communities using the anticipated population of the new project and the current officer to population ratio can provide a reasonable estimate of new demands on police services. In this instance, I believe Brookline is too complex a community to use such an approach. In communities such as Brookline that have a considerable commercial area and are located at the cross roads of major regional traffic flows there are numerous times when more than 50% of daily police services is needed for non-residential purposes. To get a more accurate understanding of the needed police service costs, particularly for a project with a ten year horizon, the Brookline Police Department provided detailed information relative to the number and type of police calls generated by Hancock Village properties for 2008 and the total number of police service calls Town wide. Individual police responses vary in terms of man hours required by the type of incident and the severity of the issue. However, my approach in estimating police costs assumes that a police service call is an effective general measure of cost, since at any point in time, any type of police response could occur in any neighborhood. Accordingly, for the purposes of this report I have assumed the ratio of police calls associated with the subject properties to overall community calls is a fair method to estimate and apportion annual police service costs.

For the most recent complete year (2008) the Brookline Police responded to 61,277calls for service and of that number 127 were associated with Hancock Village or 0.002%, see Table 3 below.

Table 3. Comparative Police Calls for Assistance

Subject	Year	Police Calls	Percent of Service Calls
Brookline	2008	61,277	100.00
Han. Village	2008	127	0.002

As indicated, Hancock Village generated 0.002% of the total number of police calls in 2008. By relating the 0.002 % of service calls to the overall police FY 2010 budget of $14,381,212, an estimated annual service cost of $28,762 can be derived for the existing 530 unit Hancock Village or an annual per unit cost of $54. Adjusting the current base cost to $30,000 for the 466 net new units the estimated base cost per unit in 2012 is $60. Further, based on my review of police budgets of the past decade I am assigning a cost increase of 3% per year. Table 3 illustrates the estimated police costs over time. Please note, construction of some one bedroom units may be completed in 2012, however it is likely that full occupancy will not occur until the following year. Table 4 below the police costs are shown for the year after construction completion when the new population is present.

Table 4. Police Service Cost

Year	Net New Units	Cost Per Unit $ (1)	Additional Cost Per Year
2010	0	0	0
2011	0	0	0
2012	50	60	$ 3,000
2013	50	62	$ 3,100
2014	105	64	$ 6,720
2015	160	66	$10,560
2016	210	68	$14,280
2017	260	70	$18,200
2018	260	72	$18,720
2019	370	74	$27,380
2020	466	76	$35,416
2021	**466**	**78**	**$36, 348**

Fire Department

The Fire Department has a FY 2010 budget of $12,206,045 to provide fire safety services to all sectors of the community. Some communities operate municipal ambulance services but Brookline contracts with private firms for the provision of ambulance service who in turn collects the insurance payments. In a community as complex as Brookline a range of 35% to 90% of the annual budget can be related to commercial, industrial, institutional and vehicular related fire safety issues (see appendix 2). For the purposes of this report I am assuming a midpoint of 65%. Accordingly, 35% of the annual fire service budget will be assigned to the existing 27,500 residential units; or a per unit cost of $155 per unit. Table 5 below uses the estimated fire service cost per unit and applies it over the project build out period and similar to police costs the cost of service is increased by 3% per year.

Table 5. Fire Service Costs

Year	Occupied New Units	Estimated Cost per DU	Total cost per Year
2010	0	0	0
2011	0	0	0
2012	50	$160	$8,000
2013	50	$164	$8,200
2014	105	$169	$17,745
2015	160	$174	$27,840
2016	210	$179	$37,590
2017	260	$185	$48,100
2018	260	$190	$49,400
2019	370	$196	$72,528
2020	466	$202	$94,132
2021	**466**	**$208**	**$96,928**

In addition to the annual fire service costs carried on the operating budget, the Fire Chief has made it clear that by the time the 7 story building is in place there needs to be an additional aerial ladder truck with at least a 105 ft ladder in service to service South Brookline. The issue is not that Brookline does not have such equipment but that currently it has only two such 105 ft ladder

trucks and they are stationed in North Brookline given building types in that area. The issue, therefore, is one of response time. The Town has recently acquired a third ladder truck, a Quint which is a combination of ladder and pumper, this piece of equipment will initially be housed in Coolidge Corner but may end up at the Reservoir Road Station on Boylston Street. The truck is equipped with a 105 foot ladder. In addition to this new piece of equipment, the Town's capital budget envisions the purchase of a truck in 2018 which would replace another of the Town's standard pumper vehicles with a Quint. If either of these new ladder trucks is located at either the Hammond Street or the Boylston and Reservoir Road fire stations the issue of response time would be mitigated. Accordingly, based on our discussions with the Fire chief the Town is in the process of undertaking a study to determine conditions of each of the stations to house this new generation of fire equipment. The proportional share of said cost assigned to the Proposal is not carried in this report given the projected capital improvement budget for a new fire apparatus by the time the seven story building is under construction and the Town's recent equipment purchase. Further, as with any public safety equipment it is not simply servicing any one location in the Town, it serves the entire community. Accordingly, if there is any cost associated with the need to upgrade a station to house the new apparatus in the logical proximity to the proposed development, I believe that it should be considered as a one-time cost that can be more logically addressed in an associated development agreement related to the overall project approval. In our discussion with the Fire Chief it was noted that while the ladder would be needed for the reasons indicated above, there would not be a corresponding increase in fire companies nor would the replacement equipment require new staff.

4.3 Public Works

For most new development, traditional public services such as roadway maintenance, snow plowing, drainage management, and lighting, is a function of local government. However, in the instance of the proposal, all traditional DPW services such as road maintenance, drainage, snow plowing, lighting, trash collection will be the responsibility of the private owner. Further Independence Drive is being maintained by the Town and will continue to do so at current levels, therefore, there is no measurable change for said roadway. Accordingly, there will be no incremental cost increase assigned to the proposal for public works services.

4.4 General Government

The General Government category in the Brookline municipal budget covers the traditional Town Hall departments and service functions including the operation of all Town Boards. While not always and not recently in Brookline, this general government cost category can be affected by new growth since it is population that generally drives general government services. However, the sources of general government costs within a municipal population can and does change over time. Accordingly, to estimate this cost component I have selected the per capita

method to assign annual service costs as the most effective method to arrive at average cost increases over an extended time period.

Accordingly, the Municipal Administration budget of $7,458,456 represents a per capita cost of approximately $133 per year given a population of 56,000. This estimate is somewhat high because it does not deduct for the cost of municipal administration related to commercial and institutional uses. However, since studies, such as The Fiscal Impact Handbook by Burchell and Listokin, indicate that service cost associated with commercial uses represent only 4-8% of municipal administration costs I chose the median value of 6% and deducted said percentage from the total cost at project stabilization,(see appendix 2) Assuming that the one bedroom units (289) and the two bedroom units (191) generate 1.3 people and 2.2 people per unit respectively I estimate that by 2021 the total net new population from the net 466 new units will be approximately 800 people. Table 6 below illustrates the estimated cost of general government services based on a 3% cost increase per year.

Table 6. General Government Costs

Year	Occupied New Units	Total Population	Estimated Cost per Person $	Total Cost / Year
2010	0	0	133	0
2011	0	0	137	0
2012	50	70	141	$9,277
2013	50	70	145	$9,541
2014	105	195	149	$29,055
2015	160	270	154	$41,580
2016	210	360	159	$57,240
2017	260	450	164	$73,800
2018	260	450	169	$76,050
2019	370	625	174	$108,750
2020	**466**	**800**	**179**	**$143,200**
2021	**466**	**800**	**184**	**$147,200 (138,368) (1)**

As indicated in the table above, general government service costs will not begin to occur until 2012 at the earliest and through to 2013 they will be minimal. By 2021 they will reach a total of

approximately $138,000 by 2021. Note: Brookline received $5,593,780 in unrestricted general government aid in FY10. For the purposes of this report rather than assigning this revenue department by department to general government costs as shown above and to other departments where applicable, the unrestricted government aid will be applied to non-appropriated expenses changed to the Town such as the MBTA costs, in a latter section of this report. This approach is selected to balance related other Town costs with other forms of annual revenue for the purposes of the fiscal analysis and is not intended to indicate a direct application of said funds to said obligations (see Section 4.13).

4.5 Library

Subtracting the $41,555 in state aid to libraries (a revenue source) the Town's cost for the Brookline Public Library is $3,424,382. Similar to General Government services I have assigned a per capita cost but reviewing previous library budgets I have assigned a 2% service cost increase per year. Given an estimated population of $56,000 the estimated per capita cost is $61. Table 7 below illustrates Library costs over the proposal's build out time frame including a two percent deduction for non residential impacts at stabilization in 2021.

. **Table 7 Library Costs**

Year	Occupied New Units	Total Population	Estimated Cost per Person	Total Cost per Year
2010	0	0	61	0
2011	0	0	62	0
2012	50	70	63	$4,410
2013	50	70	64	$4,480
2014	105	195	65	$12,675
2015	160	270	67	$18,090
2016	210	360	69	$24,840
2017	260	450	71	$31,950
2018	260	450	73	$32,850
2019	370	625	75	$46,875
2020	466	800	77	$61,600
2021	**466**	**800**	**79**	**$63,200**

As illustrated above, at stabilization in 2021 the Proposal will generate approximately $63,000 in additional annual library service costs.

4.6 Health and Human Services

Similar to the analyses above for library services I applied a per capita cost analysis over the project build out time period to illustrate the associated municipal service costs associated with the health and human services component of the operating budget. In this instance a budget of $2,205,625 equates to a cost of $39 per person. Table 8 below illustrates the costs over the project build out period including a cost escalation of 3% per year.

Table 8 Health and Human Services Costs

Year	Occupied New Units	Total Population	Estimated Cost per Person	Total Cost per Year
2010	0	0	39	0
2011	0	0	40	0
2012	50	70	41	$2,870
2013	50	70	42	$2,940
2014	105	195	43	$8,385
2015	160	270	44	$11,880
2016	210	360	45	$18,135
2017	260	450	47	$21,150
2018	260	450	49	$22,005
2019	370	625	51	$31,875
2020	466	800	54	$43,200
2021	**466**	**800**	**56**	**$44,800**

Similar to other cost categories, significant cost does not occur until 2017 and in the year 2021 the Proposal will generate approximately $45,000 in health and human service costs. Health and Human Services departments also service commercial activities service but for the most part business inspections carry a fee that covers all or part of the inspection cost. Accordingly, for the purposes of this analysis I have assumed that the entire departmental budget is assigned to residential services, accordingly the health and human services cost estimate is conservative

(high) but given the limited impact of this item it is not a significant factor in the final estimate of fiscal impact.

4.7 Recreation.

After deducting for the golf enterprise fund and the recreation revolving fund revenues for FY10 to account for the associated revenue stream the remaining FY10 recreation budget is $982,808 or $18 per capita. Table 9 below illustrates the cost of recreation services over the construction period assuming a 3% annual cost increase to 2021.

Table 9 Recreation Cost

Year	Net New Units	Total Population	Estimated Cost per person	Total cost per Year
2010	0	0	18	0
2011	0	0	18	0
2012	50	70	19	1,330
2013	50	70	20	$1,400
2014	105	195	21	$4,095
2015	160	270	22	$5,940
2016	210	360	23	$8,280
2017	260	450	24	$10,800
2018	260	450	25	$11,250
2019	370	625	26	$16,250
2020	466	800	27	$21,600
2021	**466**	**800**	**28**	**$22,400**

As indicated above, the additional annual recreation service costs is intended to be approximately $22,400 in 2021.

4.8 Debt

Generally speaking, existing debt and interest are not allocated to a proposed new development in a fiscal analysis unless it is clear that the development directly related the debt. In this instance the pre-existing debt is not related to the proposed project and not factored into the estimated fiscal impact. Further it is not anticipated that the proposal will require additional capital spending and debt beyond what exists and is proposed as of December 2009.

4.9 Personal Service Reserve and Collective Bargaining

These budget categories will not be directly impacted by the Proposal and are not included in costs generated by the Proposal**.**

4.10 Personnel Benefits

The proposal will generate the need for additional school instructors and associated personnel but said costs have been included in the Actual Net School Service (ANSS) cost approach used in Section 4.1. The addition of approximately 800 new residents by 2021 will not likely require additional personnel in general government services based on the recent practices of Town government during the past decade. However, to be prudent all our departmental budget estimates shown above do include a cost of service increase that can maintain existing levels of staffing and possibly be used to add a minimal level of staffing depending on local decisions.

4.11 Non Departmental Costs

The non departmental costs covers pension benefits (contributory and non-contributory of employees who are part of the town's retirement system. The Proposal will not directly impact these benefits. However, as mentioned the school costs could generate non-departmental costs but as noted these costs are included in my school cost estimate using the actual net school spending (ANSS) approach.

4.12 Special Appropriations

Special Revenue Appropriations in Brookline are municipal revenue financed capital improvement projects that in this instance are not impacted by the Proposal. Given that said appropriations are revenue financed projects that are not germane to the Proposal, no cost component is included in this report for this budget item.

4.13 Non Appropriated Costs.

Non-appropriated costs include items like the air pollution district costs, registry parking surcharges, tax levy overlay accounts, tax title and court judgments. Items like the aforementioned will not be impacted to any measurable degree by the Proposal. However, this budget category also includes costs that may be impacted by the Proposal or at least provide potential benefit to the residents of the Proposal in a manner that may generate future costs. For these reasons I have included the following non-appropriated items as costs; County Assessment, MAPC (regional planning fees), Special Education, School Lunch Assessment, Library Assessment, Charter School Assessment, MBTA (the largest component at 4.8 million dollars). Combined the aforementioned they noted assessments total approximately $5,550,000.

Excluding library aid that has already been included in the library cost analysis (Section 4.5) the unrestricted general government aid of $5,593,780 for FY10 has not been used up to this point in the report to offset various costs in government operations (see section 4.4 above) since it would involve a lengthy repeat of the Town's FY2010 financial plan to assign it to specific programs. For the 2010 forward to 2021 I have assumed that unrestricted general government aid would be roughly equal to the current level over a 10 year time period, since no one can predict with assurance that it might increase or decline. Accordingly, I have applied unrestricted general government aid income (an annual revenue source) against the non-appropriated costs for the purpose of balancing total costs and revenues for the purposes of this analysis only. In this instance these forms of cost and annual revenue essentially cancel out with annual revenue exceeding costs by $43,000, a de minimus amount considering the instability of the items comprising non-appropriated costs.

5.0 Summary of Service Cost by Year

Table 10 below provides a summary of all the assigned municipal service costs discussed in the sections above and an annual total service cost.

Table 10. Summary of Municipal Costs by Year.

Year	Schools	Public Safety	General Govt.	Library	Health /Human Services	Recreation	Total
2010	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0
2012	0	$11,000	$8,720	$4,410	$2,870	$1,330	$28,280
2013	$31,334	$11,300	$8,969	$4,480	$2,940	$1,400	$60,373
2014	$32,744	$24,465	$27,312	$12,675	$8,385	$4,095	$109,551
2015	$ 68,436	$38,490	$39,058	$18,090	$11,880	$5,940	$181,644
2016	$ 71,516	$51,870	$53,806	$24,840	$18,135	$8,280	$228,237
2017	$392,742	$66,300	$69,372	$31,950	$21,150	$10,800	$592,054
2018	$938,112	$68,120	$71,487	$32,850	$22,005	$11,250	$1,143,964
2019	$980,304	$99,908	$106,670	$46,875	$31,875	$16,250	$1,281,603
2020	$1,387,230	129,548	$134,608	$61,600	$43,200	$21,600	$1,781,138
2021	**$1,962,576**	**$133,276**	**$138,368**	**$63,200**	**$44,800**	**$22,400**	**$2,364,620**

As indicated, in Table 10 above, by 2021 the proposal will generate approximately $2,365,000 in annual municipal costs of which approximately 82% will be additional school costs.

6.0 Revenue

In Massachusetts the annual municipal revenue stream is comprised of various sources with property taxes, being the largest single source of revenue followed by local receipts (excise taxes, departmental fees, etc.), state aid (education and general government); and enterprise fees for items like water sewer, trash collection, transportation, and recreation services.

In this report I have accounted for the water and sewer service costs by indicating the fee for use associated with each service. In effect the annual service fee charged to the user covers the annual service cost and the individuals and business pay for water and sewer services on an "as you use basis". Further, state aid to education and unrestricted government aid revenues has been addressed in Section 4.0. Therefore to prevent a double counting they are not included in the revenue analysis below.

Accordingly, the revenues that can be applied against the service costs summarized in Section 5 are property taxes, and local receipts (fees fines, excise taxes, departmental collections). For the assignment of local receipt revenue I employed the per capita method but only assigned 50% of the current $828 current per capita local receipt revenue based on my review of applicable Schedule A local receipt categories and my lower estimate of cars per unit type that generate annual excise taxes.

For the property tax estimates I employed two methods of assessment: the stabilized income method and a property improvement or cost method. Due to the nature of the Proposal it will be built in phases over at least a ten year period. Accordingly in some tax years the real estate tax will be based only the physical improvements to the property. Once the property is fully constructed and occupied the assessor will likely switch to a stabilized income method based on the net operating income generated by the property. Therefore in the table below, for any given year, the property taxes assigned will be a mix of the stabilized income method and the property improvement or cost method. This mix of methods creates a more accurate image of tax flow and reduces the possibility of overstatement. Due to the likely lag in assessing all property by the income method by 2020 (the value of property on January 1, 2020 reflects the value of what it is assessed for 2019 year regardless of what improvements occur in 2020; the improvements of 2020 will be captured on January 1, 2021 and so on); accordingly for the purposes of this analysis the revenue projections assume a 2021 project stabilization and a switch to an income method for all assessments.

The estimates in Table 11 presented below have been assembled using the following assumptions:

- The stabilized income methods deducts 5% for vacancy considerations from gross property income, a 30% deduction from the resulting 95% for operations and maintenance cost, and 5% from said balance for reserve purposes to arrive at net

operating income. A capitalization rate of 0.075 is applied to the net operating income to arrive at assessed value.

- The assessed values have been increased at a rate of 1.5% per year and the current tax rate of $10.97 per thousand increases at a rate of 2.5% over the period of construction.
- The rent assumptions used to construct the estimated assessed values reflect a reduced value for the 15% affordable housing component. Rents for the new market rate units will be 40% to 60% higher than the market rents currently at Hancock Village. All affordable rents are consistent with the Town's affordable housing policies and methods of rent calculation. See Appendix 3 for detail on rents by type.
- The property improvement method is based on the construction cost projections of Chestnut Hill Realty as of October 2009. They have been assigned to conform to the 10 year development schedule assigned to the Proposal. The value of the construction estimates have been increased at a rate of 1% per year to account for labor and materials cost over the ten year period. However, local permit fees are assumed to be stable over the same ten year period.
- Local Receipts have been assigned by the per capita method and increased in value by 1% per year over the ten year period. However due to the nature of the Schedule A line items (not all items relate to residential development and the anticipated fewer cars per unit) my local receipt estimate is approximately 50% of the current per capita local receipt revenue or $190.

Table11 Revenue Estimates by Year

Year	Components	Assessed Value $	Taxes $	Local Receipt $	Annual Revenue $	Cum. Revenue $ and / Total Units
2010	Excess Land Value new zoning	3,285,000	36,036	0	36,036	36,036 / 0
2011	25% const. value for 50 1-bedroom garden apts. 100% construction value new parking lots	2,194,000 1,971,000	24,660 22,154	0	46,841	82,850 / 0
2012	100% construction value of 50-1 bedroom apts.	8,906,000	102,597	4,700	107,297	190,147/ 50

2013	50 –one bedroom apts. Inc. method 25% const. value for 48 1- bedroom apts. 25% construction value 62 units at Gerry garage	10,633,000 2,521,000 2,632,000	128,552 29,747 31,057	9,500	198,856	389,003 / 50
2014	100% construction value of 62 1 bedroom apts 100% construction value of 48 1-bedroom apts. 50 -1 bedroom apts. Inc method	10,633,000 10,181,000 10,916,000	128,552 123,088 131,974	30,000	413,608	862,611 / 160 units approx 65% occupied.
2015	50 -1 bedroom apts. income method. 48- 1 bedroom, inc method 62 units (1 and 2 BR) Gerry garage, inc meth. 25% const. value 100 east side units	11079,000 10,635,000 15,390,000 5,898,000	137,268 131,767 190,682 73,076	96,000	578,973	1,441,584 / 160 95% occupancy
2016	100% const. value 100 units east side. 50 1 bedroom apts 48 1 bedroom apts. 62 units (1 and 2 BR) Gerry garage.	21,000,000 11,245,000 10,794,000 15,620,000	266,000 142,600 136,975 198,217	48,000	791,792	2,233,376 / 210 units 80% occupied.
2017	100 units 1 and 2 bedroom –east side 50 1 bedroom apts	21,315,000 11,413,000	277,099 148,377	74,000	847,996	3,181,372 / 260 units

	48 1 bedroom apts. 62 units (1 and 2 BR) Gerry garage.	10,955,000 15854,000	142,415 206,105			
2018	100 units 1 and 2 bedrooms –east side 50 1 bedroom apts 48 1 bedroom apts. 62 units (1 and 2 BR) Gerry garage. 25% construction value 7 story building	21,634,000 11,584,000 11,119,000 16,460,000 15,000,000	288,164 154,298 148,105 219,247 199,800	75,000	1,084,614	4,265,986 / 260 units
2019	100 units 1 and 2 bedroom –east side 50 1 bedroom apts. 48 1 bedroom apts. 62 units (1 and 2 BR) Gerry garage. 100% construction value7- story building	21,958,000 11,757,000 11,285,000 16,700,000 60,000,000	299,726 160,483 154,040 227,955 799,220	105,000	1,746,424	6,012,410 / 370 units 75% occupied
2020	All development on the income method of assessment Partial rent -up	123,000,000	1,678,950	137,000	1,815,950	7,828,360 / 480 new units 75% occupied
2021		**125,000,000**	**1,706,000**	**152,000**	**1,858,000**	**9,686,000 / 480 new units 95% occupied.**

As indicated above, at stabilization in 2021 the estimated gross annual revenue stream is anticipated to be approximately $1,858,000 and the total revenue generated by 2021 will be approximately $9,686,000.

7.0 Net Fiscal Impact by Year

Table 12 below illustrates the net fiscal impact by year and at stabilization and provides the reader with an overview of fiscal performance based on the estimated costs and revenues for any given year in the build out cycle.

Table 12 combines all the cost and revenue projections generated in the preceding sections of this report and illustrates the estimated fiscal position in terms of dollars and the annual cost to revenue ratio

Table 12. Cost to Revenue Ratio and Net Fiscal Gain or Loss

Year	Annual Cost	Annual Revenue	Net Gain or (loss)	Cost to Revenue Ratio.
2010	0	$36,036	$36,036	N/A
2011	0	$46,184	$46,184	N/A
2012	$28,280	$107,297	$79,017	0.26
2013	$60,373	$198,856	$138,483	0.30
2014	$109,551	$413,608	$304,057	0.26
2015	$181,644	$578,973	$397,329	0.31
2016	$228,237	$784,792	$556,555	0.29
2017	$592,054	$847,929	$255,875	0.70
2018	$1,143,964	$1,081,614	$(62,350)	1.06
2019	$1,281,603	$1,746,624	$464,821	0.73
2020	$1,781,138	$1,815,950	$34,812	0.98
2021	**$2,364,620**	**$1,858,000**	**($511,453)**	**1.28**

As noted in Section 4.1, a considerable influx of additional school aged children at 2021 costs drives the Proposal into a fiscal negative for the long term. The proposal in 2021 has cost to revenue ratio of approximately 1.28 and an estimated annual net loss of $511,000.

8.0 Building Permits and Associated Fees

Based on the construction values estimated in this report of approximately $104,500,000, over the course of construction and an assumption that the $20 per $1,000 of construction value for building permits will remain stable and that electrical permits, plumbing permits, fire alarm and smoke alarm permits will generate an additional $1 per $1,000 of construction cost; I estimate that the Proposal will generate total fees of approximately $21 per $1,000 and generate approximately $2,195,000 over the course of the project with approximately 50% of all fees being paid by 2017.

9.0 Conclusion

Given the preponderance of one bedroom units the proposal maintains a positive fiscal profile until stabilization in 2021. However, the completion of the 7 story building having an additional 110 two bedroom units with a 15% affordable component increases the net new student count to 88. The associated costs of the additional school aged children in the 2019-21 time frame significantly changes the fiscal nature of the proposal and at stabilization creates an estimated cost to revenue ratio of 1.28 and an estimated net fiscal loss of approximately $511,000 annually. Given the nature of the Proposal the estimated net fiscal loss would be a permanent feature from 2021 and thereafter.

Appendices

Appendix 1. Examples of Brookline residential developments having a range of than seventy five to 232 total units and at least seven stories in height. Data Source: 2008-2009 Brookline School Dept.

50 to 60 Longwood avenue 12 students

1443 Beacon St. 7 students

1540 Beacon St. 0 students

216 St. Paul St. 1 student

Dexter Park (Freeman St.) 232 Units 30 students.

Non- Brookline Examples 2006-9

Imperial Towers, Newton, 152 units 0 students

Parkway Mystic, Arlington, 48 units 1 student

Park View, Winchester, 350 units 14 students

Appendix 2 Estimated commercial / residential service demand

The following data was derived from Exhibit 6-4 Typical Impact of Commercial Uses on Various Public Service Categories: Fiscal Impact Handbook Burchell and Listokin, Chapter 6 Proportional Valuation Fiscal Impact Method. In the report this table was used to estimate the percentage of commercial demand on some of the individual department budgets as noted.

Service Category	Percent Range	Mid-Point, %
General Government	4 to 6	6
Public Safety	35 to 90	75
Public Works	10 to 20	15
Health and Welfare	1 to 3	2
Recreation and Culture	1 to 3	2

As noted in the Fiscal Impact Handbook, "the analyst must temper his distribution of aggregate municipal costs with the kinds of services provided locally. He must also take into account the potential assumption of typically public services by the private facility"

Appendix 3 Affordable Housing Rent Values Brookline

Source: Brookline Planning Dept 12/9/09

One bedroom units @ 80% AMI - $1,105
One bedroom @100% AMI $1,571 (Current Hancock Village average for a one bedroom is $1,605)

Two bedroom @80% AMI $1,233
Two bedrooms @ 100% AMI - $1,757
Current two bedroom average rent at Hancock Village is $1,905

Appendix B
CA Report on the Current Proposal

Hancock Village

Brookline Massachusetts

Phased Development Program

A Fiscal Impact Analysis Draft 1 June 3, 2010

1.0 Preface

This report has been prepared for Chestnut Hill Realty **(**CHR**)** as part of the Hancock Village Committee review process to consider additional development on the property located off Independence Drive in the Town of Brookline Massachusetts generally known as Hancock Village. Assistance was provided by the Brookline Planning Department, School Department, Department of Public Works, Police Department, Fire Department and Assessor's Office. The conclusions and findings are those of John W. Connery the report author.

The objective of the report is to provide local officials and residents with an understanding of the fiscal implications of a ten year phased development program (Proposal)to expand the existing Hancock Village by adding 480 new units rental housing; while removing 14 existing older units. Further, as part of an overall site upgrade, improvements to surface parking in terms of supply and internal roadway circulation will be constructed. Senior restricted residences will comprise the majority of the new housing (56%) and fifteen percent (15%) of all the new rental homes will be consistent with the affordable housing regulations of the Town of Brookline.

In terms of unit types the Proposal is as follows:

- 172 one bedroom apartments (36%)
- 48 two bedroom apartments (10%)
- 260 senior restricted apartments (54%)

In terms of phasing, the dates indicated below represent estimated completion of construction:

- Improvements to surface parking 2011.
- 104 one bedroom apartments by 2012
- 68 one bedroom apartments by 2014
- 48 two bedroom apartments by 2016
- 260 senior apartments by 2019 (40% one bedroom and 60% two bedroom).

This report is primarily concerned with the estimated *net fiscal position* of the Proposal during each phase of construction and at stabilization. Specifically, the relationship between the

Proposal's annual municipal service cost and generated annual municipal revenue; with said relationship being expressed in terms of dollars (annual net fiscal loss or gain) and as a ratio of annual service cost to annual revenue i.e. the cost to revenue ratio. The cost to revenue ratio indicates what portion of each revenue dollar collected is needed to cover annual municipal service costs. A cost to revenue ratio of 0.50 indicates that a project requires 50 cents of every revenue dollar received to be expended for municipal services leaving 50 cents as a net fiscal benefit that can be assigned to other municipal needs. A cost to revenue ratio of 1.00 is revenue neutral, a ratio of 1.50 is negative and indicates that the development requires $1.50 in service cost for every dollar received as revenue i.e. an indication of net fiscal loss.

2.0 Summary of Findings.

- *At stabilization in 2021 the Proposal will have a cost to revenue ratio of 0.56 and an annual net fiscal benefit of approximately $731,000.*
- The estimated gross annual revenue in 2021 is estimated at $1,666,177; and the estimated annual service cost is $934,723.
- At no point during the 10 year construction program does the Proposal have a negative fiscal profile.
- The proposal will generate five (5) school aged children by the end of the 2015-2016 school-year. At stabilization in 2021 the Proposal will generate a net of 23 additional students.
- School costs represent 57% of all service costs.
- The total assessed value of the Proposal in 2021 is approximately $111,000,000.
- The 85% of the proposed market rate units will have rents ranging from 40% to 60% higher than the current market rate units. The 15% of units designated as affordable housing will be consistent with Brookline's regulations.
- One-time fees paid over the period of construction comprised of Building Permit and associated fees are estimated to approximately $2,000,000. This revenue is in addition to the revenues used to estimate the net fiscal position of the proposal.

3.0 Summary of Methodology

Fiscal analyses are traditionally prepared to provide a municipality with an understanding of the fiscal implications of a proposed project and specifically those municipal departments that are likely be affected by new development. As such, the fiscal analysis is a projection of the relationship between the municipal operating budget and projected revenues. In this instance the fiscal implications of each phase of the development will be examined as well as the completed (stabilized) development. The following is an overview of the methodology used to estimate both revenue and cost, more detail is provided in the pertinent sections that follow.

Revenue

Contrary to popular understanding, communities have various sources of revenue beyond the real estate property tax. For example, in Brookline the property tax comprises approximately 66% of the annual revenue stream, state aid accounts for approximately 9%, local receipts 21% and other available sources 4%. As noted in the body of the report, the various forms of revenue will be applied as appropriate in order to off-set costs of various municipal departments. Further, revenues and costs for water and sewer service are counted as part of fees paid to the Town as part of enterprise account, essentially a pay as you use account. As such water and sewer services do not directly impact the property tax levy in Brookline as do services such as schools, fire, police, and public works which are funded directly from general fund. Brookline also has a recreation enterprise account but it does not cover all recreation costs accordingly the analysis deducts recreation revenues from total annual costs to determine the estimated associated recreation costs.

The revenue projections in this analysis are a combination of the stabilized income method and the improvement value method (cost method) as appropriate over the ten year estimated project construction period. For this report property taxes are estimated using the current tax rate expanded by a percentage of 2.5% per year while increasing the value of the property assessment by 1.5%. Building Permit and associated fees are a one-time source of revenue and do not impact annual fiscal performance. Said fees are based on the $20 per $1,000 of construction value plus an additional $1 for other pertinent fee costs (fees assumed constant over a ten year period); state aid estimates are also based on current levels of assistance for the entire project period, and local receipts reflect the FY10 budget estimates with a one percent annual increase per year.

Municipal Cost

This report uses Brookline's FY10 municipal operating budget and FY10 Fiscal Plan as the basis for its municipal cost estimates and findings, however, for real estate tax estimating purposes the current residential rate of $10.97 was applied as the real estate tax basis. The cost component of

this analysis includes all municipal budget items that are measurably impacted by the proposal. In this instance, I employed current police data and information assembled via discussions with the fire department and police department to illustrate the projected public safety costs.

Municipal cost associated with the school department reflects the portion of actual net school spending per pupil (ANSS) that is the responsibility of the community i.e. the portion of the school costs paid by local residents via property taxes, but excluding Chapter 70 state aid paid to the Town that subsidizes a portion of local school costs, said revenue is addressed separately so not to double count that revenue source. In the analysis ANSS is expanded annually at a rate 4.5% annually (the approximate local rate of increase for the past decade) to reflect rising school costs over the estimated ten year period of construction.

The Building Department, which for Brookline is part of the Public Safety budget, will also incur the cost of construction review. However, the building permit fees and other associated fees will generate approximately $2,000,000 over the course of construction. The value of the building permit and associated construction fees are provided to illustrate that the significant one-time revenue generated by this revenue source will be more than adequate to address additional departmental project review costs.

My review and discussion with DPW officials indicates that the proposal will not generate any new Department of Public Works (DPW) costs since all the traditional DPW costs will be assumed by the private owner as is the case with the existing Hancock Village. Additionally the water and sewer enterprise fees will address the cost of providing said services to the Proposal, and therefore are also not part of the fiscal analysis balance sheet.

Existing public debt is not calculated as part of annual fiscal cost since it is a pre-existing condition and in this instance not related to the Proposal. For all other budget line items which include the wide array of the remaining community services, I applied a per capita cost minus the appropriate revenue off-sets as applicable or, when data was available, a more direct correlation of costs based on annual average service calls, as was the case with the police department i.e. a cost estimate based on actual service call records. To address increasing costs for various municipal departments, during the estimated ten year construction period, I increased annual service costs by 3%, a factor based on my interpretation of the 2010 fiscal plan.

The individual departmental cost and review analyses are combined in summary tables and unified to provide the reader with an overview of projected cost and revenues as the Proposal proceeds through a ten year development cycle with estimated stabilization occurring in 2021.

4.0 Municipal Service Cost Analysis

This analysis divides municipal service costs into two broad categories: education costs and general service costs which are all other non-school operating costs. In addition, there are several departmental or general budget line items that will not be impacted by the Proposal in a measurable way. Some examples of municipal costs not directly or measurably impacted existing municipal debt, overlay accounts, free cash, and special appropriations. The non-school costs examined in this report (general service costs) are divided into the general budget categories employed by the Town.

4.1 Education Costs and Enrollment Trends

My review of the most recent Massachusetts Department of Education data **(**updated to January 2010) indicates that enrollment peaked in 2002 and declined slightly over the next four years but since 2007 total enrollment has returned to the previous higher level. Currently, there are approximately 6,200 students in the Brookline School System. The 2009-10 school year witnessed a significant increase in pre-school and kindergarten enrollments of approximately 160 students which has resulted in creating further stress on a physical plant that, according to the February 2009 School Facilities Report prepared for the Brookline School Department, is already near or at capacity at most school locations, except for Brookline High School.

Given the above noted current capacity issues, this report employs the Actual Net School Spending (ANSS) per pupil cost, as opposed to a more defined incremental cost analysis, as the method best suited to reflect the school costs related to additional pupils**.** The ANSS cost method is a more appropriate method to estimate increased school costs in instances where capacity of the physical plant is an issue, as is the case in Brookline. According to the State's Department of Education in FY2010, Brookline's ANSS was $14,741. However, it is important to note that not all of the ANSS cost are addressed by local revenue sources. The Town received approximately $1,185 per pupil in state aid in FY10. This is a revenue source that needs to be assigned against the ANSS to determine local cost impact. By deducting the state aid from the ANSS value I have accounted for the state aid to education; an annual revenue source. Accordingly, deducting $1,185 per pupil from the ANSS of $14,741 leaves a current local school cost responsibility of $13,556 per pupil. It should be noted that the ANSS includes indirect payments.

Student Projections

The exiting 530 unit Hancock Village generates a significant number of school aged children. The October 2009 Hancock Village data provided by the School Department indicate a total of 309 students ages 2.6 months to 18 years of age. The resulting students per total unit ratio of 0.58 (309 students divided by 530 units) generates an overall average student per unit ration is

considerably higher than the Town wide average of 0.21. However, it must be noted that Hancock Village is not a multi-family development but rather a development of attached single family units (town or row houses) and these units should be considered more analogous to single family homes than traditional multi-family apartments in terms of student generation rates.

More importantly, given current average rent, as compared to Brookline as a whole, Hancock Village is an affordable large scale rental community. Given the average rent of the existing units nearly half (46%) would qualify as an affordable housing given Brookline's broader definition of affordable housing which permits some affordable rents to be set in accordance with 100% of area median income, and in a number of instances existing Hancock Village rents for both one and two bedroom units meets the 80% of area medium income standard for affordable housing (See Appendix 1). Accordingly, due to unit type and the current average rent it is not surprising that Hancock Village has a high student per unit ratio than Brookline as a whole.

The Proposal is designed to permit market rate rents in 85% of the new units consistent with new unit market rates in Brookline. It is anticipated that with Brookline market rate rents for 85% of new units there will be considerably fewer students per unit due to the influence of significantly higher rents. Accordingly the overall student per unit ratio for the proposal will move toward the 0.21 student per unit ratio that currently exists for the community as a whole.

While I anticipate that the student generation characteristics of the existing 530 development will remain essentially the same, the proposed expansion has been expressly designed to avoid exacerbating the pre-existing school capacity issues. Specifically, all the new units will be designed as flats and 54% of all units (260) will be restricted to senior occupancy. Further, the remaining non-senior restricted units (220) will be comprised of 172 one bedroom units (78%) and 48 two bedroom units (22%). Accordingly, the non-senior component will have only 1.2 bedrooms per unit and it is anticipated that a zoning amendment will be adopted restricting only two people for the one bedroom unit. Combined these features will generate a very different residential development in terms of student generation per unit than what exists today.

The new student projections were developed using existing Hancock Village data as the base comparable data source since the Proposal is essentially an infill development of a long established residential community. Currently, there are 246 one bedroom units in Hancock Village; of this number 15 one bedroom units generate 17 students. Accordingly, 231 of the 246 one bedroom units *do not generate* any school aged children. The existing student per unit ratio is 0.069 students per unit (17 students per 246 one bedroom units). In general terms this is a very low student per unit ratio but for one bedroom units it is a high generation rate given that the regional average for one bedroom units (affordable and market rate combined) is essentially zero. My projections recognize that the Proposal will generate school aged students in the new one bedroom units, but that the student generation rate will be tempered by the significantly higher rents and proposed limitation on occupancy of one bedroom units to only two people.

Currently in Hancock Village the two bedroom units generate 1.04 students per unit (264 school aged children from 255 total units). The three bedroom units (29) generate 0.97 students per unit

but there are no three bedroom units in the Proposal and accordingly, this data point is not applied in the report.

Proposed One Bedroom Units and Student Generation

As mentioned above, as part of the Proposal Chestnut Hill Realty would anticipate a zoning change with a restriction requiring a maximum of two people per one bedroom unit, this restriction along with rents consistent with market rate rents for new units in Brookline will generate a disincentive for use of one bedroom apartments for families or individuals with school aged children. The current average rent of a Hancock Village one bedroom unit is $1,605; however, the average rent for new market rate one bedroom units will be $2,300 (current dollars) or an increase of 44% (approximately $700 per month or $8,340 per year) for the modern and larger apartments (See appendix 2). I believe that the higher rents (consistent with market rents in Brookline) and the proposed zoning restriction will reduce the number of school aged children generated from one bedroom units.

It is important to note that the rent rates have a well understood impact on the number of school aged children likely to be found in an apartment unit. For example, my experience and the experience (and of many fiscal analysts) is that market rate two bedroom units generate approximately 0.15 students per unit in the Boston Metropolitan Area. However, the affordable two bedroom units, with rents up to $700 dollars less per month generate approximately 0.400 students per unite The regional student generation rate for two bedroom units indicates that affordable units generate approximately 2.7 times the number students as the market units (0.40 to 0.15 per unit). While this ratio is likely to change somewhat from community to community for the purposes of this report I am applying the regional average to estimate the impact of rents on students per unit for both one and two bedroom units.

The long term regional experience has been and continues to be that affordable units (units with lower rents) generate a higher student per unit rate. This same principal can be applied in reverse to the Proposal's new market rate units (85% of the total) which will increase rents for one bedroom units by approximately $700 per month and two bedroom units by $850 per month. Applying the 2.7 to 1 student differential ratio, I anticipate that the *new market rate* one and two bedroom student generation rates will decline.

Accordingly, I am assigning a value of 0.026 students per unit for the market rate one bedroom units (the 0.069 current one bedroom student generation rate divided by 2.7). The resulting 0.026 a student per unit ratio is considerably above the regional average of zero but it reflects existing on site realities tempered by the impact of higher (market rate) average rents and the anticipated population per unit zoning restriction. However, for the Proposal's affordable one bedroom units (15% of total) I am maintaining the existing Hancock Village existing one bedroom student rate of 0.069 per unit. Note, the affordable one bedroom rate in Brookline at

100% of Area Median Income (AMI) is $1,587 and the current average one bedroom rent in Brookline Village is $1,605 given a rent range from $1,395 to $1,860.

Two Bedroom Units

Currently Hancock Village has a two bedroom student per unit rate of 1.04 (264 school aged children in 255 total units). The student per unit rate is high particularly when compared to the regional average of 0.15 students per two bedroom market rate units and 0.40 students per unit for affordable units. Taking into consideration the projected rent increases, (the current two bedroom average rent of $1,912 will increase to an average of 49% ($2,850 per month and $11,256 per year) I anticipate a significant disincentive for households with school aged children. Using the same methodology as applied to the one bedroom units I am assigning a market two bedroom student generation rate of 0.40 while maintaining the 1.04 students per unit average (current average) for the affordable two bedroom units. There are no three bedroom units proposed so this type of unit is not factored into the estimated student generation projections.

Senior Units

The Proposal calls for 260 senior restricted units (60% two bedroom and 40% one bedroom) to be located in a seven story building completed by 2019. Given the nature of the senior housing restrictions no school aged children are anticipated. However, during the construction of the senior housing component from 2017-2019, fourteen (14) existing units with six (6) school aged children (current student enrollment data) will be removed, effectively lowering the number of students generated from Hancock Village. Table 1 below estimates the number of new school aged students to be generated over the ten year construction.

Table 1 Additional Students by Development Phase and Total

School Year	Occupied Units by Type	Student / Unit	Total
2010-11	No rented units	0	0
2011-12	No rented units	0	0
2012-13	88 one bedroom, market rate	0.026	2.29
	16 one bedroom affordable	0.069	1.10
	Students added this year		3
	Total: 104 units		

2013-14	No new units on line Students added this year Cumulative students Total: 104 units	 0 0	 0 3
2014-15	58 one bedroom market rate 10 one bedroom affordable Students added this year Cumulative students Total: 172 units	0.026 0.069	1.51 0.69 2 5
2015-16	No new units on line Cumulative students		 5
2016 - 17	41 two bedroom market 7 two bedroom affordable Commence construction of senior units New Students this year Students removed New Students Added this year Cumulative students Total 220 units	0.400 1.040	16.40 7.28 24 6(1) 17 23
2017-18	Senior units under construction 172 one bed room and 48 two bedroom units on-line	0.00	23
2018-19	Initial rent-up of senior units 172 one bed room and 48 two bedroom units on-line Cumulative students	0.00	 23
2019-20	Approx 65% of senior units rented 172 one bed room and 48 two bedroom units on-line Cumulative Students	0.00	0.00 23
2020-2021	**Project Stabilization** Total: 480 units at 95% occupancy.		**23**

(1). The 14 units to be removed in 2016-2017 are comprised of 6 two bedroom, 1 three bedroom, and 7 one bedroom units. Based on the ratios in the assumed in the table above they will generate 6 students.

Table 1 above indicates that by the 2020-21 school year the Proposal will generate a net of 23 school aged children after deducting six students currently enrolled in Brookline schools from the six one bedroom, seven two bedroom, and one three bedroom unit that will be removed due to construction in 2017. Assuming the same grade assignments that exist today; seventy eight percent or 18 additional students will attend the Baker School; 2 or 3 or eleven percent will attend Brookline High School; and the remaining 2 or 3 students or eleven percent will attend other elementary schools. While Brookline has a significant private school enrollment of approximately 15% of all school aged children the very large majority of said students are from home ownership residences and from significantly higher income families in Brookline. Accordingly, I have not assigned any of the projected students as potential private school enrollees.

It is important to note, that the anticipated increase in total enrollment occurs over a period of 10 years. However, due to the proposed development schedule no additional students will be added until the 2012 13 school year when a total of three (3) students will be added. By 2015-2016 the Proposal will have added only 5 students to total enrollment. By the 2016-17 school-year the Proposal will have added add 23 net additional students. Since the remaining 260 units to be built between 2017 and 2019 will be senior restricted units, at stabilization in 2021 the Proposal will generate a net of 23 additional students at completion. Due to the senior component and the ratio of one bedroom to two bedroom units (4 to 1) the low number of new students projected in this analysis at stabilization will be long term characteristic of the Proposal.

Since this study assumes a 10 year construction period I examined the school budgets of the previous ten years to provide some guidance on what is likely occur in the coming decade regarding levels of support for the local education budget. I determined that the average annual increase in ANSS since 2001 (10 years) to be approximately 4.5 % per year. I have made the assumption that the level of support for the public school system will, on average, remain consistent during the 10 year construction period. Accordingly I have increased the ANSS by a factor 0f 4.5% per year.

Table 2 below indicates that by 2020-21 school year the Town's ANSS, (minus state aid which represents about 13% of the total school cost), will be approximately $22,989 per year. The table also indicates that school costs would not begin to accrue until the 2012-13 school year and that noteworthy costs do not occur until the 2016-17 school year; and further that after 2016-17 no additional students are generated by the Proposal since all development after that time is for senior housing.

Table 2. Projected School Enrollment Increases and Associated Cost.

School Year	Enrollment	Total Enrollment	Per Pupil Cost	Total Cost
2010-11	0	0	$14,116	0
2011-12	0	0	$14,803	0
2012-13	3	3	$15,470	$46,410
2013-14	0	3	$16,116	$48,348
2014-15	2	5	$17,654	$88,270
2015-16	0	5	$18,448	$92,240
2016-17	24	23(1)	$19,278	$443,417
2017-18	0	23	$20,145	$463,335
2018-19	0	23	$21,052	484,196
2019-2020	0	23	$21,999	$505,977
2020-2021	**0**	**23**	**$22,989**	**$528,747**

(1) Demolition of 14 units in 2017 in preparation for construction of the mid-rise building reduces enrollments by six students (the 2009-10 enrollment of 6 one bedroom 7 two bedrooms and 1 three bedroom unit)

As indicated in Table 2 above, at stabilization in 2021, the estimated school costs related to the proposal will be approximately $529,000. However, by the 2015-16 school year I anticipate only five (5) additional students of which only four (4) will be added to the Baker School and the estimated annual school cost will be approximately $92,000.

By the 2016-17 school-year total enrollment total will increase by 23 students given the introduction of 48 two bedroom units of which 15% will be affordable units. No additional students will be added after 2017 since all additional housing will be senior housing. Accordingly, the net student increase associated with the proposal in 2021 will be approximately 23. Based on current enrollment patterns by 2021 eighteen (18) additional students will be added to the various grade levels at the Baker School, three (3) students added to the high school, and two (2) students to other elementary schools.

4.2 Public Safety. For most communities public safety costs are the second largest municipal service costs after school costs. For the purposes of this report public safety costs are divided into police and fire safety services.

Police Department

Hancock Village, like all residential uses, generates a need for a variety police services. Currently Brookline has a force of 140 officers, or a rate of 1 officer per 400 people. In some communities using the anticipated population of the new project and the current officer to population ratio can provide a reasonable estimate of new demands on police services. In this instance, I believe Brookline is too complex a community to use such an approach. In communities such as Brookline that have a considerable commercial base and are located at the cross roads of major regional traffic flows there are numerous times when more than 50% of daily police services is needed for non-residential purposes. To get a more accurate understanding of the needed police service costs, particularly for a project with a ten year horizon, the Brookline Police Department provided detailed information relative to the number and type of police calls generated by Hancock Village properties for 2008 and the total number of police service calls Town wide. Individual police responses vary in terms of man hours required by the type of incident and the severity of the issue. However, my approach in estimating police costs assumes that a police service call is an effective general measure of cost, since at any point in time, any type of police response could occur in any neighborhood or for any land use type. Accordingly, for the purposes of this report I have assumed the ratio of police calls associated with the subject properties to overall community calls is a fair method to estimate and apportion annual police service costs.

For the most recent complete year (2008) the Brookline Police responded to 61,277 calls for service and of that number 127 were associated with Hancock Village or 0.002%, see Table 3 below.

Table 3. Comparative Police Calls for Assistance

Subject	Year	Police Calls	% of Calls
Brookline	2008	61,277	100.00
Hancock Village	2008	127	0.002

As indicated, Hancock Village generated 0.002% of the total number of police calls in 2008. By relating the 0.002 % of the service calls to the overall police FY 2010 budget of $14,381,212 an estimated annual service cost of $28,762 can be derived for the existing 530 unit Hancock

Village or an annual per unit cost of $54. Adjusting the current base cost to $30,000 for the 466 net new units, the estimated base cost per unit in 2012 will be approximately $60 using a 3% annual cost inflation factor which I applied to the full 10 year construction period. Table 3 illustrates the estimated police costs over time. Please note, construction of the one bedroom units may be completed in 2012, however it is likely that full occupancy will not occur until the following year. For the purposes of estimation full occupancy is assumed for each year shown in Table 4 below.

Table 4. Estimated Police Service Cost by Year

Year	New Units	Cost/Unit $	Add. Cost $
2010	0	54	0
2011	0	57	0
2012	104	59	$ 6,136
2013	104	61	$ 6,344
2014	104	63	$ 6,552
2015	172	65	$11,180
2016	172	67	$11,524
2017	220	69	$15,180
2018	220	71	$15,620
2019	220	73	$16,060
2020	466 (1)	75	$34,950
2021	**466 (1)**	**78**	**$36,348**

(1) Reflects removal of 14 existing units.

Fire Department

The Fire Department has a FY 2010 budget of $12,206,045 to provide fire safety services to all sectors of the community. Some communities operate municipal ambulance services but Brookline contracts with private firms for the provision of ambulance service who in turn collects the insurance payments. In a community as commercially complex as Brookline, a range of 35% to 90% of the annual budget can be related to commercial, industrial, institutional and vehicular related fire safety issues (See Appendix 2). For the purposes of this report I am

assuming that a mid-point of 65% of all fire service costs are non-residential related Accordingly, the 35% of the annual fire service budget has been assigned to the existing 27,500 residential units; or a per unit cost of $155 per unit. Table 4 below uses the estimated fire service cost per unit and applies it over the project build out period and similar to police costs the annual cost of service is increased by three percent (3%).

Table 5. Fire Service Costs

Year	Occupied New Units	Estimated Cost per DU	Total cost per Year
2010	0	0	0
2011	0	0	0
2012	50	$160	$8,000
2013	50	$164	$8,200
2014	105	$169	$17,745
2015	160	$174	$27,840
2016	210	$179	$37,590
2017	260	$185	$48,100
2018	260	$190	$49,400
2019	370	$196	$72,528
2020	466	$202	$94,132
2021	**466**	**$208**	**$96,928**

In addition to the annual fire service costs carried on the operating budget, the Fire Chief has made it clear that by the time the 7 story building is in place there needs to be an additional aerial ladder truck with at least a 105 ft ladder in service to service South Brookline. The issue is not that Brookline does not have such equipment but that currently it has only two such 105 ft ladder trucks and they are stationed in North Brookline given building types in that area. The issue, therefore, is one of response time. The Town has recently acquired a third ladder truck, a Quint which is a combination of ladder and pumper, this piece of equipment will initially be housed in Coolidge Corner but may end up at the Reservoir Road Station on Boylston Street. The truck is equipped with a 105 foot ladder. In addition to this new piece of equipment, the Town's capital budget envisions the purchase of a truck in 2018 which would replace another of the Town's standard pumper vehicles with a Quint. If either of these new ladder trucks is located at either

the Hammond Street or the Boylston and Reservoir Road fire stations the issue of response time would be mitigated. Accordingly, based on our discussions with the Fire chief the Town is in the process of undertaking a study to determine conditions of each of the stations to house this new generation of fire equipment. The proportional share of said cost assigned to the Proposal is not carried in this report given the projected capital improvement budget for a new fire apparatus by the time the seven story building is under construction and the Town's recent equipment purchase. Further, as with any public safety equipment it is not simply servicing any one location in the Town, it serves the entire community. Accordingly, if there is any cost associated with the need to upgrade a station to house the new apparatus in the logical proximity to the proposed development, I believe that it should be considered as a one-time cost that can be more logically addressed in an associated development agreement related to the overall project approval. In our discussion with the Fire Chief it was noted that while the ladder would be needed for the reasons indicated above, there would not be a corresponding increase in fire companies nor would replacement equipment require new staff.

4.3 Public Works

For most new development traditional public services such as roadway maintenance, snow plowing, drainage management, and lighting, is a function of local government. However, in the instance of the proposal all traditional DPW services such as road maintenance, drainage, snow plowing, lighting, trash collection will be the responsibility of the private owner as is currently the case. Further Independence Drive is currently maintained by the Town and it will continue to provide maintenance at the required levels to insure safety, therefore, there is no measurable change for said roadway in terms of service cost. Accordingly, no associated DPW cost increases are anticipated.

4.4 General Government

The General Government category in the Brookline municipal budget covers the traditional Town Hall departments and service functions including the operation of all Town Boards. This service cost category can be affected by new growth since it is population that generally drives this category of services. To estimate this cost component I have selected the per capita method to assign annual service costs. Accordingly, the Municipal Administration budget of $7,458,456 represents a current per capita cost of approximately $133 per year given an estimated population of 56,000. However, since studies such as The Fiscal Impact Handbook by Burchell and Listokin, referenced by this report, (See appendix 3) indicate that service cost associated with commercial / industrial / institutional uses generally represent 4-8% of overall municipal

administration cost. Accordingly I chose the median value of 6% to deduct from the total budget as a means of adjusting for residential cost estimation purposes. Therefore, the base value for the analysis in 2010 is $125. Assuming that the 260 senior units (104 one bedroom and 156 one bedroom units) will generate approximately 450 -460 people; and that the 172 one bedroom units at 1.2 people per unit will generate 205 to 210 people; and that the 48 two bedroom units at 2.4 people per unit will generate an additional 110 to 120 people the total net new population used for this analysis be is 800 people. Table 6 below illustrates the estimated cost of general government services on a yearly basis as the proposal moves toward stabilization. The annual cost reflects an additional increase of three percent (3%) per year.

Please note that Brookline received $5,593,780 in unrestricted general government aid in FY10 from the Commonwealth of Massachusetts, unrestricted local government aid is an annual revenue source. For the purposes of this report rather than assigning this revenue department by department for the general government cost analysis as shown below, the annual unrestricted government aid will be applied to non-appropriated expenses (in a latter section of this report), such as the MBTA costs in order to account for this annual revenue source. The purpose of this methodology is to account for this significant revenue source without engaging in a detailed analysis of how it is allocated or addressed department by department.

Table 6. General Government Costs by Year

Year	New Units	Population	Cost/Person	Total Additional Cost
2010	0	0	125	0
2011	0	0	129	0
2012	104	156	133	$13,832
2013	104	156	137	$16,224
2014	104	156	141	$21,996
2015	172	258	145	$37,410
2016	172	258	149	$38,442
2017	220	375	153	$57,375
2018	220	375	158	$59,250
2019	220	375	163	$61,125
2020	466(1)	800	178	$142,400
2021	**466 (1)**	**800**	**183**	**$146,400**

(1) Reflects removal of 14 existing units. Accordingly the 480 unit new units result in 466 net units.

4.5 Library

Subtracting the $41,555 in annual state aid to libraries (a revenue source) the Town's cost for the Brookline Public Library is $3,424,382 per year. Similar to General Government services I have assigned a per capita cost but after reviewing previous fiscal year budgets I have applied only 2% average service cost increase per year. Given the Town's estimated population of 56,000, the estimated current per capita library cost is currently $61 or $60 taking into account the estimated 2% of annual library cost related to non-residential land use.

. **Table 7. Library Costs**

Year	New Units	Total Population	Estimated Cost per Person	Total Cost Per Year
2010	0	0	60	0
2011	0	0	61	0
2012	104	156	62	$9,672
2013	104	156	63	$9,828
2014	104	156	64	$9,984
2015	172	258	65	$16,770
2016	172	258	66	$17,028
2017	220	375	68	$25,500
2018	220	375	69	$25,875
2019	220	375	70	$26,250
2020	466 (1)	800	71	$56,000
2021	**466 (1)**	**800**	**72**	**$57,600**

(1) Reflects removal of 14 existing units.

As illustrated above, by the year 2021 the Proposal will generate approximately $57,600 in additional library service costs.

4.6 Health and Human Services

Similar to the analyses above for the Public Library I applied a per capita cost analysis over the project build out time frame to illustrate the municipal service costs associated with the health and human services component of the operating budget. In this instance an existing annual budget of $2,205,625 equates to a $39 cost per person. Table 8 below illustrates the estimated cost s over the project build out period including a cost escalation of 3% per year.

As shown below, similar to other cost categories, significant cost does not occur until late into the development schedule in this case not until 2020. At stabilization in the year 2021 the Proposal will generate approximately $45,600 in health and human service costs. The Health and Human Services Departments also service commercial activities but for the most part business activities carry a fee that covers all or part of the inspection cost. Accordingly the estimated costs indicated below are slightly conservative (high).

Table 8. Health and Human Services Costs

Year	Occupied New Units	Total Population	Estimated Cost per Person	Total cost Per Year
2010	0	0	39	0
2011	0	0	40	0
2012	104	156	41	$6,396
2013	104	156	42	$6,552
2014	104	156	43	$6,708
2015	172	258	44	$11,352
2016	172	258	45	$11,610
2017	220	375	47	$17,625
2018	220	375	49	$18,375
2019	220	375	51	$19,125
2020	466 (1)	800	54	$43,200
2021	**466**	**800**	**57**	**$45,600**

(1) Reflects removal of 14 existing units.

Similar to other general service cost categories, significant cost does not occur until late into the development schedule in this case until 2020. At stabilization in the year 2021 the Proposal will generate approximately $45,600 in health and human service costs.

4.7 Recreation.

After deducting the golf enterprise fund revenues, the balance of the FY10 recreation budget is $982,808 or approximately$18 per capita. Table 9 below assumes all local recreational cost is generated by residential uses and that the cost to provide this service increases at a 3% annual rate.

Table 9 Recreation Cost

Year	New Units	Total Population	Estimated Cost per Person	Total Cost per Year
2010	0	0	18	0
2011	0	0	19	0
2012	104	156	20	$3,120
2013	104	156	21	$3,276
2014	104	156	22	$3,432
2015	172	258	23	$5,934
2016	172	258	24	$6,192
2017	220	375	25	$9,375
2018	220	375	26	$9,750
2019	220	375	27	$10,125
2020	466 (1)	800	28	$22,400
2021	**466 (1)**	**800**	**29**	**$23,200**

(1) Reflects removal of 14 existing units.

As noted above, the additional annual recreation service cost will be approximately $23,200 in 2021.

4.8 Debt

Generally speaking, preexisting debt and interest are not allocated to a proposed new development in a fiscal analysis unless it is clear that the development directly generated the need for the debt. In this instance, pre-existing debt is not related to the Proposal and not factored into the estimated fiscal impact. Further, it is not anticipated that the proposal will

require additional capital spending and debt beyond what exists and is proposed as of December 2009.

4.9 Personal Service Reserve and Collective Bargaining

These budget categories will not be directly impacted by the Proposal and is not included in costs generated by the Proposal**.**

4.10 Personnel Benefits

The proposal may generate the need for additional school instructors but said costs have been included in the Actual Net School Service (ANSS) cost approach used in Section 4.1. However, the addition of approximately 800 new residents by 2021will not likely require additional personnel in general government services based on the practices of Town government during the past decade. However, to be prudent all our departmental budget estimates shown above do include a cost a cost of service increase that can maintain existing levels of staffing and possibly be used to add a minimal level of staffing depending on local decisions.

4.11 Non-Departmental Costs

The non departmental costs covers pension benefits (contributory and non-contributory of employees who are part of the town's retirement system. The proposal will not directly impact these benefits. However, the school could generate non-departmental costs but as noted these costs are included in my school cost estimate using the actual net school spending (ANSS) approach.

4.12 Special Appropriations

Special Revenue Appropriations in Brookline are revenue financed capital improvement projects that, in this instance, are not impacted by the Proposal. Given that said appropriations are revenue financed projects that are not germane to the Proposal, no cost component is included in this report.

4.13 Non-Appropriated Costs.

Non-appropriated costs include items like the air pollution district costs, registry parking surcharges, tax levy overlay accounts, tax title and court judgments. Items like the aforementioned will not be impacted to any measurable degree by the Proposal. However, this budget category also includes costs that may be impacted by the Proposal or at least provide potential benefit to the residents of the Proposal in a manner that could possibly generate future

costs. For these reasons I have included the following items as costs; County Assessment, MAPC (regional planning fees), Special Education, School Lunch Assessment, Library Assessment, Charter School assessment, MBTA (the largest cost at 4.8 million dollars). Combined the above noted assessments total approximately $5,550,000.

Excluding library aid that has already been included in the library cost analysis (Section 4.5) the unrestricted general government aid of $5,593,780 for FY10 has not been applied to this point in the report to offset various costs in government operations (see section 4.4 above) since it would involve a lengthy repeat of the Town's FY2010 financial plan to assign it to specific programs. For the 2010 forward to 2021 I have assumed that unrestricted general government aid would be roughly equal to the current level over a 10 year time period, since no one can predict with assurance that it might increase or decline. Accordingly, I have applied unrestricted general government aid (an annual revenue source) against the non-appropriated costs for the purposes of balancing total costs and revenues for the purposes of this analysis only. In this instance these forms of cast and annual revenue essentially cancel out with annual revenue exceeding costs by $43,000, a de minimus amount considering the instability of the items comprising non-appropriated costs.

5.0 Summary of Service Cost by Impacted Services

Table 10 below provides a summary of all the assigned municipal service costs discussed in the sections above and an annual total service cost.

Table 10. Summary of Municipal Costs by Year.

Year	Schools	Police and Fire	General Govt.	Library	Health /Human Services	Recreation	Total
2010	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0
2012	0	$14,136	$13,832	$9,672	$6,396	$3,120	$ 47,156
2013	$46,410	$14,544	$16,224	$9,828	$6,552	$3,276	$ 96,854
2014	$48,348	$24,297	$21,996	$9,984	$6,708	$3,432	$114,765
2015	$88,270	$41,020	$37,410	$16,770	$11,352	$5,934	$200,756
2016	$92,240	$63,280	$38,442	$17,028	$11,610	$6,192	$218,792
2017	$443,417 (1)	$63,280	$57,375	$25,500	$17,625	$9,375	$616,394
2018	$463,338	$65,020	$59,250	$25,875	$18,375	$9,750	$641,608
2019	$484,196	$88,588	$61,125	$26,250	$19,125	$10,125	$689,409
2020	$505,977	$129,082	$142,400	$56,000	$43,200	$22,400	$899,059
2021	**$528,747**	**$133,176**	**$146,400**	**$57,600**	**$45,600**	**$23,200**	**$934,723**

(1) Reflects the removal of 14 existing units and 6 students.

As indicated, in Table 10 above I estimate that by 2021 the Proposal will generate approximately $935,000 in annual municipal service costs of which 56% will be additional school costs.

6.0 Revenue

In Massachusetts the annual municipal revenue stream is comprised of various sources with property taxes, being the largest single source of revenue followed by local receipts (excise taxes, departmental fees, etc.), state aid (education and general government); and enterprise fees for items like water sewer, trash collection, transportation, and recreation services.

In this report I have accounted for the water and sewer revenues by assuming they are off-set by annual service costs. In effect the annual service fee charged to the user covers the annual service cost and individuals or businesses pay for water and sewer services on an "as you use

basis". Further, state aid to education and unrestricted government aid revenues have been addressed in the sections above. Therefore, to prevent a double counting they are not included in the revenue analysis below.

Accordingly, the revenues that can be applied against the service costs summarized in Section 5, Table 10 are property taxes, and local receipts (fees, fines, excise taxes, other departmental collections). For the assignment of local receipt revenue I employed the per capita method but only assigned approximately half of the current per capita local receipt revenue i.e. $375. Accordingly based on my review of the applicable Schedule A local receipts and my lower estimate of cars per unit type that generate annual excise taxes, I have assigned a local receipt revenue of $190 per capita.

For the property tax estimates I employed two methods of assessment i.e. the stabilized income method and a property improvement or cost method. Due to the nature of the Proposal it will be built in phases over at least a ten year period. Accordingly, the property taxes may be based only the physical improvements to the property while in other years it will be a mixture of the stabilized income and cost method. Once the Proposal is fully constructed and occupied the assessor will likely switch to a stabilized income method based on the net operating income generated by the property.

In the below, for any given year, the property taxes assigned may be a mix of the stabilized income method and the property improvement or cost method. This mix of methods creates a more accurate image of tax flow and reduces the possibility of overstatement. Due to the statutory lag in assessing property i.e. the taxable value of property on January 1 2020 reflects what property value for 2019 regardless of additional improvements in 2020, with said improvements being captured on January 1 2021 and so on. Accordingly, regardless of construction completion by 2019 it is highly unlikely that all components of the Proposal will be taxed using the income method by 2020. Therefore, the report assumes full rent out and stabilization in 2021. Table 11 has been assembled using various assumptions that I believe are consistent with the discussions I had with the Town's Assessor, as listed below:

- The stabilized income methods deducts 5% for vacancy considerations from gross property income, 30% from the resulting 95% for an operations and maintenance deduction, and 5% from said balance for reserve purposes to arrive at net operating income. A capitalization rate of 0.075 is applied to the net operating income to arrive at assessed value. The lower assessments for affordable housing are factored into the estimates.
- The assessed values have been increased at a rate of 1.5% per year and the current tax rate of $10.97 per thousand increases at a rate of 2.5% over the period of construction.
- The rent assumptions used to construct the estimated assessed values reflect a reduced value for the 15% affordable housing component. Rents for the new market rate units

will be 40% to 60% higher than the market rents currently at Hancock Village. All affordable rents are consistent with the town's affordable housing policies and methods of rent calculation. See Appendix 3 for details on rents by type.

- The property improvement method is based on the construction cost projections of Chestnut Hill Realty as of October 2009. They have been assigned to conform to the 10 year development schedule assigned to the proposal. To reflect anticipated cost increases, the value of the construction estimates have been increased at a rate of 1% per year. See Table 11 below for total cost estimates per phase and unit type.
- Local Receipts (including excise taxes) are based on FY10 levels and increased in value by 1% per year over the ten year period. Estimated per capita value of $190 per person

Table11. Revenue Estimates 2010 -2021

Year	Components	Assessed Value $	Taxes $	Local Receipt $	Annual Revenue $	Cum. Revenue and Unit Count
2010	Excess Land Value new zoning	3,285,000	36,036	0	36,036	36,036
2011	25% const. value for 104 1-bedroom garden apts. 100% construction value new parking lots	4,550,000 1,971,000	51,142 22,154	0 0	73,442	109,478
2012	100% const. value 104-1 bedroom apts.	18,382,000	211,760	12,000	223,760	333,238 104 units 50% occupied
2013	104–one bedroom apts. income. method 25% const. value for 68 1- bedroom apts.	20,800,000 4,640,000	245,440 54,752	24,000 0	324,192	657,430 104 units 95% occupied

2014	104–one bedroom apts. income. Method 100 % const. value for 68 1- bedroom apts.	21,000,00 12,000,000	253,890 145,080	25,000 0	423,970	1,081,400 172 units 65% occupied
2015	172 -1 bedroom apts. income method. 25% const. value 48 two bedroom units	36,000,000 2,400,000	446,040 29,736	26,000 0	501,776	1,582,176 172 units 95% occupied.
2016	100% const. value 48 two bedroom units 172 -1 bedroom apts. income method.	9,696,000 36,540,000	123,139 464,058	0 27,000	614,197	2,196,373 210 units 80% occupied.
2017	172 -1 bedroom apts. income method 48 -2 bedroom apts. income method. Demo of 14 existing units for senior site	37,088,000 11,000,000	482,500 143,110	28,000 20,000	643,610 (1)	2,839,983 210 units 95% occupied
2018	172 -1 bedroom apts. income method 48 -2 bedroom apts. income method. 25% construction value 260 senior units	37,600,000 11,165,000 12,000,000	501,974 148,829 159,960	29,000 20,200 0	829,963 (1)	3,699,946 210 units 95% occupied.

2019	172 -1 bedroom apts. income method 48 -2 bedroom apts. income method. 100% construction value 260 senior units	38,200,000 11,332,000 48,000,000	521,812 154,795 655,380	30,000 20,500 0	1,352,487**(1)**	5,052,433 340 units 65% occupied
2020	172 -1 bedroom apts. income method 48 -2 bedroom apts. income method. 260 senior units, partial Rent -up	38,770,000 11,500,000 55,000,000	542,780 161,000 770,000	30,500 21,000 10,000	1,505,280 (1)	6,557,713 480 units 80% occupied
2021	172 -1 bedroom apts. income method 48 -2 bedroom apts. income method. 260 senior units inc. method	39,351,000 11,673,000 60,000,000	564,672 167,505 861,000	31,000 22,000 50,000	1,661,177 (1)	$8,223,890 480 units 95% occupied.
Totals	**480 units**	**111,024,000**	**1,593,194**	**103,000**	**1,666,177(1)**	

(1) The revenue total reduced by $30,000 to reflect the estimated 2017 tax value of 14 units to be removed.

As indicated above, the annual revenue stream is estimated to be $1,666,000 in 2021. The revenue stream is a combination of the estimated property taxes and local receipts associated with the Proposal. By 2021 the proposal is estimated to generate $8,223,890 in total gross revenue.

7.0 Net Fiscal Impact by Year

Table 12 below illustrates the Proposal's net fiscal impact by year and at stabilization in 2021. It combines all the cost and revenue projections generated in the preceding sections of this report and using said data generates a net fiscal gain or loss estimate by year. The column to the far right is an expression of the fiscal profile or the annual relationship of cost to revenues expressed as a cost to revenue ratio. Due to the nature of the on-going development over a period of 10 years the cost to revenue ratio fluctuates but in this instance never attains a negative status. At stabilization the Proposal has a strong positive cost to revenue ratio of 0.56.

Table 12. Cost to Revenue Ratio and Net Fiscal Gain or Loss

Year	Annual Cost	Annual Revenue	Net Gain or (Loss)	Cumulative net fiscal gain or (Loss)	Cost to Revenue Ratio.
2010	0	36,036	$ 36,036	$36,036	N/A
2011	0	73,442	$ 73,442	$73,442	N/A
2012	$ 47,156	223,760	$186,604	$260,046	0.21
2013	$ 96,854	324,192	$227,388	$487,384	0.30
2014	$114,765	423,970	$309,205	$796,589	0.27
2015	$200,756	501,776	$301,021	$1,097,610	0.40
2016	$218,792	614,197	$395,405	$1,493,015	0.36
2017	$616,394	643,610	$ 32,216	$1,525,231	0.96
2018	$689,409	829,963	$140,554	$1,665,785	0.83
2019	$815,721	1,352,487	$536,766	$2,202,551	0.60
2020	$899,059	1,505,280	$606,221	$2,808,772	0.59
2021	**$934,723**	1,666,177	**$731,454**	**$3,540,226**	**0.56**

As indicated by Table 12, the Proposal's net fiscal position at stabilization is positive with a cost to revenue ratio of 0.56 and generates an annual net fiscal benefit of approximately $731,000. Given the nature of the Proposal and the associated development constraints the strong positive fiscal outcome at stabilization will be sustainable for the long term.

8.0 Building Permits and Associated Fees

Based on the construction values estimated in this report (see Table 11) of approximately $95,000,000 and an assumption that the $20 per $1,000 of construction value for building permits, electrical permits, plumbing permits, fire alarm and smoke alarm permits will remain constant until 2020. Accordingly, I estimate that the Proposal will generate total construction related fees of approximately $21 per $1,000 of construction value. Accordingly the Proposal will generate approximately $2,000,000 in one time fees; with approximately 50% of all fees being paid by 2017.

9.0 Conclusions

With senior housing comprising the majority of the proposal (54% of the total) and the four to one preponderance of one bedroom units to two bedroom units (172 to 48 units), the Proposal generates a strong and sustainable annual net fiscal benefit at stabilization of approximately $731,000 and has a strong positive cost to revenue ratio of 0.56. This result is due primarily to the low number of additional school aged children and the application of market rate rents for the 85% of the new units.

The Proposal generates 5 school aged children up to the 2015-16 school year. At stabilization the Proposal will generate a net of 23 additional school aged children in 2021 of which eighteen (18) of the new students will attend the various grade levels the Baker School. The redesigned Proposal has succeeded in generating a strong fiscally positive and sustainable outcome that will have a minimal impact on the school system. Given the nature of the Proposal the strong annual fiscal benefit will be sustainable for the long term,

Appendices

Appendix 1 Affordable Housing Rent Values Brookline

Source: Brookline Planning Dept 12/9/09

One bedroom units @ 80% AMI - $1,105
One bedroom @100% AMI $1,571 (Current Hancock Village average for a one bedroom is $1,605 with a range of 1,395 to 1,860)

Two bedroom @80% AMI $1,233
Two bedrooms @ 100% AMI - $1,757 (Current Hancock Village average rent for a two bedroom is $1,902 with a range of $1,705 to $2,240)

Appendix 2
Average market rents used to estimate gross income for the proposal. (2011 base calculation year)

Source: Chestnut Hill Realty

One bedroom $2,300
Two bedroom $2,850
One bedroom Senior Units $2,400
Two bedroom Senior Units $3,000

Appendix 3 Estimated commercial / residential service demand

The following data was derived from Exhibit 6-4 Typical Impact of Commercial Uses on Various Public Service Categories: Fiscal Impact Handbook Burchell and Listokin, Chapter 6 Proportional Valuation Fiscal Impact Method. In the report this table was used to estimate the % of commercial demand on some of the individual department budgets as noted.

Service Category	Percent Range	Mid-Point, %
General Government	4 to 6	6
Public Safety	35 to 90	75
Public Works	10 to 20	15
Health and Welfare	1 to 3	2
Recreation and Culture	1 to 3	2

As noted in the Fiscal Impact Handbook, "the analyst must temper his distribution of aggregate municipal costs with the kinds of services provided locally. He must also take into account the potential assumption of typically public services by the private facility".

Appendix C
Plan Accompanying the Original Proposal

PROPOSED DEVELOPMENT PLAN

UNITS	
NEW UNITS BROOKLINE WEST	366
NEW UNITS BROOKLINE EAST	100
REPLACEMENT UNITS	14
TOTAL NEW AND REPLACEMENT UNITS	480

PARKING	
PARKING REQUIRED FOR NEW AND REPLACEMENT UNITS @1.4 SPACES/UNIT	673

BROOKLINE WEST	
GARAGE SPACES FOR NEW UNITS	370
SURFACE SPACES FOR NEW UNITS	163
BROOKLINE EAST	
GARAGE SPACES FOR NEW UNITS	140
TOTAL NEW UNIT PARKING	673
OTHER ADDITIONAL PARKING ADDED BEYOND THE 1.4 RATIO	
BROOOKLINE WEST	103
BROOKLINE EAST	79
TOTAL ADDITIONAL PARKING	855

HANCOCK VILLAGE - PROPOSED SITE PLAN JULY 15, 2009

BROOKLINE, MA

JULY 15, 2009

Appendix D
Plan Accompanying the Revised Proposal

PROPOSED DEVELOPMENT		UNIT MIX	
		1 BR	2 BR
BROOKLINE EAST			
NEW UNITS	98	98	0
PARKING SPACES	146		
BROOKLINE WEST			
NEW UNITS	122	74	48
PARKING SPACES	250		
SENIOR DEVELOPMENT			
NEW UNITS	260	104	156
PARKING SPACES	364		
TOTALS			
NEW UNITS	480	276	204
PARKING SPACES	760		

HANCOCK VILLAGE - CURRENT PLAN

BROOKLINE, MA

SEPTEMBER 2010