ORIGINAL

FISCAL IMPACT STATEMENT
PROPOSED MULTI-FAMILY RESIDENTIAL DEVELOPMENT
144 HARDING AVENUE

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

This report evaluates the fiscal impacts associated with a proposed eight unit multi-family residential development on a property located at 144 Harding Avenue in the Township of Edison. The report addresses the Fiscal Impact Statement requirements set forth in Section 36-5.1a1 of the Township of Edison Code including estimates of the number of school-aged children and senior citizens based upon housing type as well as number of bedrooms, and a description of the anticipated demand on municipal and school district services and a projection of tax revenues generated by the proposed development. Since the site is currently developed with one single-family home, and a total of eight multi-family residential units are proposed, the net impact of the seven additional dwelling units will be considered in this report.

1.2 PROJECT DESCRIPTION

The ±35,000-square foot subject property is located on the west side of Harding Avenue at its intersection with Oak Tree Road in the northwestern section of the Township of Edison. It is identified as Block 556C, Lot 6A on the Township's official tax maps. The proposed project envisions eight three-bedroom multi-family residential units, while one single-family home currently exists on the site.

1.3 POPULATION PROJECTION

In order to project the number of people expected to be added to the municipal population by the proposed development, this report utilizes *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers* published in November 2006 by the Center for Urban Policy Research (CUPR) at Rutgers University. Utilizing the multipliers, it is projected that the proposed project will generate an additional 20 residents, whereas the existing single-family home on the site would produce three residents. Therefore, the proposed development is estimated to produce a net increase of 17 residents. Likewise, the development is estimated to produce a net increase of one additional senior citizen, ages 65 and older, and two public schoolchildren.

1.4 FISCAL IMPACT ANALYSIS

In order to compare the municipal and school district revenues expected to be generated from the proposed development with the anticipated municipal and school service costs, a fiscal impact analysis has been undertaken utilizing the Per Capita method. This method was developed by CUPR at Rutgers University, is detailed in *The New Practitioner's Guide to Fiscal Impact Analysis* published by CUPR, and is a widely used methodology for evaluating the fiscal impacts of a proposed development. The Per Capita method is an average costing approach for projecting the impact of population change (whether it be residents, school children, etc.) on municipal and school district costs and revenues.

2.0 IMPACTS ON MUNICIPAL AND SCHOOL POPULATIONS

2.1 IMPACTS ON MUNICIPAL POPULATION

The proposed project contemplates eight market-rate three-bedroom multi-family residential units. In order to estimate the number of residents the proposed residential development would add to the township, Rutgers University's *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers* was utilized, specifically the Statewide multiplier for new three-bedroom single-family attached dwelling units. Based on the multipliers it is estimated that the proposed residential development will generate 20 residents (See Table 1) including 2 school-age residents (ages 5-17) and 1 senior citizen resident (ages 65+).

Table 1: Estimated Residents Generated by the Proposed Residential Development

Age Cohort	Statewide Multiplier for 3-Bedroom Single-Family Attached Units	Total Persons
0-4	0.22	1.8
5-17	0.283	2.3
18-34	0.524	4.2
35-44	0.47	3.8
45-54	0.398	3.2
55-64	0.316	2.5
65-74	0.16	1.3
75+	0.073	0.6
Total	**2.444**	**20**

Source: *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers: 2006; Phillips Preiss Grygiel Leheny Hughes LLC.*

A similar analysis was conducted for the existing development to determine the number of residents that would be generated by the existing single-family home currently occupying the site. To estimate the number of residents the existing residence adds to the township, Rutgers University's *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers* was utilized, specifically the Statewide multiplier for new single-family 3-bedroom detached homes. Based on the multipliers it is estimated that the existing residential development generates 3 residents (See Table 2) including 1 school-age resident (ages 5-17) and 0 senior citizen residents (ages 65+).

Table 2: Estimated Residents Generated by the Existing Residential Development

Age Cohort	Statewide Multiplier for 3-Bedroom Single-Family Detached Units	Total Persons
0-4	0.333	0.3
5-17	0.575	0.6
18-34	0.632	0.6
35-44	0.686	0.7
45-54	0.359	0.4
55-64	0.202	0.2
65-74	0.134	0.1
75+	0.056	0.1
Total	**2.977**	**3**

Source: *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers: 2006; Phillips Preiss Grygiel Leheny Hughes LLC.*

Therefore, for the purposes of this fiscal impact analysis, the net increase in population generated by the proposed residential development will be 17 residents.

2.2 IMPACTS ON SCHOOL DISTRICT POPULATION

Statewide multipliers for new three-bedroom single-family attached units listed in *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers* was also used to estimate the number of public school children that the proposed residential development would add to Edison's public school district. Based on the multipliers it is estimated that the proposed residential development will generate 2 school-age children, both of which would be anticipated to attend public school (See Table 3).

Table 3: Estimated Total and Public School Children Generated by the Proposed Residential Development

Unit Type	Total Units	Total School-Aged Children Multiplier	Total School-Aged Children	Total Public School Children Multiplier	Total Public School Children
3-Bedroom Single-Family Attached	8	0.283	2	0.244	2

Source: *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers: 2006; Phillips Preiss Grygiel Leheny Hughes LLC.*

The Statewide multipliers for three-bedroom detached single-family homes listed in *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers* were used to estimate the number of public school children the existing single-family residence on the subject property generates. Based on the multipliers it is estimated that the existing residence generates 1 school-age child (See Table 4). To be conservative, we have assumed this student would not attend public school.

Table 6: Property Class' Share of Parcels and Assessed Value, Township of Edison, 2017

Property Class	Parcels		Assessed Valuation		Share of the Tax Base
Non-Residential (Class 4a, 4b)	1,203	4.34%	$2,006,573,600	28.42%	16.38%
Residential (Class 2, 3a, 4c)	25,478	91.96%	$4,935,195,200	69.90%	80.93%
Vacant (Class 1)	1,019	3.68%	$118,113,900	1.67%	2.68%
Farm (Class 3b)	7	0.03%	$21,500	0.00%	0.01%
Total	27,707	100%	$7,059,904,200	100.00%	100.00%

Sources: New Jersey Department of Community Affairs, Property Tax information, Township of Edison, NJ 2017; Phillips Preiss Grygiel Leheny Hughes LLC.

***Non-Residential = Commercial + Industrial; Residential = Residential + Apartment; Farm = Homestead + Farmland*

3.3 BREAKDOWN OF TAX RATE

A breakdown of the Township of Edison's property tax rate by municipal, school and county portions is provided in Table 7. The total tax levy on real property is $5.376 per $100 of assessed value, with the local portion of the tax rate (i.e., municipal and school portions) accounting for 83 percent of the total, and the county portion accounting for the remaining 17 percent.

Table 7: Breakdown of the Tax Rate, Township of Edison, 2017

	Tax Rate Per $100 of Assessed Valuation
Municipal – General Purposes	1.214/100
Municipal Library Tax	0.074/100
District School Tax	2.978/100
Other Special Districts	0.220/100
County Tax	0.823/100
County Open Space Tax	0.067/100
Total Tax Rate	**$5.376/100**

Sources: New Jersey Department of Community Affairs, Property Tax information, Township of Edison, NJ 2017; Phillips Preiss Grygiel Leheny Hughes LLC.

3.4 EXISTING PROPERTY TAX REVENUES GENERATED BY SUBJECT PROPERTY

The subject property is designated as Block 556C, Lot 6A. It is currently occupied by one single-family home. According to municipal tax records for 2017, the subject property had a total assessed value of approximately $218,600 consisting of land valued at $110,600 and improvements valued at $108,000. Table 8 shows the property tax revenues currently generated by the project site (based on 2017 assessments) to be approximately $11,750.

Table 8: Breakdown of Annual Property Tax Revenues from Existing Development on Block 556C, Lot 6A

	2017 Tax Rate (per $100)	Assessed Value of Existing Development	Annual Tax Revenues
Municipal – General Purposes	1.214/100	$218,600	$2,654
Municipal Library Tax	0.074/100	$218,600	$162
District School Tax	2.978/100	$218,600	$6,510
Other Special Districts	0.220/100	$218,600	$481
County Tax	0.823/100	$218,600	$1,799
County Open Space Tax	0.067/100	$218,600	$146
Total Tax Rate	**$5.376/100**	**$218,600**	**$11,752**

Sources: New Jersey Department of Community Affairs Property Tax information, Township of Edison; Phillips Preiss Grygiel Leheny Hughes LLC.

3.5 ESTIMATED PROJECT REVENUES TO MUNICIPALITY AND SCHOOL DISTRICT

3.5.1 Estimated Market Value of Proposed Development

The total estimated value of the proposed development would be $4.0 million (see Table 9). This figure is based on the following estimate for sale prices: $500,000 per dwelling unit.

Table 9: Market Value of the Proposed Residential Development, Township of Edison

Proposed Development	Construction Amount	Sale Price/ Annual Revenues	Market Value
3-Bedroom Single-Family Attached Units	8 units	$500,000 per unit	$4,000,000

Source: MarKim Developers, LLC

3.5.2 Estimated Assessed Value of Proposed Development

The equalization ratio in 2017 was 44.6 percent. In other words, in the tax year 2017 the assessed value of the proposed project (i.e., $1,784,000) is lower than its market value (i.e., $4,000,000) as seen in Table 10.

Table 10: Estimated Assessed Value of the Proposed Residential Development

	Market Value		Current Equalization Ratio		Assessed Value
Proposed Development	$4,000,000	x	44.6%	=	**$1,784,000**

Sources: New Jersey Department of the Treasury, Division of Taxation; Phillips Preiss Grygiel Leheny Hughes LLC

3.5.3 Estimated Revenues from Proposed Development

Based on the Township's current tax rate, the annual property tax revenue to be generated by the proposed development is estimated to be approximately $95,900, of which approximately 55 percent, *or over $53,000 per year*, would accrue to the local school district (see Table 11). Nearly *$27,000* per year would be added to the Township of Edison's municipal coffers. Additionally, almost *$16,000* would accrue to Middlesex County on an annual basis. Overall, the proposed residential development will generate approximately $84,000 more in property tax revenues than is presently the case.

Table 11: Breakdown of Annual Property Tax Revenues to Be Generated by the Proposed Residential Development

Description of Tax	2017 Tax Rate (per $100)	Assessed Value	Annual Tax Revenues
Municipal – General Purposes	1.214/100	$1,784,000	$21,658
Municipal Library Tax	0.074/100	$1,784,000	$1,320
District School Tax	2.978/100	$1,784,000	$53,128
Other Special Districts Tax	0.220/100	$1,784,000	$3,925
County Tax	0.823/100	$1,784,000	$14,682
County Open Space Tax	0.067/100	$1,784,000	$1,195
Total Tax Rate	**$5.376/100**	**$1,784,000**	**$95,908**

Sources: New Jersey Department of the Treasury, Division of Taxation; Phillips Preiss Grygiel Leheny Hughes LLC

The estimated net annual revenues (equal to the revenues from the existing single-family residence subtracted from revenues generated by the proposed development) that will accrue to the local school district and municipality, which will be used for the purposes of this fiscal impact analysis, will be $46,618 and $23,606, respectively.

3.6 ESTIMATED MUNICIPAL AND SCHOOL DISTRICT COSTS

3.6.1 Estimated Municipal Costs of Proposed Development

The current level of municipal expenditures in Edison is approximately $133.8 million.[1] It should be noted that only about 64 percent of the Township's general revenues are generated by local property taxes (i.e., of the $133.8 million in municipal expenditures, approximately $86.1 million originates from property taxes). The remaining $47.7 million comes from a variety of additional municipal and other governmental sources. Since residential property accounts for approximately 81 percent of the total tax base[2], it is estimated that about $74 million in tax-supported municipal expenditures can be attributed to residential uses. As of 2015, Edison had a residential population of 101,865.[3] We can assume, therefore, that the municipal cost per resident is approximately $726 (see Table 12). Therefore, the

[1] Township of Edison, Middlesex County – 2017 Budget: Total General Revenues: $133,842,535.12. For the purposes of calculations this number was used to calculate projected municipal costs.

[2] The percentages of residential properties by number and assessed valuation listed in Table 3 have been averaged to arrive at this figure.

[3] 2011-2015 American Community Survey 5-Year Estimates.

additional 17 residents generated in the proposed residential development can be estimated to cost taxpayers an additional $12,342 annually.

Table 12: Breakdown of Residential Per Capita and Proposed Project Municipal Costs

Property Class	Share of Tax Base	Expenditures	Edison Population	Per Capita Cost	Cost of 17 New Residents
Residential	80.93%	$73,989,947	101,865	$726	$12,342

Sources: *2010-2014 American Community Survey 5-Year Estimates; Municipal Budget of the Township of Edison, Middlesex County, for the Fiscal Year 2017; New Jersey Department of Community Affairs 2017 tax ratables data; Phillips Preiss Grygiel Leheny Hughes LLC*

3.6.2 Estimated School District Costs of Proposed Development

According to the *2016-2017 User Friendly Budget Summary* published on the website for the Edison Township School District, during the 2016-2017 school year, the school district operating budget was $234,000,994, of which $210,003,178, or 90 percent, was funded by local property tax revenues. Relative to the current enrollment of 15,697 pupils[4], these appropriations amount to $14,908 per student, with $13,379 per student funded by local property taxes. Applying the tax-supported school district cost of $13,379 per student to the 2 new public school pupils estimated to be generated by the proposed residential development, yields added tax-supported school district costs of $26,758 annually (See Table 13).

Table 13: School Spending in the 2016-2017 Academic Year: Edison Township School District

Budgeted Per Pupil Cost	Percentage of School Budget from Local Taxes	Budgeted Cost per Pupil Supported by Property Taxes	Cost of 2 New Public School Pupils
$14,907	89.7%	$13,379	$26,758

Sources: *2015-2016 User Friendly Budget Summary published on the website for the Edison Township School District; Phillips Preiss Grygiel Leheny Hughes LLC*

3.7 SUMMARY OF COST-REVENUE ANALYSIS

As illustrated in Table 14, the proposed residential development would generate more local revenues than costs. The Township would receive over $70,000 per year in tax revenue for municipal and local school district purposes, while its annual tax-supported municipal and school district costs would increase by approximately $39,000. The proposed development is expected to generate approximately $31,000 in a total net tax surplus to the municipality and local school district per year.

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[4] The total number of pupils includes regular and special-education full-time students; private school placements, pupils received from other districts; pupils sent to other school districts; and private school placements.

Table 14: Summary of Cost-Revenue Analysis for Proposed Residential Development for the Township of Edison Municipality and School District

	Annual Tax Revenues Generated	Annual Service Costs	Net Annual Surplus (+) or Deficit (-)
Municipality	$23,606	($12,342)	$11,264
School District	$46,618	($26,758)	$19,860
	$70,224	**($39,100)**	**$31,124**

Sources: Phillips Preiss Grygiel Leheny Hughes LLC

4.0 CONCLUSIONS

The foregoing report was prepared in order to assess the population, school and financial impacts associated with a proposed eight-unit multi-family residential development located at 144 Harding Avenue in the Township of Edison, New Jersey. The proposed project is projected to generate an additional 17 residents and 2 public school children. Tax revenues of nearly $47,000 annually are anticipated to accrue to the local school district, and almost $24,000 per year accruing to the municipality. After taking the proposed development's tax-supported residential municipal and school district costs into account, the proposed development is projected to generate over $11,000 in net annual tax surplus to the municipality, and nearly $20,000 in net annual tax surplus to the school district. In other words, the proposed residential development is anticipated to not only cover its tax-supported costs, but generate over $31,000 in total net annual tax surplus to the municipality and local school district.