

# COMMUNITY IMPACT STATEMENT

for

## Victoria Gardens

Block 4001, Lot 1, 2 & 3

Neptune Township  
Monmouth County, New Jersey

Prepared By:

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1235 Airport Road, Unit 1

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# TABLE OF CONTENTS

- 1.0 COMMUNITY IMPACT STUDY
  - 1.1 Introduction
  - 1.2 Project Revenue
  - 1.3 Projected Cost
    - 1.3.1 Population Impact
    - 1.3.1 Municipal Costs
    - 1.3.2 School District Costs
  - 1.4 Neptune Township Fair Share Plan
  - 1.5 Ancillary Economic Revenue
  - 1.6 Summary

# COMMUNITY IMPACT STUDY

## 1.1 INTRODUCTION

This analysis has been prepared as required by the Neptune LDO to estimate the fiscal impact associated with the development.

Victoria Gardens is proposed to consist of 101 fee-simple Townhouse units, containing at least 3 bedrooms, within 22 buildings and community recreation facilities located along Hovchild Boulevard south of Route 66 and north of Route 33 in Neptune Township, Monmouth County, New Jersey.

This analysis examines the anticipated impacts of the development upon Neptune Township's municipal and school infrastructure. The following summarizes the development impacts as analyzed within this report:

- The project anticipates a \$ 39 million ratable based on an estimated project market value of \$40,400,000
- The project will generate approximately \$ 809,164 in annual tax revenues, based on the 2020 tax rate, upon full build-out to be allocated as follows:
  - \$288,377 to Neptune Township
  - \$92,109 to Monmouth County
  - \$378,543 to Neptune Township School District
  - \$24,485 to the local fire district
- The project is anticipated to create 329 projected new residents and 61 public school children
- The development will result in a net positive benefit to the Township Municipal Budget as well as other government agencies

The methodology used throughout this report is based on The New Practitioners Guide to Fiscal Impact Analysis by Robert Birchell, David Listokin, and William R. Dolphin of the Center for Urban Policy Research, 2018. The methodology used to establish the fiscal impact of this project is the Per Capita Method. This method determines public service costs on a per unit basis based on demographic and municipal financial data.

## 1.2 PROJECT REVENUES

The projected municipal revenue of the proposed project is determined by applying the local municipal and education tax rates. The process estimates the revenues collected through property tax for educational and local purposes. The total equalized tax rate in 2020 was \$2.019 per \$100 based on the 2020 Municipal Budget with the components of the 2020 tax rate summarized in Table 1.

The market value of the project is estimated at \$40,400,000 based on an estimated valuation of \$400,000 for each of the 101 residential units. The assessed value, based on the assessed to true value ratio of 96.2% is \$38,864,800.

The analysis below is intended to show revenue generated by the project as if it were subjected to the current full tax rate. Applying the tax rates from Table 1 to the estimated assessed value then derives the tax revenues as summarized in the last column in Table 1. The tax rates and revenue stream for the county and Fire District are also applied.

<b>Table 1: 2020 Neptune Township Tax Rate &amp; Revenue</b>		
	<b>Tax Rate</b>	<b>Revenue</b>
County Rate	0.237	\$92,109
County Library Rate	-	-
County Health Rate	0.005	\$1,943
County Open Space Rate	0.028	\$10,802
District School Rate	0.974	\$378,543
Municipal Rate	0.742	\$288,377
Municipal Open Space	-	-
Municipal Library	0.033	\$12,825
Municipal Fire District	0.063	\$24,485
<b>Total</b>		<b>\$809,164</b>
Sources: Monmouth County Website		

### 1.3 PROJECTED COST

#### 1.3.1 Population Impact

The proposed townhouse units are 3 bedroom units with a second floor loft having an option to convert into a 4<sup>th</sup> bedroom. The developer advises this model typically has a low number of optional 4<sup>th</sup> bedrooms but the analysis will assume a 50% conversion rate to be conservative.

Table 3 is an estimate of the population and number of school age children that will occupy this development.

<b>Table 3: Projected Population</b>							
<b>Unit Type</b>	<b>Number Of Units</b>	<b>Persons Per Unit*</b>	<b>Projected Residents</b>	<b>School Aged Children Per Unit*</b>	<b>Projected School Aged Children</b>	<b>Public School Children Per Unit*</b>	<b>Projected Number Of Public School Children</b>
Three Bedroom Unit	50	2.75	138	0.426	21	0.352	18
Four Bedroom Unit	51	3.75	191	1.03	52	0.830	43
<b>Total</b>	<b>101</b>		<b>329</b>		<b>73</b>		<b>61</b>

*\*The multipliers for Household Size, School Age Children, and Public School for New Housing in New Jersey contained within "New Jersey Demographic Multipliers: The Profile of the Occupants of Residential and Nonresidential Development" by David Listokin and Ian Voicu of the Center for Urban Policy Research at the Edward J. Bloustein School of Planning and Public Policy Rutgers, The State University of New Jersey New Brunswick, New Jersey, November 2018*

It is estimated a total population increase of 329 persons will occur as a result of this development, assuming all persons purchasing the units are not current residents of Neptune Township. This increase will comprise less than 1% increase over the current population.

#### 1.3.1 Municipal Costs

In order to estimate the municipal costs for this project it is necessary to first project the total existing municipal expenditures attributed to residential uses within Neptune Township. The total municipal expenditures are multiplied by the proportion of residential values to the total local municipal expenditures. This municipal budget expenditure attributed to residential uses is then

divided by the population of the Township to determine the cost per resident.

This project will not utilize standard township services as the road maintenance, including sweeping & snow plowing, stormwater system maintenance, street light expenses, trash & recycling collection throughout the project. The responsibility to perform these tasks will be the responsibility of the property owner. All collection of trash and recyclable materials will be performed by a private contractor to the property owner with all costs to be borne by the property owner. As a result the estimated municipal costs will be discounted since none of these costs will be realized by the Township.

### 8.3.2 School District Costs

To project the costs that the proposed affordable housing development would impose on Neptune Township the municipal expenditures per capita and public school costs per pupil are calculated.

The project is estimated to generate 61 public school children as summarized in Table 1. To determine an estimated cost per student the State of New Jersey Department of Education's Guide to Education Spending was consulted. The budgetary per pupil cost for the 2019-2020 school year is \$19,027. Applying the per pupil cost of to the estimated number of new public school children would result in an additional annual cost of \$1,160,647. This assumes that all of the new residents in this project are not currently residents of Neptune Township, a conservative assumption. In addition, the Neptune School District has decreasing enrollment of nearly 3% per year resulting in classroom sizes typically not at capacity so space is available for additional students without generating the need to hire additional teachers which renders the estimated cost artificially high. The anticipated annual revenue as estimated in Table 3 will be \$378,543 creating an annual revenue deficit of \$782,104 based on the 2020 revenue and cost data. Since the school enrollment is declining and additional classrooms are not required, it appears the per pupil cost will be substantially less for these new students.

The Neptune Township School District serves students from Pre-Kindergarten through twelfth grade. The district is a SDA (Schools Development Authority) District which requires New Jersey to pay all costs for school construction and renovation projects.

### **1.3 NEPTUNE TOWNSHIP FAIR SHARE PLAN**

The developer will pay an affordable housing fee for each of the 101 townhouse units based on a percentage of the equalized assessed value of the newly constructed units as dictated by the Settlement Agreement between the developer and Neptune Township for this project.

### **1.4 ANCILLARY ECONOMIC REVENUE**

The National Association of Home Builders (NAHB) developed a model in 1996 to estimate the economic benefits of residential construction. Since this time, several versions of the model have been developed including projections for projects that are financed through LIHTC tax credits. In an attempt to quantify the more difficultly measured economic impacts of an affordable housing project, NAHB published the "*Local Economic Impact Tax Credit Housing Project-Income, Jobs, and Taxes Generated*" in September 2007.

Utilizing data from housing projects from across the USA, the NAHB model has projected that the estimated one-year local impacts of building 100 multifamily units can anticipate:

- \$7,300,000 in local income
- \$783,000 in taxes and other revenue for local governments, and
- 151 local jobs

It should be noted that these local impacts represents income and jobs for local residents, as well as taxes (and other sources of revenue, including permit fees) for all local jurisdictions within the area. The data above indicates one-year impacts that include both the direct and indirect impact of the construction activity itself; the impact of local residents who earn money from the construction activity; and the impact of local residents who earn money from the construction activity spending within the local area.

The additional, annually recurring impacts of building 100 include:

- \$2,200,000 million in local income
- \$372,000 in taxes and other revenue for local governments, and
- 38 local jobs

These are ongoing, annual local impacts that result from the new units being occupied, and the occupants paying taxes and participating in the local economy year after year.

It should be noted that the projections described above have been established for a proposed

housing development containing 100 units. As the project proposes to construct 101 units, it can be anticipated that the economic revenues generated by the project will be substantially similar to these revenue projections.

## **1.6 SUMMARY**

The project will have a positive effect on the local tax base. The municipal tax revenue will increase by more than \$288,000 per year yet all of the site maintenance will be performed by the homeowners association. Although the proposed housing development may impose an additional burden upon the Neptune Township School District, it is very small based upon the percentage of new students to the current enrollment, these empirical estimates based upon a per pupil spending amount should be discounted based upon the static enrollment and classroom sizes within the school district. It is anticipated that the overall impact of the project on Neptune Township will be positive in nature.

The economic benefits that will be realized by Neptune Township through the construction of the project are not limited to either the payment of property taxes. Although difficult to quantify, ancillary economic gains and revenue can be anticipated through the construction of the proposed project. These gains include, but are not limited to: increased local employment and services that will be used to construct, staff and maintain the premises, and increased spending/consumer activity that will be realized at commercial facilities and businesses in Neptune Township that are located proximate to the subject site.



