

The background image is a photograph of the Framingham Memorial Building, a grand neoclassical structure with a portico supported by tall columns. The building's facade features the inscription "FRAMINGHAM MEMORIAL" and "DEDICATED IN HONOR OF OUR CITIZENS WHO SERVED IN THE NATIONAL WAR TO THE WELFARE OF ALL OUR PEOPLE". The scene is overlaid with a dark blue tint. In the foreground, several people are seen walking up the wide stone steps leading to the entrance. A person in a blue shirt and light blue pants is walking up the steps on the right, while two other people are walking down the steps on the left. A street lamp and a blue accessibility sign are visible on the right side of the steps.

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