

Tempo II Evergreen Walk

South Windsor, CT

Tax Impact Study

BARTRAM & COCHRAN

Goal of Report

To assess the impact to the Town of South Windsor of:

- 165 new apartment units on the PK-12 school system
- This development on municipal services (water, sewer, fire, police, recreation, library, etc.)
- This development regarding taxes.

Methodology

Bartram & Cochran researched and interviewed:

Demographic data

Town of South Windsor and Board of Education staff

Local developers and real estate professionals
Realtor/ Zillow websites

Malone and Macbroom: “South Windsor Public Schools Enrollment Projections Update” (October 2019)

Rutgers Center for Real Estate “School-Age Children in Rental Units” (July 2018)

Goman & York report on the impact of 125 multi-family units in South Windsor (2021)

National Association of Home Builders,
“The Economic Impact of Home Building”

US Census

Connecticut Partnership for Balanced Growth

Key Findings

Tempo I does, and Tempo II will, generate a positive cash flow to the Town.

Tempo II design, “The Big House”, will attract young professionals and those over age 55.

The majority of new school age children come from large, single-family homes, not apartments.

South Windsor is currently building a new grammar school.

Evergreen Walk contributes to the quality of life of the Town; adding residential enhances the community’s vitality

Adding more multi-family to Evergreen Walk strengthens the retail, office and industrial markets in the entire Town and region.

South Windsor Grand List

The Evergreen Walk development enhances the quality of life and subsidizes the education in South Windsor.

The Shoppes at Evergreen Walk is the #2 on the Grand List with an AV of \$31,928,600, paying \$1,208,816 in taxes annually

Evergreen Crossing Retirement is #4 on the Grand List with an AV of \$29,345,384, paying \$1,110,016.

Costco has an assumed AV of \$14,000,000 and will pay \$530,040 (after tax abatement ends) and \$212,016 (with 7-year abatement),

To date, only one development at Evergreen Walk, Tempo I, has added to the student population. The taxes they pay, even with a five- year tax abatement, covers the costs of their student population and Town Services.

After Tempo II, Evergreen Walk will have only three sites left for development: .5 acres, 8 acres (that has been approved for 140 units of over age 55 housing) and 5 acres along Buckland Street that is slated for commercial use.

Evergreen Walk

Enhancing
the quality
of life in
South
Windsor

- Costco
- LA Fitness
- Cambria Hotel
- Senior Housing
- Medical Offices
- Tempo I
- Apple
- L.L. Bean
- Williams Sonoma
- Munson's
- The Paper Store
- Sephora
- Soft Surroundings
- Banana Republic
- Ben & Jerry's
- Burton's Grill
- Carhartt
- Chicos
- Eddie Bauer
- New Balance
- Omaha Steaks
- Panera Bread
- Pottery Barn
- Stonewall Kitchen
- Talbot's
- Ted's Montana Grill

South Windsor Housing

Long time residents are selling homes to families with children.

The median valued of a home is \$297,000 and pays taxes of \$7,800. If there are students, then taxes do not cover the cost of education, let alone other municipal expenses.

Multi-family developments, such as Tempo I and Tempo II (when built), contribute to the Grand List, as well as the vitality of the Town.

South Windsor Residential

Bedrooms	Estimate	Percent	Tempo II	Adjusted	Adjusted
Studio	82	1%	0	82	1%
1 bedroom	791	8%	83	874	9%
2 bedroom	2,098	22%	82	2,180	23%
3 bedroom	4,238	45%	0	4,238	45%
4 bedroom	1,456	16%	0	1,456	15%
5 or more bedrooms	<u>681</u>	7%	0	<u>681</u>	7%
Total Housing Units	9,346	100%	165	9,511	100%

**Large 3 – 5+ bedroom homes make up 67% of the residential stock
Tempo II will have a minimal impact on the inventory.**

School Future Enrollment

Projecting future enrollment is a complex issue to refine due to:

- Growth is not “linear”.
- A new grammar school is under construction.
- Economic impact of Covid, changing employment patterns.
- Some residents are on 2 to 4-year work visas. Many move back home as their children become teens.
- Growth in enrollment tapers off by high school.

Board of Ed Budget 2021-2022

Budget	\$77,958,844
Number of students:	4,588
NCRP	\$16,405

The NCRP (net cost per student) does not reflect the State and other funding which reduces the total cost per student to approximately \$14,600. It also does not reflect the incremental cost per new student, as many educational costs are fixed.

To assess the incremental cost per new student, a recent Goman & York economic impact study in South Windsor calculated the actual cost per new student at \$9,718 (a 35% reduction from the \$14,600).

B&C calculated the adjusted basis per student to be approximately \$11,000, a more conservative 25% reduction.

Students/ Unit

New Development Name	Type	Units	K-12 Student/ Unit	Students
Clark Estate	Single-family	18	1.06	19
Clark Estate 2	Single-family	22	0.77	17
Evergreen Walk Tempo I (actual)	Apartments	200	0.21	42
Residences at Oakland Rd	Apartments	78	0.14	11
South Windsor Woods	Condominiums	155	0.46	38
Estates at South Windsor (Toll Bros)	Single-family	44	1.59	43
All New Developments		418	0.34	143

Apartments produce the fewest student per unit and single-family the greatest number of students

Tempo I Student Population

School	# of Students	%
Orchard Hill Elementary School	24	57%
Timothy Edwards Middle School	11	26%
South Windsor High School	7	<u>17%</u>
	42	100%

- This reflects the trend of student population dropping by middle and high school.
- Tempo I reported that all students were new to the South Windsor School System.

Estimated Cost of Community Services

Item	Amount	Comment	Interviewed
Education	\$11,000 to \$16,000 per student	\$16,405/ student (BOE); \$11,000 (B&C)	Superintendent Dr Kate Carter
Fire	\$0	No fees, even for false alarms	Fire Chief Walter Summers
Fire Inspections	\$30 per unit	Annual inspection	Fire Chief Walter Summers
Police (EMS)	\$75	Per call (45 calls for Tempo I)	Lt Buonanducci
Water	\$0	Private: CT Water Co.	
Waste Water/Sewer	\$0	Developer pays for initial hookup and annual usage.	Phil Forzley, Fuss & O'Neil
Culture & Leisure (Library/ Parks & Rec)	\$118 per resident	\$3,054,007 budget and 25,709 population.	Town Budget

Sources: Those listed above

Financial Impact

Single Family vs Multi-Family

Single Family/ 4 Bedroom

Toll Brothers	
Number of Homes	23
Number of Students	39
AV	\$10,345,700
Taxes (Building and Cars)	\$422,165
Expenses (Education, Culture, Misc.)	<u>\$439,041</u>
Delta	-\$16,876

Multi-family/ 1 and 2 Bedroom

Tempo I	
Number of Units	200 (50/50)
Number of Students	42
AV	\$20,368,100
Taxes (Building, PP and Cars)	\$1,006,363 (after stabilization)
Expenses (Education, Inspections, Police, Culture)	<u>\$495,125</u>
Delta	\$511,238

[illegible]

Tempo II Proposed Development

Market rate apartment community with a new-to-the market design.

31.67 acres, of which 8.5 acres is buildable

Site could hold 240+ units, Tempo II is proposing a “Big House” design with 165 units.

83 One Bedroom

82 Two bedroom

Parking ratio of 1.5 per unit,
garage units available for additional fee

Amenities:

Outdoor heated pool

Fire pit

Hammock Park

Putting Green

Clubhouse including multi-purpose room and fitness center

Students/165 Unit Multifamily

Market Rate/ Low Rise/ Income over \$100K

Sources:	Rutgers School Age Children	CT Partnership for Balanced Growth	Malone & Macbroom	Average
One Bedroom	2	3	3	3
Two Bedroom	<u>23</u>	<u>21</u>	<u>27</u>	<u>23</u>
Total	25	24	30	26

- B&C adjusted the Malone & Macbroom 2019 report's ratio upwards to .18 to reflect the actual numbers at Tempo I. If their original ratio of .16 was used, the estimate population would be 26 students.
- Malone & Macbroom estimated 29% of the students in the recent residential developments were new to the South Windsor school system.
- Based on the **actual** factor of .21 for Tempo I, B&C analysis projects 34 students in public schools. B&C applied no discount for those already in the school system, as all 42 students at Tempo I were new to the South Windsor schools.

Tempo II Student Population (Est)

School	# of Students	%
Orchard Hill Elementary School	19	57%
Timothy Edwards Middle School	9	26%
South Windsor High School	<u>6</u>	<u>17%</u>
	34	100%

Tempo II - Estimate Tax Impact

151 Buckland St, Unit 7C

Assumptions		Value Upon Stabilization
<u>Income to Town</u>		
165 Units, with an AV of \$16,803,683		\$636,187
Personal Property and Cars		<u>\$167,315</u>
Subtotal		\$803,503
<u>Estimate Cost of Town Services</u>		<u>\$403,980</u>
Potential Increase in Tax Revenue		\$399,523

Impact of 165 Units in Local Economy

	Direct and Indirect Impact of Construction Activity	Ongoing Annual Effect that occurs because units are occupied
Local Business Owners' Income	\$4,538,325	\$1,028,280
Local Wages and Salaries	<u>\$7,676,955</u>	<u>\$3,327,885</u>
Total	\$12,215,280	\$4,356,165
Local Jobs Generated	149	73

NAHB estimates the one-year impact of building 165 rental apartments in a metropolitan area is \$19.3 million in income, \$3.6 million in taxes and other revenues and 265 local jobs. South Windsor would be a fraction of that larger number.

Buckland Gateway Economic Impact

The developments at Buckland:

- Supports Budget Increases
- Avoids Residential Impacts
(existing development = average tax savings per house of \$3,832)
- Absorbs State Revenue Losses
- Creates Employment Opportunities
- Improves general quality of life assets

Success Factors

- New design in the market that is not “cookie cutter”
- Supportive demographics
- Minimal comparable competition
- High competitor occupancy
- Rents are at competitive price point
- Amenities offered meet the market demand
- They forecast stabilization (95% occupancy) within 36 months of opening

Continental Properties

Among the largest developers in the State of Connecticut

Built more than 25,000 dwelling units in past 64 years, including condominiums, apartments, townhomes and single-family communities

Diversified, integrated real estate organization, with proficiency in all facets of development from site selection through rental and sales

Developed, owns and manages over 5,100 rental apartments in dozens of communities, including “for sale” and rental housing

Financial Stability

Founded 64 years ago

Privately held organization with superior financial strength, demonstrated by its track record

A generational holder of the communities it develops – “build and hold”

Have developed over 23 apartment rental communities

Owns and manages over 5,100 rental units in Connecticut and New Jersey

Award Winning

Continental's commitment to developing best-in-class communities is reflected in its meticulous attention to design and aesthetics. Their developments have received numerous awards from the Connecticut Apartment association, including:

- Best Curb Appeal, 2015 Alterra, Rocky Hill
- Best Innovative Idea 2015, Alterra, Rocky Hill
- Best Curb Appeal, 2016. 2017 & 2018, The Mark, Shelton
- Best Innovative Idea 2016, The Mark, Shelton
- Green Property of the Year 2018, Tempo, South Windsor
- Best Seasonal Design 2018, Tempo, South Windsor
- Best Innovative Idea 2019, Tempo, South Windsor