

## DEVELOPMENT STUDY

This Development Study was undertaken at the direction of the Town Council in order to evaluate the fiscal benefit to the Town that might be derived from securing the development rights for large parcels in town currently zoned for residential development at different densities. It is important to note that this data is a “snapshot” if you will of the fiscal impact of varying development types based upon the current demographics. Several of these data can vary over time (assessed value, school children/study area, cost/student, tax revenue/study area etc.) and as such these results are a product of current conditions.

### *Methodology*

The town working group, led by Town Manager Weichsel and Deputy Town Manager Sciota included the following staff: Tony Tranquillo, Brian Lastra, Marilyn Dorau, Lou Perillo and Mary Savage.

The town working group identified 17 study areas throughout town representing different types of residential development including apartments, condominiums, Residential R-12, Residential R-20/25, Residential R-40, and Residential R-80 (see enclosed map). In addition, for each type of housing selected staff purposely identified a project or subdivision which was developed recently and one that was an older project. (See Table One: Map Key)

Table One: Map Key

| Study Area | Acreage | LAND_USE                         | Description                               |
|------------|---------|----------------------------------|---|
| 1          | 1.52    | Apartments - 8 Units Or More     | Hillvue Arms Apartments                   |
| 2          | 5.02    | Apartments - 8 Units Or More     | Kenmore Apartments                        |
| 3          | 71.43   | Single Family Subdivision        | Pondview Drive                            |
| 4          | 59.95   | Single Family Subdivision        | Berkley, Taunton, Homesdale               |
| 5          | 6.08    | Single Family Subdivision        | Riverside Court                           |
| 6          | 34.67   | Single Family Subdivision        | Macintosh Way, Baldwin Cir                |
| 7          | 75.02   | Single Family Subdivision        | Walkley, Lowery, Meeker, Hitchcock        |
| 8          | 50.57   | Single Family & 12 Two Family    | Minthal, Butler, College, Rethal, Johanna |
| 9          | 70.44   | Single Family Subdivision        | Windermere Ridge, Sheffield, Chesterwood  |
| 10         | 33.06   | Single Family Subdivision        | Roaring Brook Dr                          |
| 11         | 22.50   | Single Family Subdivision        | Reservoir Ridge Dr.                       |
| 12         | 101.98  | Single Family Subdivision        | Winding Ridge, Hamlin Brook               |
| 13         | 26.20   | Single Family, 12 2-Fam, 1 3-Fam | Raynor, Howard, Matthews, W Center        |
| 14         | 7.43    | Condominium                      | Sprucewood - 697 South End Rd             |
| 15         | 13.00   | Condominium                      | Georgetown - 150 Burritt St               |
| 16         | 8.22    | Condominium                      | Gristmill Commons & Panthorn Place        |
| 17         | 83.27   | Single Family Subdivision        | Mountain Edge, Rockwood, Panorama         |

The working group then compiled data on each area including the number of parcels or units in each development, school population, the number of school children per unit, the zoning district, area (acres), year built, real estate value (appraised and assessed), real estate taxes, motor vehicle taxes, personal property accounts.

From that information staff calculated the total taxes generated per study area, the net residential density, the total taxes per unit, the school cost per study area and per unit, as well as the general government cost per study area and per unit. From these numbers, staff was able to calculate the total revenue generated per study area and the total cost (general government and school) per study area which then resulted in a net revenue differential per study area. The net revenue differential shows the fiscal impact of each of these study areas on the town in very basic terms.

There were a number of general assumptions applied to these numbers during the process. The general government budget was divided by the number of residential units in town to derive a general government cost multiplier. Although government services are provided to our industrial and business areas, the consensus was the majority of town services are concentrated on the residential base. The per pupil cost after the Education Cost Sharing reimbursement was the school cost multiplier. The Board of Education provided the actual school population generated from each of our identified study areas currently.

Table 2 shows the study area number, the study area location (using street names) the development form, school children per unit, the zoning district, the net residential density, median year built, and the net revenue differential per study area.

Table 2:

| Study Area | LAND_USE                         | Description                               | school children/unit | Zoning | Median Year Built | Net Revenue Differential per study area | Net Residential Density |
|------------|----------------------------------|---|----------------------|--------|-------------------|---|-------------------------|
| 2          | Apartments - 8 Units Or More     | Kenmore Apartments                        | 0.11                 | B      | 1967              | -\$188,268.31                           | 16.14                   |
| 4          | Single Family Subdivision        | Berkley, Taunton, Homesdale               | 0.48                 | R-12   | 1951              | -\$850,386.05                           | 4.54                    |
| 13         | Single Family, 12 2-Fam, 1 3-Fam | Raynor, Howard, Matthews, W Center        | 0.34                 | R-12   | 1955              | -\$100,344.73                           | 3.17                    |
| 3          | Single Family Subdivision        | Pondview Drive                            | 0.37                 | R-12   | 1956              | -\$510,668.19                           | 3.63                    |
| 8          | Single Family & 12 Two Family    | Minthal, Butler, College, Rethal, Johanna | 0.41                 | R-12   | 1957              | -\$416,708.59                           | 3.86                    |
| 15         | Condominium                      | Georgetown - 150 Burritt St               | 0.36                 | R-12   | 1983              | -\$145,686.89                           | 5.08                    |
| 14         | Condominium                      | Sprucewood - 697 South End Rd             | 0.05                 | R-12   | 1988              | \$40,608.13                             | 5.38                    |
| 5          | Single Family Subdivision        | Riverside Court                           | 0.65                 | R-12   | 2000              | -\$38,168.83                            | 2.80                    |
| 16         | Condominium                      | Gristmill Commons & Panthorn Place        | 0.19                 | R-12   | 2003              | \$17,706.27                             | 4.38                    |
| 1          | Apartments - 8 Units Or More     | Hillvue Arms Apartments                   | 0.27                 | R20/25 | 1964              | -\$72,079.74                            | 14.47                   |
| 7          | Single Family Subdivision        | Walkley, Lowery, Meeker, Hitchcock        | 0.51                 | R20/25 | 1969              | -\$304,664.52                           | 1.97                    |
| 6          | Single Family Subdivision        | Macintosh Way, Baldwin Cir                | 0.54                 | R20/25 | 2004              | -\$1,595.08                             | 1.38                    |
| 17         | Single Family Subdivision        | Mountain Edge, Rockwood, Panorama         | 0.34                 | R-40   | 1976              | \$91,158.05                             | 1.15                    |
| 9          | Single Family Subdivision        | Windermere Ridge, Sheffield, Chesterwood  | 0.76                 | R-40   | 2002              | \$30,115.89                             | 0.70                    |
| 10         | Single Family Subdivision        | Roaring Brook Dr                          | 0.31                 | R-80   | 1979              | \$39,690.29                             | 0.39                    |
| 12         | Single Family Subdivision        | Winding Ridge, Hamlin Brook               | 0.10                 | R-80   | 1988              | \$262,519.12                            | 0.39                    |
| 11         | Single Family Subdivision        | Reservoir Ridge Dr.                       | 0.36                 | R-80   | 1999              | \$73,601.55                             | 0.49                    |

The net residential density is determined by dividing the number of units by the acreage. This is an interesting calculation which demonstrates that although a parcel may have a certain zoning designation which is commonly interpreted as an indication of the number of houses that can be

developed per acre of land, the actual development density after construction of the public utilities and the right of ways is typically lower for single family residential development. For example, an R-20/25 zone is “half-acre zone” however study area #6 (Macintosh Way, Baldwin Circle) has a net residential density of 1.38 units per acre while Walkley, Lowery, Meeker and Hitchcock have a net residential density of 1.97 units per acre. Both of these subdivisions are zoned R-20/25. The main difference is that one of the subdivisions was built in 1969 and one of the subdivisions was built in 2004. The trend in recent years is for larger houses and typically larger houses with the corresponding amenities such as garages, sheds, decks utilize a greater footprint and therefore the resulting development density is frequently lower. One caveat to this is that this calculation can be misleading when considering subdivisions with a high percentage of wetlands or natural features as typically the net residential density would be lower as a result of the high proportion of marginal or unbuildable acreage.

Table 2 also shows net revenue differential by zoning district and year built which shows that older and higher density development costs more to the town than is paid in taxes with the exception of newer condominium developments. This is a function of the depreciation of assessed value versus increasing residential tax burden.

Table 3 shows the number of school children per unit by year built, by assessed value, by revenue differential.

Table 3:

| Study Area | LAND_USE                         | school children/unit | Zoning  | Median Year Built | Value/unit   | Total cost/study area | Total Revenue/study area | Net Revenue Differential per study area |
|------------|----------------------------------|----------------------|---------|-------------------|--------------|-----------------------|--------------------------|---|
| 2          | Apartments - 8 Units Or More     | 0.11                 | B       | 1967              | \$48,850.62  | \$260,670.87          | \$72,402.56              | -\$188,268.31                           |
| 1          | Apartments - 8 Units Or More     | 0.27                 | R-20/25 | 1964              | \$66,690.91  | \$97,387.94           | \$25,308.20              | -\$72,079.74                            |
| 14         | Condominium                      | 0.05                 | R-12    | 1988              | \$234,002.50 | \$110,446.80          | \$151,054.93             | \$40,608.13                             |
| 16         | Condominium                      | 0.19                 | R-12    | 2003              | \$260,433.33 | \$138,287.72          | \$155,993.99             | \$17,706.27                             |
| 15         | Condominium                      | 0.36                 | R-12    | 1983              | \$176,706.06 | \$337,031.82          | \$191,344.93             | -\$145,686.89                           |
| 8          | Single Family & 12 Two Family    | 0.41                 | R-12    | 1957              | \$196,487.40 | \$1,063,757.65        | \$647,049.06             | -\$416,708.59                           |
| 3          | Single Family Subdivision        | 0.37                 | R-12    | 1956              | \$193,462.16 | \$1,343,668.93        | \$833,000.74             | -\$510,668.19                           |
| 4          | Single Family Subdivision        | 0.48                 | R-12    | 1951              | \$168,743.01 | \$1,628,955.44        | \$778,569.39             | -\$850,386.05                           |
| 5          | Single Family Subdivision        | 0.65                 | R-12    | 2000              | \$307,958.82 | \$122,841.59          | \$84,672.76              | -\$38,168.83                            |
| 7          | Single Family Subdivision        | 0.51                 | R20/25  | 1969              | \$247,576.35 | \$921,643.96          | \$616,979.44             | -\$304,664.52                           |
| 6          | Single Family Subdivision        | 0.54                 | R20/25  | 2004              | \$394,729.17 | \$309,016.96          | \$307,421.88             | -\$1,595.08                             |
| 17         | Single Family Subdivision        | 0.34                 | R-40    | 1976              | \$358,975.00 | \$475,951.92          | \$567,109.97             | \$91,158.05                             |
| 9          | Single Family Subdivision        | 0.76                 | R-40    | 2002              | \$525,719.53 | \$393,662.23          | \$423,778.12             | \$30,115.89                             |
| 12         | Single Family Subdivision        | 0.10                 | R-80    | 1988              | \$590,400.00 | \$125,402.80          | \$387,921.92             | \$262,519.12                            |
| 10         | Single Family Subdivision        | 0.31                 | R-80    | 1979              | \$475,323.08 | \$60,946.51           | \$100,636.80             | \$39,690.29                             |
| 11         | Single Family Subdivision        | 0.36                 | R-80    | 1999              | \$724,363.64 | \$56,171.97           | \$129,773.52             | \$73,601.55                             |
| 13         | Single Family, 12 2-Fam, 1 3-Fam | 0.34                 | R-12    | 1955              | \$220,962.65 | \$407,527.41          | \$307,182.68             | -\$100,344.73                           |

This table illustrates several points, as follows:

- Older R-12 zoned subdivisions cost the town more than newer R-12 single family subdivisions at this time.
- R-20/25 subdivisions, new or old, can have a negative revenue differential if the school population is high or tracks with school population numbers in R-12 developments.
- Developments paying their way at this time are R-40 and R-80 single family subdivision regardless of the year built, and newer condominium units. The higher value per unit of larger lot development is a factor here and offsets the number of school children per unit in the R-40 developments.

Table 4 shows the school children per unit by zoning district and housing type. This table illustrates that for the most part the smaller parcel size for residential subdivisions correlates with relatively more school children per unit. For example the R-12 single family developments included in this study have .37 to .65 school children per unit while the condominiums built on property zoned R-12 have a range of .05 to .36 school children per unit. The apartments in town studied as part of this review produced .11 to .27 school children per unit. The R-20/25 single family subdivisions produced between .51 and .54 school children per unit and the R-40 subdivisions in town range from .34 school children per unit for a 1976 development to .76 school children per unit for a 2002 development. Note that this .76 school children per unit in this R-40 zone is considered by staff to be an anomaly and not the norm. The R-80 subdivisions in town range from .10 school children per unit (1988 development) to .36 school children per unit.

Table 4:

| LAND_USE                         | school children/unit | Zoning  | Median Year Built | Net Revenue Differential per study area |
|----------------------------------|----------------------|---------|-------------------|---|
| Apartments - 8 Units Or More     | 0.27                 | R-20/25 | 1964              | -\$72,079.74                            |
| Apartments - 8 Units Or More     | 0.11                 | B       | 1967              | -\$188,268.31                           |
| Single Family Subdivision        | 0.37                 | R-12    | 1956              | -\$510,668.19                           |
| Single Family Subdivision        | 0.48                 | R-12    | 1951              | -\$850,386.05                           |
| Single Family Subdivision        | 0.65                 | R-12    | 2000              | -\$38,168.83                            |
| Single Family Subdivision        | 0.54                 | R20/25  | 2004              | -\$1,595.08                             |
| Single Family Subdivision        | 0.51                 | R20/25  | 1969              | -\$304,664.52                           |
| Single Family & 12 Two Family    | 0.41                 | R-12    | 1957              | -\$416,708.59                           |
| Single Family Subdivision        | 0.76                 | R-40    | 2002              | \$30,115.89                             |
| Single Family Subdivision        | 0.31                 | R-80    | 1979              | \$39,690.29                             |
| Single Family Subdivision        | 0.36                 | R-80    | 1999              | \$73,601.55                             |
| Single Family Subdivision        | 0.10                 | R-80    | 1988              | \$262,519.12                            |
| Single Family, 12 2-Fam, 1 3-Fam | 0.34                 | R-12    | 1955              | -\$100,344.73                           |
| Condominium                      | 0.05                 | R-12    | 1988              | \$40,608.13                             |
| Condominium                      | 0.36                 | R-12    | 1983              | -\$145,686.89                           |
| Condominium                      | 0.19                 | R-12    | 2003              | \$17,706.27                             |
| Single Family Subdivision        | 0.34                 | R-40    | 1976              | \$91,158.05                             |

We acknowledge that this is just a snapshot in time, however, it demonstrates that the potential impact on the school system varies between different development types. Table 4 also indicates that no matter what the type of housing development in town, the average number of school children per unit is ~.36.

### *Findings & Conclusions*

Based upon this analysis the following statements apply to the fiscal impact of residential development in Southington at this time:

- R-12 single family subdivisions show a negative revenue differential regardless of the age of the development;
- R20/25 single family subdivisions show a negative revenue differential, although the newer development almost breaks even with regard to fiscal impact on the town.
- Newer condominium units break even or provide a slight positive revenue stream while older condominiums have a negative revenue differential.
- Apartment complexes show a negative revenue differential.

Condominiums and apartment units may not retain their value over time, and there is less personal property tax being generated from the apartment complexes.