

**FISCAL IMPACT  
ANALYSIS REPORT**

**AGE-RESTRICTED  
CARRIAGE HOME COMMUNITY**

IN THE  
TOWN OF BOXBOROUGH,  
MIDDLESEX COUNTY, MASSACHUSETTS

*prepared for:*

**TOLL BROTHERS, INC.**  
New England Division  
134 Flanders Road, Suite 275  
Westborough, MA 01581

*prepared by:*

Hannah Mazzaccaro, AICP

February 14, 2017

## Summary of Fiscal Impacts from Proposed Age-Restricted Carriage Home Community

The construction of **(100) age-restricted attached carriage homes** by Toll Brothers, on ± 58 acres between Massachusetts Avenue and Stow Road in Boxborough, will provide the Town of Boxborough with almost **\$638,000 per year in net surplus tax revenue** (projected revenues minus expenditures). The community will also provide revenues in construction fees and other taxes, and will generate hundreds of jobs and millions of dollars of income in the local economy. This report, as summarized below, details the anticipated fiscal impacts of the development on the Town of Boxborough budget. *See report below and attached Appendix for detailed calculations, methods, and data sources.*

### Projected Demographics

Proposed Number of New Homes	Average Residents Per Home	Total New Residents
<b>(100) Age-Restricted Carriage Homes</b>	1.9	190
	School-Age Children Per Home	Total New School-Age Children
	0	0

### Net Fiscal Impacts – Town of Boxborough Budget

Taxing Entity	Annual Property Tax Revenue	Annual Cost of Services	Annual Net Surplus From New Homes
<b>Town of Boxborough</b>	<b>\$ 882,525</b> <i>\$8,825 per Home</i>	<b>(\$ 244,720)</b> <i>\$2,447 per Home</i>	<b>\$ 637,805</b> <i>\$6,378 per Home</i>

### Overall Community Economic Impacts

	Annual Benefits – During Construction	Annual Benefits – Recurring After Build-out
<b>NET SURPLUS Real Estate Taxes to be Paid to Town of Boxborough</b>	\$212,600 Year 1 \$425,200 Years 2 & 3	\$ 637,805
<b>Local Economic Impact – Increased Income and Tax Revenue</b>	\$ 28.6 million over 3 years	\$ 4 million annually (business income, wages, and sales & income taxes)
<b>Local Economic Impact – Job Creation</b>	237 Construction Jobs + 157 Local Jobs	70 Permanent Local Jobs

## Summary of Proposed Development

Toll Brothers proposes construction of one-hundred (100) attached carriage homes on approximately ± 58 acres between Massachusetts Avenue and Stow Road in Boxborough. The land is currently zoned for “Town Center” development. The developer proposes deed-restrictions limiting residents to at least one person per household aged 55 or older, and prohibiting residents under the age of 18, in accordance with the Federal Housing for Older Persons Act. The homes will be in condominium ownership, with most of the land, common areas, recreation and open spaces owned and maintained by a homeowners association.

A Site Plan has been prepared by Stamski & McNary for the developers. The major components of the plan are:

- (100) Attached Carriage Homes, in buildings of 2 units each (duplexes)
- All homes to be age-restricted with no residents permitted under age 18
- All community roads, open space, and on-site services (e.g. snow plowing, refuse disposal, recreation facilities) to be privately owned and maintained by a Homeowners Association (HOA) and paid for through HOA fees
- At least 45% of the tract preserved as Open Space
- Stormwater Management Facilities meeting Massachusetts water quality and runoff quantity requirements, to be owned and maintained by HOA
- Primary road access from Massachusetts Avenue, with secondary/emergency access to Stow Road
- Clubhouse and recreation facilities on-site, limited to residents (not open to the public)

## Sales and Residential Demographics

### 1) Projected Sales and Comparable Communities:

Toll Brothers has a long history of building Active Adult communities throughout the United States, with completed age-restricted developments in the Northeast in Massachusetts, Connecticut, New York, New Jersey, and Pennsylvania. This report uses Regency at Methuen, which is the largest Toll Brothers active adult community in Massachusetts (240 homes, completed 2014), as a case study for residential demographics, possible community impacts, and sales data.

Based on local comparable real estate transactions, Toll Brothers plans to sell the carriage homes for an average price of **\$525,000**.

### 2) Projected Demographics:

As of the 2015 American Community Survey (U.S. Census Bureau), the Town of Boxborough has a population of **5,137 people living in 2,101 households**. The average household size in Boxborough is 2.5 people.

Toll Brothers' proposed development will be age-restricted, with a deed restriction requiring at least one member of each household to be 55 or older, and restricting children under 18 from being full-time residents. This analysis uses an **average household size of 1.9 people per household**, based on homeowner data collected annually at Regency at Methuen.

According to National Association of Home Builders data, and corroborated by data collected by Rutgers Center for Urban Research Policy, the majority of residents of "Active Adult" communities (age-restricted but without continuing care facilities) are 55 to 74 years. Toll Brothers confirms that their buyers in age-restricted communities in the Northeast primarily fall into the 55-74 age range. Census data shows that 36% of households in Middlesex County, MA, are headed by persons 50 and over, indicating that there is a market for this type of housing in the local area.

Based on an average household size of 1.9 persons per home, it is expected that the 100 age-restricted carriage homes will be home to **190 residents primarily between ages 55 and 74**.

### 3) Projected Household Incomes:

The (100) carriage homes are expected to contribute significant financial resources to the local economy, with approximately half the residents earning at least the area median per capita income. According to a recent Gallup poll conducted throughout 2014, 73% of Baby Boomers (those born between 1946 and 1964) are employed full time at age 55, and 32% are still employed at age 68. According to the poll, by age 64 about half of all people (men and women) retire or switch to part-time work. With a median age of 64 years old, it is expected that approximately 50% of the future community's residents will be employed. According to US Census data for 2015, the median per capita income in Boxborough is \$58,597.

Assuming 50% (95) of the active adult residents are employed and earning the area median income, **the new development will add \$5.5 million of personal income to the local economy**, which will lead to an increase in local spending, primarily on all types of services and on food (groceries and eating establishments).

## Annual Revenues and Cost of Services at Build-Out

### 1) Real Estate Taxes to be Paid by New Homes:

Homeowners in Boxborough pay local taxes on 100% of the market value of their homes, at a rate of \$16.81 per thousand dollars of home value. (This analysis uses the FY 2017 tax rate and 2017 budget expenditures, as though the homes were in place in 2017.) With an average home price of \$525,000, **the (100) carriage homes will pay an average of \$8,825 per home in property taxes, adding a total of \$882,525 to Boxborough's annual tax revenue stream.**

### 2) Cost of Public Services for New Homes:

This analysis uses the Per Capita Multiplier method to calculate the cost of public services, in order to compare those costs against the projected property taxes.

According to the Town of Boxborough Fiscal Year 2017 Annual Budget, the town is spending about \$9.5 million providing public services this year, not including public education expenses. About 33% of that cost is paid by outside revenues sources and by commercial and industrial taxpayers; the remaining 67%, about \$6.6 million, is paid through the levy on residential tax payers. With 5,137 residents in Boxborough, the per capita cost of public services paid by residents is **\$1,288 per person per year** (or an average of \$3,150 per household).

Using the Per Capita Multiplier method, the proposed development will cost the Town of Boxborough \$244,720 per year in service costs paid by residential property tax levies. **The total annual property tax revenue from the new homes will be \$882,525, netting a budget surplus of \$637,805 per year.**

The municipal government can use the public surplus in a variety of ways. The surplus can either be used to increase spending on budget items, or it can be used to lower the effective tax rate for all property tax payers, or a combination of both.

### 3) Impacts on Levels of Service:

"Active Adult" communities, in which the majority of residents are between the ages of 55 and 74, have lower impacts on public services than typical single family homes do, in large part because of smaller household sizes with no school children. Many of the services provided in the 2017 budget will not be utilized by residents of the new community, such as waste disposal, playing fields and other family-oriented recreation, education, and other child and family services.

- **Private Services:** The new community will be served by private services and amenities such as trash removal, road maintenance, snow plowing, private on-site social and recreational facilities, and open spaces. All these private services will be maintained through a separate Homeowners Association (HOA) monthly fee.
- **No School Children:** The largest municipal budget item in Boxborough is the Acton-Boxborough Public School District. The proposed community will not add any new school children. This accounts for the majority of the fiscal surplus anticipated from the new development.
- **Lower Traffic Impacts:** Age-restricted communities have much lower traffic impacts on a per-household basis than typical single family developments. The Institute of Transportation Engineers (ITE) Trip Generation Manual data indicates that while a typical single-family home generates an average of 10.1 car trips daily, an active adult home generates only about 3.5 trips per day. Anticipating that about half of future residents will be retired or working part time, the peak hour traffic demand of the new community will be much less than that of a typical subdivision. There will be no school bus traffic generated by the community.
- **Fire and Emergency Medical Services Impacts:** The carriage homes will be new construction equipped with required fire safety protections to meet building safety codes.

One method of projecting future fire and emergency services impacts is to look at Regency at Methuen as a **case study**. Regency at Methuen is a similar Toll Brothers community with a mix of (136) single homes and (104) townhomes which is fully occupied and built out and has been for more than two years.

Regency at Methuen had (51) fire department calls for (240) homes in 2015, (15) of which were medical calls. This is an average of .21 fire/EMS calls per household per year, or a total of 4.25 calls per month (1.25 of which were medical calls). Only one (1) of the calls in 2015 was an actual fire requiring dispatch. Most of the fire calls were false alarms.

Extrapolating the data from Regency at Methuen, the proposed community in Boxborough will produce an additional 21 calls *per year*, or 1.75 fire department/EMS calls per month, the majority of which will be false alarms not requiring dispatch. This is not a significant enough increase to require more service capacity, however if there is already a need for more capacity to serve Boxborough as a whole, the increased tax revenue from the proposed community will be available to offset any cost increases (e.g. hiring more staff, purchasing new equipment).

The data from Regency at Methuen suggests that the new community in Boxborough will generate 1 new medical call every two months (6 per year) requiring EMS dispatch. All medical and ambulance services will be paid for by the residents through Medicare and private health insurance reimbursement payments. Therefore any increase in medical calls will not create any significant impacts on the EMS budget.

- **Public Safety Impacts:** Looking again at Regency at Methuen data, there were 30 calls for service requiring police dispatch to the 240-home active adult community in 2015. An average of 2.5 calls per month among 240 homes equals .01 calls per home per month. Using this multiplier, the new community in Boxborough will generate 1 police dispatch call per month. Again, this is not a significant enough increase to necessitate more service capacity, however if there is already a need for more capacity to serve Boxborough as a whole, the increased tax revenue from the proposed community will be available to offset any cost increases (e.g. hiring more staff, purchasing new equipment).

## Other Fiscal Impacts

### 1) Planning and Building Fees:

The Town of Boxborough charges a variety of fees for new development, which provide income for the Planning and Building Departments to cover the administrative review costs. This analysis does not calculate these one-time revenues as they will offset one-time costs associated with municipal oversight of the new development.

### 2) Job Creation & Local Income:

According to national data from 2015 residential developments collected by the National Association of Homebuilders, the 3-year construction phase for 100 new homes will generate:

- **237 direct construction jobs**
- **157 induced local jobs**
- **A total of 394 short-term jobs, boosting Boxborough's local economy by \$28.6 million during the construction phase.**
- **A total of 70 local jobs will be supported on an ongoing basis, contributing least \$4 million per year in sustainable local income.**

### 3) Real Estate Transfer Taxes (Stamp Tax / Excise Tax):

For each new home that is sold, a real estate transfer tax of \$4.56 per \$1,000 is paid to Middlesex County. Each carriage home sale will pay an average fee of \$2,394. Middlesex County will gain \$239,400 in taxes over the 3 year build-out period.

### 4) Personal Property Taxes:

This analysis only takes into account the property taxes paid on real estate. The Town of Boxborough also collects taxes on vehicles, boats, business equipment, and other types of personal property as permitted by state law, which will add some annual local revenue.

**Regency at Boxborough - Toll Brothers  
(100) Age-Restricted Carriage Homes**

The following calculations model the impact of the new development on 2017 Budgets, as though the homes were currently built out and paying taxes at the same rate as other residential properties.

<b>A. Number of New Residents</b>				
Unit Type	Quantity New Homes	Average Number of Residents Per Unit*		New Residents
Age-Restricted Carriage Home	100	1.9	=	190
<b>Total Homes</b>	<b>100</b>	<b>Total New Residents</b>	<b>=</b>	<b>190</b>

*\*Source: Number of people per home calculated from an actual Toll Brothers age-restricted carriage home community called Regency at Methuen, in Methuen, Massachusetts. Regency at Methuen has the same style of carriage homes as those being proposed in Boxborough, and has been built out and fully occupied since 2014. The community has 194 residents living in 104 carriage homes, and average of 1.86 residents per home. This analysis rounds up to 1.9 per home. Age-restricted communities keep an annual census of residents in order to retain compliance with the Federal Housing for Older Persons Act (HOPA), ensuring that at least one residents in each home is 55 or over. Rutgers University Center for Urban Research Policy collected and analyzed 2003 American Community Survey census data on a large sample of age-restricted communities across the Northeastern US and they recorded an average of 1.57 residents per unit for detached age-restricted homes. This analysis uses the higher multiplier from an actual Toll Brothers community.*

<b>B. Taxable Value of New Homes</b>				
	Number of New Homes	Average Market Value Per Home*		Total Market Value
Age-Restricted Carriage Home	100	\$ 525,000	=	\$ 52,500,000
<b>Total Homes:</b>	<b>100</b>	<b>TOTAL MARKET VALUE:</b>		<b>\$ 52,500,000</b>
		<b>x EQUALIZATION RATIO**:</b>		<b>1.00</b>
		<b>TOTAL ASSESSED TAXABLE VALUE:</b>		<b>\$ 52,500,000</b>

\*Average home price provided by Toll Brothers.

\*\*According to the Town of Boxborough Fiscal Year 2017 Classification Hearing report prepared by Town Assessor Ruth Anderson, homes in Boxborough are currently assessed at 100% of their market value.

<b>C. Annual Cost of Services for New Residents</b>				
	<b>Average Cost Per Resident or Pupil*</b>	<b>Number of New Residents or Pupils</b>		<b>Total Annual Cost</b>
Town of Boxborough: Per Capita Cost of Municipal Services Paid by Residential Taxpayers	\$ 1,288	190	=	\$ 244,720
Acton-Boxborough Public School District	\$ 14,016	0	=	\$ -
<b>TOTAL ANNUAL COST OF PUBLIC SERVICES:</b>				<b>\$ 244,720</b>

**NOTES:**

1. Per capita cost of municipal services calculated from Town of Boxborough FY 2017 Annual Budget as follows: \$21,246,138 (Total FY 2017 Budget) minus \$11,700,640 (Total Education Expenses) = \$9,545,498; minus approx. 10% covered by outside revenue sources for non-education costs = \$8,590,948 minus 23% of taxes paid by Non-Residential Taxpayers = **\$6,615,030 levied from residential taxpayers for FY 2017 for municipal services**. Dividing this number by the total population of Boxborough equals the Per Capita Cost of Municipal Services Paid by Residential Taxpayers. The most recent US Census ACS estimate for the total population of Boxborough is 5,137 people in 2015. \$6,615,030 divided by 5,137 people = \$1,288 Per Capita Cost of Municipal Services.
2. Per Pupil Cost reported by Massachusetts Department of Elementary & Secondary Education for 2015.
3. The age-restricted community will have deed-restrictions prohibiting residents under the age of 18, in accordance with the Federal Housing for Older Persons Act.
4. The Per Capita Multiplier cost of services calculation used herein was developed in the 1980's by the Rutgers University Center for Urban Policy Research, and has since become the industry standard method for computing public fiscal impacts of proposed development.

<b>D. Tax Revenue Generated by New Homes in Boxborough</b>				
<b>Receiving Entity</b>	<b>Tax Rate per \$1000 of Assessed Value (2017)</b>			<b>Total 2017 Tax Revenues</b>
Town of Boxborough (Including Schools)	\$ 16.81		=	\$ 882,525
<b>TOTAL ANNUAL PROPERTY TAX REVENUE:</b>				<b>= \$ 882,525</b>

<b>E. Projected Net Annual Fiscal Surplus for Town of Boxborough</b>				
	<b>Annual Property Tax Revenue</b>	<b>Annual Public Cost</b>		<b>Annual Net Surplus</b>
<b>Town of Boxborough (Including Schools)</b>	\$ 882,525	\$ 244,720	=	<b>\$ 637,805</b>

**Average Net Surplus Per Home: = \$ 6,378**