



DEDICATED IN HONOR OF OUR CITIZENS
WHO SERVED IN THE NATIONAL WARPS
TO THE WELFARE OF ALL OUR PEOPLE

Framingham Economic Development Strategic Plan Phase II Fiscal Impact Modeling

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Agenda

1. Fiscal Impact Analysis

1. Process Overview & Methodology

2. Results

3. Implications

2. Next Steps

3. Discussion



Process Overview & Methodology

Fiscal Impact Analysis

Process Overview

Model Inputs

- **Framingham Budget and CAFR**
 - Annual City Revenues (local only)
 - Annual City Expenditures (local only)
- **FPS Enrollment Data**
 - Student generation by housing type for new construction
- **Census Data**
 - Household size by occupied housing type
- **Framingham Property Assessment Data**
 - Land use data
 - Property valuation data
- **All data used in the model are specific to Framingham – no regional/national averages**

Fiscal Impact Analysis

Model Outputs

- **Incremental Impacts**
 - City revenues and expenses are a mix of fixed and variable
 - Analysis is focused on those revenues and expenditures that will change due to development
 - Different development types have different net impacts based on services demanded
- **New Construction Impacts**
 - New development is different quality, scale, and value than citywide averages
 - Model simulates development impacts based on continuation of recent growth trends
- **Residential performance presented on per-unit and per-acre basis**
 - Impact per unit standard measure of fiscal impact—direct cost/benefit
 - Because land extremely is limited in Framingham, per acre analysis shows efficiency
- **Non-residential uses measured on efficiency, reported on per square foot basis**
 - Analysis based directly on square feet does not account for land or value efficiencies

Fiscal Impact Analysis

Cost Allocation

- **Costs allocated across residential and non-residential uses**
- **Baseline allocation based on value split between res/non-res**
- **Some categories require different approach**

Source	Allocation Method	Share Allocation	
		Residential	Commercial/Industrial
Property Tax Levy	Actual	67%	33%
Excise & other Taxes	Education-heavy Share	93%	7%
User Fees	Proportional	82%	18%
Penalties, Interest, Fines	All Residential	100%	0%
Licenses & Permits	Proportional	82%	18%
PILOT	All Commercial	0%	100%
Investment Income	Proportional	82%	18%
Rental	Proportional	82%	18%
Loring Arena	All Residential	100%	0%
PEG Revenue	Proportional	82%	18%
Miscellaneous	Proportional	82%	18%

Fiscal Impact Analysis

Incremental vs. Fixed Costs

- **Each expenditure category needed to be allocated based on fixed and incremental**
 - Fixed = Set staffing, permanent assets, space costs
 - Incremental = Level of service, equipment
- **Allocation based on assessment of CAFR, interviews with department heads, RKG experience**
- **School allocation based on budget document**

Expenditure Category	Ratio of Incremental Costs
Retirement	40%
Debt Service	10%
Emergency Services	75%
Public Works	20%
Library	50%
City Clerk	20%
Community & Econ Dev.	30%
Schools	84%
Parks and Rec	20%
Office of the Mayor	20%
Smaller Line Items	10% - 100%

Fiscal Impact Analysis

New Construction Impact Valuation

- **New development tends to have a value premium**
 - Analysis focused on an ‘apples to apples’ comparison
 - Assessment data provided by city

Land Use	Average Value All Units	Average Value New Construction
Single Family	\$459,923	\$747,748
Multifamily	\$228,808	\$453,321

Fiscal Impact Analysis

Methodology

Student Generation Rates

- Worked with Framingham Public Schools (FPS) to identify exact numbers of students living in housing units built 2016-2020
 - Actual student generation rates calculated for new single-family and multifamily construction

$$\frac{\text{New Students by Housing Type}}{\text{New Housing Units by Housing Type}} = \text{Students per New Housing Unit by Housing Type}$$

- Expenditures reflect all locally-sourced FPS income and costs
- Incremental expense reflects conservative (i.e., high) estimates
- **New Single-Family development = 0.12 students per unit**
- **New Multifamily development = 0.05 students per unit**

Fiscal Impact Analysis

Methodology | Revenue & Cost Allocation

Local Revenues & Expenditures

Residential

Allocated per housing unit

Adjusted by household size for each housing type

Uses Include:

Single
Family

Other Fee
Simple
Ownership

Multifamily

Non-Residential

Allocated by total non-residential assessed value

Adjusted by total square footage

Uses Include:

Retail/
Service

Office/
Medical

Industrial/
Flex

Results

Fiscal Impact Analysis

Fiscal Impact Analysis

Results

Incremental Student Generation Rates & Local Expenditure

Marginal Student Cost per Unit (Single-family, Other Fee Simple Ownership, Multifamily)

FPS FY2021 Expenditures	\$141,781,934		
Local Expense per Student	\$15,601		
FPS Local Expenditures (ex. Chapter 70)	\$76,274,431		
Local Expense per Student	\$8,393		
	Single Family Homes	Other Fee Simple Homes	Multifamily Homes
Student Generation Rate	0.12	0.12	0.05
Incremental Expenses per Student Added	84%	84%	84%
Marginal Local Education Cost per Unit	\$816	\$816	\$348

Fiscal Impact Analysis

Results

Incremental Fiscal Impact per Housing Unit

New Construction (Single-family, Other Fee Simple Ownership, Multifamily)

	Single Family Homes	Other Fee Simple	Multifamily Homes
Revenues			
Marginal Property Tax Income	\$11,201	\$9,650	\$6,791
Marginal Excise Income	\$347	\$259	\$259
Marginal Fees, Fines, Permits, etc.	\$526	\$392	\$392
Marginal Revenue per Unit	\$12,074	\$10,301	\$7,442
Expenditures			
Government & Administrative	\$1,412	\$1,053	\$1,053
Fire, Police & Related	\$704	\$525	\$525
Framingham Public Schools	\$816	\$816	\$348
Marginal Expenditure per Unit	\$2,933	\$2,395	\$1,927
Marginal Net Fiscal Impact per Unit	\$9,141	\$7,906	\$5,515
New Development Density (Units/Acre)	1.51	3.14	64.21
Marginal Net Fiscal Impact Per Acre	\$13,813	\$24,796	\$354,142

Fiscal Impact Analysis

Results

Incremental Fiscal Impact per Square Foot New Construction Non-Residential Uses (Non-exempt Commercial & Industrial)

	Industrial/ Warehouse	Office/Medical	Retail
Revenues			
Marginal Property Tax Income	\$1.74	\$0.81	\$0.79
Marginal Excise Income	\$0.09	\$0.04	\$0.04
Marginal Fees, Fines, Permits, etc.	\$0.03	\$0.01	\$0.01
Marginal Revenue per Square Foot	\$1.86	\$0.86	\$0.84
Expenditures			
Government & Administrative	\$0.31	\$0.15	\$0.15
Fire, Police & Related	\$0.44	\$0.21	\$0.20
Marginal Expenditure per Square Foot	\$0.75	\$0.36	\$0.35
New Development Density (FAR)	0.54	0.21	0.44
Marginal Net Fiscal Impact per Acre	\$17,642	\$3,293	\$6,708

Implications

Fiscal Impact Analysis

Fiscal Impact Analysis

Implications

- New Construction is fiscally beneficial to the City, regardless of type and use.
 - This is consistent with the Phase I findings
- Multifamily housing has the greatest efficiency and net impact on a per-acre basis.
 - Because land is scarce, the return on multifamily development is higher than any other housing type
- Industrial/Warehouse uses have the highest per-square foot net impact, but opportunities for new construction are severely limited.
 - Lack of available land at the scale of such facilities means few are likely to be created in the near or medium terms

Next Steps

- Buildout Analysis – February/March (JM Goldson)
- Small Area Planning – March through June (Innes Associates)

Appendix

Adjusted Marginal Revenues

Residential Uses

Revenue Source	Per Single-Family Unit	Per Multifamily Unit
Property Tax Levy	\$12,572	\$5,150
Excise & other Taxes	\$347	\$259
User Fees	\$47	\$35
Penalties, Interest, Fines	\$74	\$56
Licenses & Permits	\$102	\$76
PILOT	\$0	\$0
Investment Income	\$10	\$7
Rental	\$32	\$24
Loring Arena	\$13	\$10
PEG Revenue	\$27	\$20
Miscellaneous	\$221	\$165
Total	\$13,445	\$5,801

Adjusted Marginal Expenditures

Residential Uses

Expenditure Category	Per Single-Family Unit	Per Multifamily Unit
Unclassified	\$505	\$377
Retirement	\$290	\$216
Debt Service	\$42	\$31
Interest on Abatements	\$1	\$1
Fire Department	\$330	\$246
Police	\$374	\$279
Public Works	\$52	\$39
Public Library	\$55	\$41
City Clerk	\$2	\$1
Elections Department	\$2	\$1
Office of the Mayor	\$5	\$4
Traffic Commission	\$0	\$0
Disability Commission	\$0	\$0
Facilities Management	\$12	\$9
City Solicitor	\$4	\$3
City Council	\$2	\$1
Parks & Rec/Cultural Affairs	\$28	\$21
City Cemeteries	\$3	\$2
Administration & Finance	\$32	\$24
Inspectional Services	\$17	\$13
Public Health Department	\$7	\$5
Community & Economic Development	\$5	\$4
Human Resources	\$6	\$4
Framingham Public Schools	\$816	\$348
Keefe Tech School Assessment	\$316	\$236
Stabilization Fund	\$0	\$0
Capital Stabilization Fund	\$0	\$0
Reserve Fund	\$3	\$2
Snow & Ice Appropriation	\$11	\$8
Tax Title Account	\$1	\$0
State Assessments	\$0	\$0
Tax Overlay Account	\$12	\$9
Total	\$2,933	\$1,927

Adjusted Marginal Expenditures

Residential Uses

Expenditures	EXISTING (Unadjusted)						MARGINAL (Adjusted)				
	Total Expenditures	Residential Share	Per Resident	Per 1-Family Unit	Per Multi-Fam Unit	Efficiency Adjust	Per 1-Family Unit	Per Multi-Fam Unit	Per 1-Family Unit	Per Multi-Fam Unit	
Fire Department	\$ 13,583,184	\$ 11,075,865	\$ 160	\$ 440	\$ 328	75%	\$ 330	\$ 246	\$330	\$246	
Police									\$374	\$279	
Police Department	\$ 15,119,765	\$ 12,328,808	\$ 178	\$ 490	\$ 365	75%	\$ 367	\$ 274			
Animal Control Department	\$ 180,847	\$ 180,847	\$ 3	\$ 7	\$ 5	75%	\$ 5	\$ 4			
Framingham Emergency Management D	\$ 62,239	\$ 50,750	\$ 1	\$ 2	\$ 2	75%	\$ 2	\$ 1			
Public Works									\$52	\$39	
Administration Department	\$ 481,307	\$ 392,462	\$ 6	\$ 16	\$ 12	20%	\$ 3	\$ 2			
Engineering Department	\$ 858,336	\$ 699,896	\$ 10	\$ 28	\$ 21	20%	\$ 6	\$ 4			
Fleet Department	\$ 1,080,822	\$ 881,313	\$ 13	\$ 35	\$ 26	20%	\$ 7	\$ 5			
Highway Department	\$ 3,432,385	\$ 2,798,802	\$ 41	\$ 111	\$ 83	20%	\$ 22	\$ 17			
Sanitation Department	\$ 491,601	\$ 400,856	\$ 6	\$ 16	\$ 12	20%	\$ 3	\$ 2			
Streetlight & Traffic Signals Department	\$ 877,983	\$ 715,916	\$ 10	\$ 28	\$ 21	40%	\$ 11	\$ 8			

Framingham Property Inventory

Properties	18,069
Occupiable (Finished) Built Area	65,163,854 sf
Built Assessed Value	\$12,117,359,737
Total Acreage	16,964.9
FAR	0.09

Land Use	# Parcels	Acres	Acres % of Total	Median Parcel Size	Total AV	AV % of Total	AV/Acre
Agricultural/Horticultural	4	13.2	0.1%	3.5	\$6,574	0.0%	\$497
Authorities	38	111.4	0.7%	0.7	\$162,739,600	1.3%	\$1,460,832
Charitable	191	647.0	3.8%	0.5	\$146,432,600	1.2%	\$226,339
Commercial	739	1,181.8	7.0%	0.4	\$1,586,866,800	13.1%	\$1,342,778
Forest Land	-	-	0.0%	-	\$0	0.0%	-
Held by other town/city/district	1	1.0	0.0%	1.0	\$207,100	0.0%	\$208,656
Industrial	97	459.6	2.7%	1.7	\$367,903,400	3.0%	\$800,538
Institutional	128	273.7	1.6%	0.6	\$152,533,200	1.3%	\$557,312
Mixed-use/Multi-use	155	555.7	3.3%	0.3	\$225,727,612	1.9%	\$406,221
Other	-	-	0.0%	-	\$0	0.0%	-
Publicly Owned	467	2,550.0	15.0%	0.9	\$814,256,900	6.7%	\$319,316
Recreational Land	6	137.6	0.8%	17.0	\$835,951	0.0%	\$6,077
Residential-Other	730	867.0	5.1%	0.2	\$871,943,000	7.2%	\$1,005,694
Residential-Multifamily	1,489	502.8	3.0%	0.2	\$1,461,590,100	12.1%	\$2,906,700
Residential-Single Family	13,518	6,455.2	38.1%	0.4	\$6,323,282,600	52.2%	\$979,568
Utility	9	7.9	0.0%	1.2	\$3,034,300	0.0%	\$386,260
Unknown/Unbuilt	497	3,201.2	18.9%	0.2	\$0	0.0%	\$0