Residences at Evergreen Walk

Proposed 165 Unit Residential Development:
31.68 Acres with 19.36 Acres (61%) to Remain Open Space

Municipal Fiscal & Economic Impact Analysis:

Prepared for Evergreen Walk, LLC
Presentation to the South Windsor Planning and Zoning Commission

GOMAN+YORK
PLANNING AND DESIGN

April 26, 2022

Prepared by:
Donald J. Poland, PhD, AICP
Managing Director, Urban Planning & Strategy
Goman + York Property Advisors, LLC
1137 Main Street
East Hartford, CT 06108
dpoland@gomanyork.com
www.gomanyork.com

GOMAN+YORK

DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

Municipal Fiscal & Economic Impact Analysis

Table of Contents

GOMAN+YORK

DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

April 26, 2022

Bart Pacekonis, Chair
Town of South Windsor
Planning & Zoning Commission
Town Hall
1540 Sullivan Avenue
South Windsor, CT 06074

RE: Residence at Evergreen Walk Application

Dear Chairman Pacekonis:

I submit this report as expert testimony for the Residences at Evergreen Walk application. The proposed Residences at Evergreen Walk is a 165-unit multi-family apartment development behind The Promenade Shops Evergreen Walk.

This municipal fiscal impact and economic impact analysis explores and explains the changes in demographics and economics that are driving multi-family residential development, co-locating residential with commercial uses in mixed-use developments, and how such changes are resulting in multi-family developments that are fiscally positive for municipal government.

The most notable consideration in this report is that South Windsor has experienced 0% increase in population under 18-years of age since 2010. While I am aware of the concerns South Windsor has regarding increases in school district enrollments, this report takes deep dive into the demographic changes in the community and explains how South Windsor can experience increased enrollments while its school age population has not grown. I am confident the Commission will find this informative and helpful.

I look forward to discussing this report further with you and the Commission, as Goman+York will be available at the public hearing(s) to present this report and to answer any questions you or the Commission may have. I thank you for your time and consideration.

Respectfully submitted,

Donald J. Poland, PhD, AICP
Planning Consultant

GOMAN+YORK

DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

Summary of Findings

Residences at Evergreen Walk - Town of South Windsor

Municipal Fiscal Impact

Revenues: Real Property Taxes & User Fees		
Residential Real Property Taxes (165 Units)	=	$710,584
Personal Property Taxes (206 Motor Vehicles at $279/vehicle/year)		$76,431
Sewer User Fees Residential ($415.00/unit/year – 165 Units)		$68,475
Estimated Projection – Total Revenues	=	**$855,490**
Expenditures: Education and Municipal Government[1]		
Enrollment Expenditures (30 Allocated Enrollments @ $9,249/Year)[2]		-$277,470
General Government Services – Residential (33% of taxes paid)	=	-$158,977
Estimated Projection – Total Expenditures		**-$436,447**
Fiscal Impact Summary		
Total Revenue (Property Taxes & Fees)	=	$855,490
Total Expenditures – (Education & General Government)	=	-$436,447
Estimated Positive Fiscal Impact/Year	=	**$419,043**
One-Time Development Fees		
Land Use Commission Permitting Fees[3]	=	$8,720
Building Permitting Fees[4]	=	$857,715
Sewer Connection Fees[5]	=	$1,160,000
Estimated One-Time Development Fees	=	**$2,026,435**

Economic Impact

Job Creation		Discretionary & Consumer Spending	
Construction Jobs Total	47	Total Discretionary Income:	$7,143,180
Permanent Jobs Totals	18	Local Consumer Spending:	$2,875,272

[1] General Government expenditures estimate the percent of municipal services used by the commercial and residential (not including education expenditures accounted for above) uses.
[2] Per pupil enrollment costs are adjusted for non-property tax revenue and expenses are allocated to account for fixed cost not impacted by enrollments.
[3] Land Use Fees: See Section VII, Page 23-24 for details.
[4] Building Permit Fees: See Section VII, Page 23-24 for details.
[5] WPCA website. See Section VII, Page 23-24 for details.

DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

I. Introduction

The proposal before the Town of South Windsor Planning and Zoning Commission is for a 165-unit multi-family apartment development that will include 83 one-bedroom, 82 two-bedroom units, of which 10% will be qualified affordable units at 80% AMI. The design includes direct to unit garage access—a very popular amenity. The aim of the proposed Residences at Evergreen Walk is to build upon the recent *renaissance* at the Evergreen Walk and to bolster the social and economic vitality of The Promenade Shops at Evergreen Walk.

The proposed site consists of 31.68 acres, of which 19.36 acres (or 61%) will remain as open space. In addition to the 165 housing units, the site will accommodate 372 parking spaces (115 in garages, 115 in driveways, and 142 surface). In addition, the Residences at Evergreen Walk will provide a robust amenities package that will include an outdoor heated pool, fire pit, hammock park, putting green, and a clubhouse with a multi-purpose room and fitness center.

The proposed Residences at Evergreen Walk are consistent with the goals and policies of the South Windsor Plan of Conservation and Development. Specifically, the aim to "allow flexibility in meeting emerging housing preferences and needs," specifically, "mixed uses (housing mixed in with business uses) in certain zones."[6] The corridor along Buckland Road, including the Evergreen Walk site, is identified as a Housing Opportunity Area with mixed use potential.[7]

The aim of this report is to provide the Town of South Windsor with a municipal fiscal impact analysis, including the economic impact analysis, of the proposed development. This report will show that the proposed Residences at Evergreen Walk *will have a positive fiscal impact of approximately $419,043 in net positive tax revenue to the Town of South Windsor each year*—demonstrating and ensuring the new housing does not create a fiscal burden on municipal services. In addition, the multi-family development will create and/or sustain 47 temporary construction jobs, 18 permanent jobs, and generate $2,875,272 in new consumer spending at local businesses.

While the positive fiscal impact and economic impacts are important, understanding the demographic, social, economic, and generational changes that are the underlying the reasons for this application—and the positive fiscal impact—are even more important to understanding the benefits of this application. To best understand the changes driving this application, this report provides a detailed discussion of the changes in demographic and household structure in our society and South Windsor.

[6] See South Windsor Plan of Conservation and Development (2013), Residential Density Plan, Page 74.
[7] See South Windsor Plan of Conservation and Development (2013), Residential Density Plan, Page 77.

II. The Changing Retail and Residential Landscape

The form and function of our settlement patterns are forever changing around technological and transportation innovations, economics, and our social-cultural ways of living in our environment—the built environments as our self-created human habitat.[8] For example, our first industrial mills and factories were located alongside rivers (their source of power) and towns and cities were constructed around them. Riverside locations were later abandoned once electricity was invented and electric power sources provided. The arrival of rail resulted in the abandonment of many ports,[9] as manufacturing relocated along the rail lines. Later, interstate highways further transformed and reorganized the location and site of industry at interchanges and access ramps (i.e., the industrial park) and large single-story buildings that consolidated production, assembly, and distribution on a single floor.

The same is true of retailing. The location, building forms, and space of retail has also been continually shifting and changing around technological and transportation innovations, economics, and our social-cultural ways of living in our environment (including the ways in which we shop). In the early to mid-1900s the primary location of retail was in city centers (i.e., downtown, and main street) and multi-story department stores. Over time department stores (and other retailers) shifted outward to suburban centers and retail strips. Later, the enclosed American mall came into vogue, located miles outside the central city, downtowns, suburban centers, and beyond retail strip centers, at interstate highway interchanges and access ramps, and anchored by large single- and two-story department stores. Next, the big box discount department stores and specialty retailers (i.e., category-killers) emerged on the scene, often favoring locations proximate to retail malls and other large retail clusters. Last and most recent, lifestyle centers appeared in a variety of locations, providing walkable outdoor environments that are often paired with residential development. Just as the mill towns and industrial cities struggled with the changing location of manufacturing, many downtowns, main streets, suburban centers, retail strips, regional malls, and lifestyle centers have struggled with the changing location of retailing.[10]

Today, with the arrival of ecommerce, the retail sector continues to change. However, the arrival of ecommerce retailing is not simply a spatial shift in the physical location of retail, it is a shift to a virtual space that captures market share, while rendering some physical locations and physical spaces of retailing functionally obsolete. For example, when retailing moved from main street to malls, new uses and certain forms of retailing, such as personal service and hospitality (i.e., restaurants) discovered new opportunities on main street, backfilling into abandoned spaces, and creating new vitality on

[8] For a detailed account of urban ecology, changes in suburban communities (including commercial centers and retail), and the need to embrace and manage change, see Poland, Donald; (2016) *Urban Resilience - Evolution, Co-Creation, and the Remaking of Space.* Doctoral Thesis, UCL (University College London).
[9] See Poland, Donald; (2020) Unconscious Influence: Olmsted's Hartford, State of Connecticut.
[10] It is important to note that during this century-long change in the spatial location and organization of retailing, the retail sector itself was also transformed from the tailor-made, local, and individualized product to off-the-rack mass-produced products provided by global commodity chains.

many main streets and in town centers. With the shift to the virtual space of ecommerce, there has been a declining demand for physical space (bricks and mortar retail) to backfill in downtowns, town centers, main streets, retail strips, and enclosed regional malls. Many of the past locations and spaces of retail are being rendered functionally obsolete.

This shift from the spatial location and physical space of past retail to the virtual space of ecommerce is at the core of the new media accounts of the '*retail apocalypse*' and '*dead and dying malls.*' While such media accounts may over-dramatize the collapse of bricks-and-mortar retail (and retailers), there are truths to the *apocalypse* and the struggles of the changing landscape of retailing.[11] The fact is the landscape of retail has changed and will continuing to change. Retailing as we once knew it is being disrupted and transformed by technological and transportation innovations, economics, and the ever-changing behaviors of consumers. Simply put, consumers no longer shop and spend in the same ways as we did one or more decades ago.

It is not just the location and space of retail that has changed, the location and space of residential uses have also changed and continues to change. While the post-World War II era was dominated by mass suburbanization, sprawling single-family detached homes, owner-occupancy, and auto-oriented development, the pendulum has been swinging back toward centers, multi-family, renter-occupied, and walkability. In part, this shift includes a move toward mixed-use developments and communities—including lifestyle centers—that offer housing, shopping, office space, amenities, and spaces for social activities. However, this shift is not simply about *new urbanism planning and design*, it is about the complexity of changes in demographics, household structure, generational preferences, and consumer behaviors.[12] In short, new markets have emerged for mixed-use, multi-family, and compact communities that better suit the lifestyle needs of today's eclectic households.

The retailers most harmed by these changes are the consumer electronics, apparel, books, and department stores (among others). Therefore, large regional malls and lifestyle centers have suffered the most. The Shoppes at Buckland Hills is an illustrative example of the impact of these general trends in the retail industry and malls. For example, ecommerce, the aging of the Baby Boomers, the different priorities of the Millennials, and in some cases, the over building of retail collectively have had a substantial impact on the enclosed mall retail distribution channel model. The impact is so dramatic, that various retail industry reports and experts estimate that between 25% and 50% of the existing enclosed malls will no longer be economically sustainable in the coming years. Fortunately, while lifestyle centers have been confronted with the loss similar retail tenant, there sites, designs, and structures are often more adaptable than enclosed malls.

Bricks-and-mortar retail will not cease to exist. Those that can and do innovate will find their place and persist. However, the future of retail remains uncertain, the struggle to innovate and persist are real, and the retail industry will remain subject to continued forces of disruption—technological advance in

[11] The struggles of The Shoppes at Buckland Hills are a key example of these struggles.
[12] Poland, Donald; (2016) *Urban Resilience - Evolution, Co-Creation, and the Remaking of Space.* Doctoral Thesis, UCL (University College London).

artificial intelligence and even autonomous auto-mobility will further challenge the retail industry. Many retail locations, sites, stores, and enclosed malls will collapse and be defined by vacancy, abandonment, and ultimately blight. Others can and will innovate, adapt, and shape-shift into new hybrid forms and functions that co-mingle similar, related, and compatible uses into new kinds of spaces and lifestyle experiences. Adaptation and hybrids are at the core our American entrepreneurial culture and by paying close attention to and giving "special sensitivity to marginal, neighboring, or occluded practices" we "generate the art, not science, of invention."[13]

The Promenade Shops at Evergreen Walk are not immune to these changes in retail. While Evergreen Walk has mostly prospered, the challenges of occupancy and maintaining the right tenant mix has required constant attention as the retail sector shifts and changes. While the addition of Costco and the soon to be constructed Whole Foods are great additions to the site, uncertainty remains with the smaller retail spaces in the Promenade Shops at Evergreen Walk.

The owners of the Promenade Shops at Evergreen Walk are seeking to innovate—to adapt and further the hybrid forms and functions that occupy the Evergreen site and to best position the Evergreen Walk site to remain economically viable and sustainable. In fact, the Evergreen Walk ownership have done better than most in these challenging and uncertain times to maintaining a competitive site—attracting new tenants, new developments, and providing a diversity of uses that are critical to the site's success. However, the universe of new retail, office tenants, and opportunities to sustain occupancy are growing more challenging as store closings and bankruptcies continue to plague the retail industry and as the pandemic disrupted the way-we-work and where-we-work. This threat is echoed in *The demise of America's malls can deal a blow to the towns that depend on them*. The article explains, "the coronavirus pandemic is speeding up the demise of America's struggling shopping malls, which could deal a devasting blow to towns that depend on them."[14] There is a symbiotic relationship between Evergreen Walk and South Windsor. Together they can prosper or struggle.

During the collapse of the industrial economy and manufacturing sector, we did not have a crystal ball to see the future of industrial dereliction that would come. However, the collapse of our industrial economy and the abandonment and blight of industrial sites provides a window into the future of many retail sites. Industrial decline helped us learn, taught us lessons, and provides us with the knowledge and understanding that complacency, resistance to change, and efforts to maintain and sustain the status quo do not work. The forces that drove industrial decline were more powerful than our ability to overcome the decline. The same is true of the forces that are driving the *retail apocalypse*. If we are complacent, resist change, or seek to maintain the status quo of retail or housing, we will repeat our failures of the industrial past.

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[13] See Spinosa, Charles, Flores, Frenando, and Dryfus, Hubert, L., (1997): *Disclosing New Worlds: Entrepreneurship, Democratic Action, and the Cultivation of Solidarity*. The MIT Press. Cambridge, MA. (P. 30).

[14] *The demise of America's malls can deal a blow to the towns that depend on them*, CNBC, June 20, 2020, by Lauren Thomas.

From the perspective of community planning, the challenge is not to *resist change*, but to *embrace and manage change*.[15] Adaptation is the foundation to resilience. Foresight and intentional action are the remedies to complacency and uncertainty. The abandoned sites of our industrial past were in less favorably locations and far less adaptable to new uses than our modern retail sites and locations.[16] In fact, many retail sites and locations are adaptable and well-positioned to be transformed—this is especially true of the Promenade Shops at Evergreen Walk site. However, to successfully adapt and reposition these sites requires intentional action. Those who act now—will stay ahead of the collapsing retail-wave that will erode malls, retail centers, and lifestyle centers into functional obsolescence—to find new hybrid forms and functions are the most likely to succeed. "New products and…services are generated…by knowledge, imagination, innovation, risk, trial and effort…"[17] and who are first to "innovate and is lucky will take the market."[18]

South Windsor is fortunate in that the Evergreen Walk site is well positioned to adapt to change and to shape-shift into a mixed-use site. There is a saying in the retail industry that "retail follows rooftops." Meaning that retail follows housing. Today, the reverse is also true. Rooftops now follow retail. Adding housing to retail sites—on-site or proximate—has become the primary and successful strategy to reposition retail centers to remain competitive. The new housing bolsters the retail and other commercial uses, providing new and proximate households that will shop, dine, and socialize in the existing retail and commercial spaces. In addition, the existing retail and commercial space provide the desired amenities, densities, and third spaces (spaces other than home and work) that empty-nesters and young professionals seek.

The proposed Residences at Evergreen Walk (165 housing units) is an intentional and proactive step to better adapt the Evergreen site to the ever-changing and challenging retail landscape, to create diversity in use, and to build resiliency. Additional housing on this site, 165 more households on this site, will greatly benefit the Promenade Shops at Evergreen Walk by providing a captive consumer motivated by convenience. The 165 housing units will also improve the efforts to attract new retail tenants, fill vacancies, and maintain a vibrant and prosperous lifestyle center.

While entrepreneurial spirit and efforts are often constrained by governance structures, municipal government can also be entrepreneurial, especially local land use planning, a practice and profession that is seeking to move a community forward and into the future.[19] The South Windsor Planning and

[15] Walker, Brian, and Salt, David, (2006): *Resilience Thinking: Sustaining Ecosystems and People in a Changing World*. Island Press. Washington, D.C. Walker, Brian, and Salt, David, (2012): *Resilience Practice: Building Capacity to Absorb Disturbance and Maintain Function*. Island Press. Washington, D.C.

[16] Note, industrial sites are further burdened by the challenges of environmental contamination and cost of remediation.

[17] Deming, W. Edwards, (1984): *Out of the Crisis*, The MIT Press. Cambridge, MA. (P. 182.)

[18] Deming, W. Edwards, (1993): *The New Economics: For Industry, Government, Education*. Second Edition, The MIT Press. Cambridge, MA. (P. 10).

[19] Many Connecticut communities with malls and large shopping centers are innovating and view residential development as a promising and viable use for struggling mall sites. For example, the Enfield Square Mall "plans to add housing to the site"

Zoning Commission has been entrepreneurial and innovative, embracing and managing changes at Evergreen Walk and approving new developments and uses at the site. The Commission can continue these efforts by allowing more households on the site, adapting to change and (re)position the Evergreen Walk site to compete for new investment. There is a symbiotic relationship between retail and housing—retail needs households and households need retail. This is why mixed-use developments have become so common. Allowing residential housing and retail to share the same site provides mutual benefits to both uses.

III. Demographics, Housing, and School District Enrollments

Connecticut has been a slow-to-no-growth state for three decades. Job growth has been mostly stagnant[20] and population growth has been anemic.[21] This lack of statewide economic and demographic growth has resulted in changes to Connecticut's demographics and demographic structure. It is often said that demographics are destiny. In the case of Connecticut and its communities, including, South Windsor, the primary outcome of our demographic destiny is that we are aging—growing older. Older populations require more government services, need to be supported by a contracting labor force, and result in fewer young families with fewer children—further reducing the next generation of our labor force. This means there are few income earning households to support the government programs and services that support older populations.

Table 1. Connecticut Total Employment

CONNECTICUT TOTAL EMPLOYMENT (Seasonally Adjusted)							
1985	1990	1995	2000	2005	2010	2015	2020
1,614,600	1,720,300	1,657,800	1,721,200	1,687,700	1,712,600	1,788,400	**1,850,700**
Connecticut Department of Labor - Office of Research							

and Town officials are working with the owners (see *Shopping mall already facing a rough road in an online world, but the coronavirus pandemic made it even rockier*, Hartford Courant, June 22, 2020, by Kenneth R. Gosselin). Another example, the Town of Manchester contacted Goman+York Property Advisors in June 2020 to inform us that they have reached out to the mall's ownership regarding the potential for multi-family development (already allowed in zoning) on the Buckland Hills Mall site and for Goman+York to spread the word of this opportunity to potential developers. Residential apartments have been approved at the Westfield Trumbull Mall and proposed at the Connecticut Post Mall.

[20] Connecticut Department of Labor, Office of Research (2022). from 1985 to 1990, Connecticut's total employment increased by 105,700 and nonfarm employment increased by 103,400. By comparison, 1990 to 2020 total employment increased by 130,400 and nonfarm employment increased by only 44,800. Since 1990, non-farm employment in the Hartford Labor Market has declined from 603,400 in 1990 to 591,900 in 2020—with a low of 545,100 in 2010 during the Great Recession.

[21] United State Census of Population, 2020. From 2010 to 2020, Connecticut population grew by only 1%, adding only 31,847 persons. Hartford County added only 5,484 persons, also 1% growth. During the same period, South Windsor's population increased by 5%, a loss of 168 persons.

Table 2. Connecticut Total Employment

NONFARM EMPLOYMENT (Seasonally Adjusted) CONNECTICUT and HARTFORD LMA								
	1985	1990	1995	2000	2005	2010	2015	2020
CT	**1,549,800**	1,653,200	1,567,300	1,689,800	1,666,600	1,601,000	1,683,900	**1,698,000**
Hartford	---	**603,400**	548,200	568,900	556,500	545,100	575,000	**591,900**
Connecticut Department of Labor - Office of Research								

Table 3. 2020 Census of Population

Total Population	**Population 2010**	**Population 2020**	**Population Change 2010 - 2020**	**% Change 2010-2020**
Connecticut	3,574,097	3,605,944	31,847	1%
Hartford County	894,014	899,498	5,484	1%
South Windsor	25,709	26,918	1,209	**5%**

One of the most notable community concerns related to any proposal for new residential housing development is the potential impact of housing on municipal budgets from new public-school age children generated by new housing units and enrolled in the local school district. This fiscal concern results from the fact that the largest portion of any municipal budget is the Board of Education budget—typically between 55% and 70% of the total municipal budget. In South Windsor, the Board of Education budget represents approximately 61% of the total municipal budget. However, and unfortunately, perceptions related to the number of public school-age children generated by new housing units are often higher than the actual number of school district enrollments that result from new housing. For example, it is not uncommon for residents or commissions to assume that each new housing unit produces one, two, or even more school district enrollments. These assumptions result from past experiences, memories of prior generations, and failure to understand that the same social-cultural forces that are contributing to the disruption of retail are also disrupting housing, government services, and school district enrollments.

Changes in demographics and generational changes to lifestyle are resulting in fewer family households and fewer school age children. For example, some simple calculations can dispel the myth of one or more school enrollments per housing unit. Statewide, Connecticut has 513,615 children enrolled in public schools[22] and 1,385,437 households.[23] Divide statewide enrollments (513,615) by households (1,385,437) and number of public-school district enrollments equals 0.371 enrollments per household. South Windsor has 9,783 households and 4,778[24] school enrollments (4,778 / 9,783) or 0.488 school district enrollments per household. Enrollments of 0.372/household statewide and

[22] Connecticut State Department of Education, www.http://edsight.ct.gov (2020).
[23] United States Census, www. https://data.census.gov (2016-2020).
[24] US Census (2019) and EdSight CT (2021).

0.488/household in South Windsor are well below the commonly assumed one or more enrollment per new housing unit.

Statewide, and in most Connecticut communities, school district enrollments have been declining for over a decade. For example, in 2007 statewide enrollments were 574,848 compared to 513,615 in 2021 (a loss of 61,769 statewide school district enrollments).[25] South Windsor's school district enrollments peaked in 2005 at 5,008 enrollments, compared to 4,778 in 2021 (a loss of 230 school district enrollments or a 4.5% decline).[26]

The disconnect between perceived enrollments from new housing and actual enrollments, and the fact that most school districts have experienced declining enrollments for a decade or more, should cause us to pause, think, and ask questions. For example, why are actual enrollments per household so low? Or why have school enrollments been declining over the past decade or more? The answers can be found in demographics, specifically the changes in the demographic structure of population.

Demographics and Demographic Structure

Before discussing the specifics of demographics, it needs to be stated that the total number of housing units in a community (and proposed new housing units) do play a role in public school enrollments. That is to say, the more housing units a community has, the more capacity a community will have for school-age children and school district enrollments. However, the total number of housing units, existing or proposed, are not a primary driver of school district enrollments. School district enrollments are driven more by demographics and the demographic structure (i.e., age, persons per household, married couples/families, etc.) of the population. For example, what this means is that housing units (more specifically, the number of bedrooms within housing units) are simply vessels that can and may house school-age children—but there is no guarantee they will house children or generate enrollments. More important, demographics and demographic structure as the driver, for example, means that as a population grows older, the number of births (the total fertility rate) and resultant number of children decrease. Decreasing number of children overall typically results in declining school enrollments. Declining fertility rates are the primary driver of low and declining school district enrollments.[27]

The total fertility rate is the average number of children that would be borne by a woman if all women lived to the end of their childbearing years. Since only women have children, and since all women do not live to the end of their childbearing years, the replacement level of the total fertility rate is between 2.1 and 2.3 (births per women) to maintain a stable population—higher rates result in population growth and lower rates result in population decline. Another way of understanding this is to understand how the fertility rate relates to the death rate. The equation for population growth (not

[25] Connecticut State Department of Education, www.http://edsight.ct.gov (2021).
[26] Connecticut State Department of Education, www.http://edsight.ct.gov (2021).
[27] PEW Research Center, 2018. The US Total Fertility Rate has declined from 3.6 in 1960 to 1.73 in 2018.

including migration) is births minus deaths equals the rate of natural increase. If births are higher than deaths, the population grows. If births are lower than deaths, the population declines. Table 4. below shows how the fertility rate translates deaths to births. Note that the United States fertility rate is 1.64 and Connecticut's fertility rate is 1.51—well below replacement rates. That means, in Connecticut, 27 fewer persons are born for every 100 persons who die. Excluding migration, given enough time at a 1.51 fertility rate, Connecticut's population would decline to zero.

Table 4. Fertility Rates

	Fertility Rate	Deaths	Births	Replacement Rate
Above Replacement	2.4	100	120	Growth
Replacement	2.3	100	115	Stable
Replacement	2.2	100	110	Stable
Replacement – USA	2.1	100	105	Stable
Below Replacement	2.0	100	100	Decline
United States	1.64	100	82	Population Implosion[28]
Connecticut[29]	1.51	100	73	Population Implosion

Declining fertility rates nationally, and in Connecticut (see Table 5), are not simply the result of an aging population. Declining fertility rates are also tied to, and the result of, increased economic opportunity (wealth), greater education, and the associated changes in social-cultural behaviors that come with wealth and education.[30] Most important, these structural changes in our demographics can be traced across generations. For example, if you are of the Baby-Boom generation (born between 1946 and 1964),[31] it's likely that you have more siblings than you have children. It is also more likely, as a Baby Boomer, you moved out of your parent's home, got married, and had your first child at a younger age than those in Generation X (born between 1965 and 1980) and the Millennial Generation (born between 1981 and 1996). These slow-moving changes in the way-we-live and behave are often hard to notice in real time. However, by studying demographics and social behaviors over time (generation by generation), the changes become noticeable, and their collective impacts are profound. These changes (and other demographic and social changes) are why school district enrollments have been declining statewide for over a decade and why South Windsor's enrollments declined by 4.5% since 2005.

[28] Rates below 1.7 are known as population implosion, meaning the population is collapsing.
[29] www. https://en.wikipedia.org/wiki/List_of_U.S._states_and_territories_by_fertility_rate. The U.S. fertility rate in 2008 was 2.08 and the Connecticut's fertility rate was 1.88 in the same year.
[30] For example, prioritizing career over childrearing.
[31] PEW Research Center, 2018.

Table 5. Total Fertility Rate – Connecticut and United States by Years 2008-2020

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CT	1.88	1.80	1.72	1.71	1.66	1.63	1.63	1.63	1.63	1.59	1.57	1.54	1.51
US	2.08	2.00	1.93	1.89	1.88	1.86	1.86	1.84	1.82	1.77	1.73	1.71	1.64

South Windsor, like many Connecticut communities, is aging. In 2000, South Windsor's median age was 39, increasing to 42.3 in 2020—well above the national and state median age (Table 6).[32] Older populations have fewer children, resulting in fewer school enrollments.

Table 6. Median Age

	USA	CT	South Windsor
2020	38.3	40.6	**42.8**
2010	37.2	40.0	42.0
2000	35.3	37.4	39.0

Changes in demographics and socioeconomics over recent decades have transformed household structure. For example, in 1960 only 13.0% of housing units in the United States were occupied by 1-person households. Today, 28% of our nation's housing stock are occupied by 1-person households.[33] As of 2020, 22.3% of South Windsor's occupied housing stock and 46.9% of renter-occupied housing units was occupied by 1-person households.[34] That means that 46.9% of rental housing units in South Windsor are not producing any school age children or school district enrollments. This high percentage of 1-person rental households is important to understand and provides meaningful context to the proposed 165 multi-family rental housing units with 83 (50.3%) one-bedroom units.

From 2010 to 2020, South Windsor's total population increased by 5% (or 1,209 persons). During the same period, South Windsor's adult population increased by 6%[35] (or 1,202 persons). While South Windsor's population growth outpaced Connecticut (1%) and Hartford County (1%), South Windsor's increase in adult population also outpaced Connecticut (4%) and Hartford County (3%), which indicates that South Windsor is aging.

For the under 18 population (Table 7), Connecticut decline by 10%, Hartford County by 9%, while South Windsor's under 18 population remained the same, 0% increase. This important to understanding school district enrollments. While the Board of Education enrollment projections continue to project large increases in future enrollments,[36] the 2019-2020 enrollments (4,523) are less than the 2009-2010 enrollments (4,654), which are the corresponding years when the U.S. Census count occurred. That means that while the percent of population under 18 remained the same, school district enrollments

[32] All housing, demographic, and socio-economic data provided in this report are sourced from U.S. Census, (2017 or 2019) or the U.S. Census 2000 and 2010 (historical), unless otherwise noted.
[33] United States Census, www.https://data.census.gov (2019).
[34] United States Census, www.https://data.census.gov (2019).
[35] The increase in adult population signifies that South Windsor's population is aging, especial when compared to the under 18 populations.
[36] South Windsor Public Schools, *Enrollment Projections Update*, SLAM, November 2021.

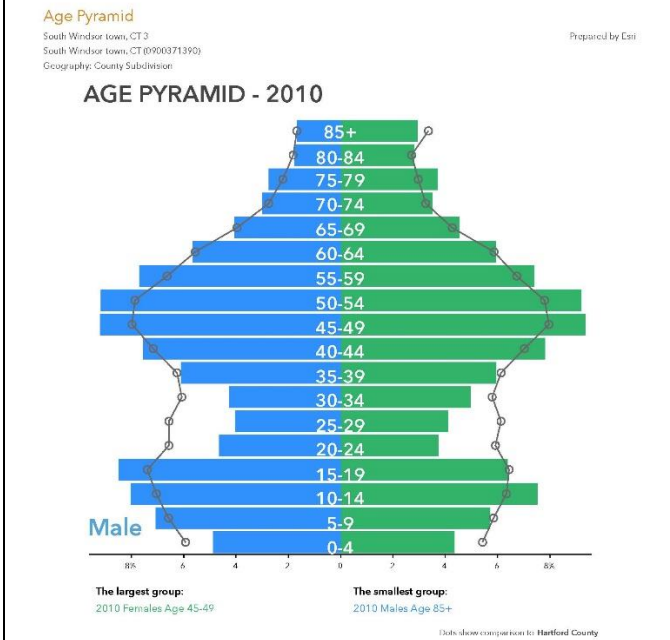
declined by 131 pupils. The fact is, the recent increases in school district enrollments is more likely indicating a return to past enrollment levels, casting doubt the large projected increase in enrollments.

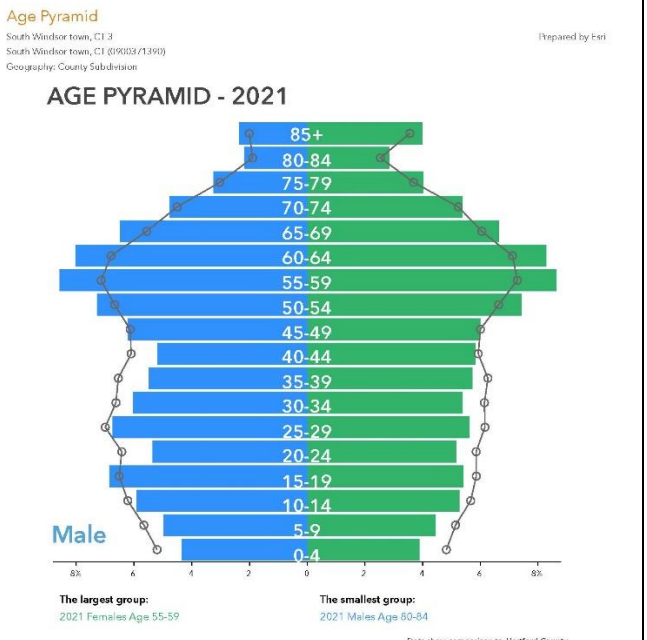
Table 7. 2020 Census of Population

Population Under 18	Population 2010	Population 2020	Population Change 2010 - 2020	% Change 2010-2020
Connecticut	817,015	736,717	-80,296	-10%
Hartford County	204,043	186,073	-17,970	-9%
South Windsor	6,194	6,201	7	**0%**

The Age Pyramids (Figure 1) below provide a comparative graphic representation of South Windsor's population structure by age cohort for 2010 and 2021. South Windsor's population, as shown in the age pyramids, is top heavy in both 2010 and 2021—more so in 2021 showing that the community is growing older. The pyramids also show a substantial contraction in 20 to 39 years old age cohorts in 2010. The respective cohorts are less contracted in 2021. The contraction in 20- to 39-year-olds in 2010 is what was driving the enrollment declines through 2015. The growth in the 20- to 39-year-olds in 2021 is what is driving the increased enrollments since 2016—I will discuss this further below.

Figure 1. South Windsor's Population Structure





Housing Characteristics

The hard to notice slow-moving changes in demographics and demographic structure also impact housing and the housing market. South Windsor has 10,161 housing units, of which 9,753 are occupied housing units.[37] South Windsor's occupied housing stock is 86% owner-occupied, 82.4% single-family (detached units equal 72% and attached units equal 10.4%), and 70.1% of the housing stock has 3- or more-bedrooms per units (Table 8).[38]

Table 8. Number of Bedrooms

Bedrooms	South Windsor	
	Estimate	Percent
Total housing units	10,161	100%
No bedroom	244	2.4%
1 bedroom	739	7.3%
2 bedrooms	2,060	20.3%
3 bedrooms	3,720	36.6%
4 bedrooms	2,761	27.2%
5 pr more bedrooms	637	6.3%

It is important to understand that owner-occupied housing with 3+ bedrooms per unit is the housing stock that is most appealing to family-households with children. Simply put, with an 86% homeownership rate, 82.4% of the housing stock as single-family, and 70.1% of housing units having 3- or more-bedrooms, South Windsor's housing stock was designed and built to house families—and the housing stock predominately favors family-households with children. The result, South Windsor's housing stock is attracting the very kind of households it was designed for—family households with children—*and it is the turnover (home sales) in the existing housing stock that is driving increases in school district enrollments*.

However, it is important to repeat (discussed above), changes in demographic structure are resulting in fewer married couples, fewer family households, and fewer children—South Windsor has experienced 0% increase in persons under the age of 18 from 2010 to 2020.[39] This means that housing demand is being driven more by single-person households, non-family households, and family-households without children. It is this change in demographics that explains why approximately 48% of new housing construction in Connecticut is multi-family (mostly rental), compared to pre-2008 era when only 24% of new housing construction was multi-family (mostly ownership). The fact is, South Windsor's housing stock is overwhelming single-family and owner-occupied, a housing stock designed to serve past generations.

[37] United States Census, www. https://data.census.gov (2020). Please note, these are Census estimates since the full 2020 Census has not been released. In addition, there are noticeable discrepancies in the available Census estimates. While the estimates are subject to change, the variation in the number of total housing units and occupied housing units are not anticipated to be large enough to change the results of calculations and the findings of this report.
[38] United States Census, www. https://data.census.gov (2020).
[39] U.S. Census of Population, 2020.

School District Enrollments

The structural changes to South Windsor's demographics along with new housing construction and home sales are impacting South Windsor's school district enrollments. The zero percent increase in South Windsor's under-18 population is important to understand in the context of recent increases in school district enrollments. Per the South Windsor Planning Department, 632 new housing units were added between January 2011 and November 2020.[40] Add to those 632 housing units, the 15 housing units in 2010, 21 units in 2020, and 10 units in 2021 documented by DECD,[41] and South Windsor has added 678 new housing units since 2010.

In 2010, South Windsor's school district enrollments were 4,557 and total housing units were 10,243. That equals 0.445 enrollments per housing unit (4,557/10,243 (2010) = 0.445/unit enrollments). Based on the data above, South Windsor's school district enrollments were 4,754 in 2021 and total housing units were 10,921. That equals 0.435 enrollments per housing unit (4,754/10,921 (2021) = 0.435/unit enrollments). The fact, the number of enrollments per housing unit have declined, even though school district enrollments have increased. This is further evidence of the changes in demographics and household structure.

Table 9. South Windsor New Housing Permits by Year Vs Enrollments[42]

Year	New Housing	Enrollments	BOE Budget	BOE % Budget	PPE
2010-21	**611**	**603**			
2021	10	4,754 (196)	$75,167,043	61.4%	$15,811
2020	33	4,558 (35)	$74,699,351	62.4%	$16,388
2019	161	4,523 (198)	$74,026,917	63.2%	$16,366
2018	47	4,325 (100)	$71,207,917	63.3%	$16,464
2017	102	4,215 (54)	$71,752,070	64.7%	$17,023
2016	131	4,161 (10)	$70,235,567	65.2%	$16,879
2015	41	4,151 (-29)	$68,333,931	64.8%	$16,462
2014	25	4,180 (-62)	$67,773,113	66.3%	$16,213

[40] Town of South Windsor Planning Department, *Town of South Windsor Housing Information: January 2011 – November 2020.*
[41] Connecticut State Department of Community and Economic Development: www.https://portal.ct.gov/DECD/Content/About_DECD/Research-and-Publications/01_Access-Research/Exports-and-Housing-and-Income-Data.
[42] Table 8 depicts New Housing based solely on DECD numbers, not the Town numbers discussed above.

2013	18	4,242 (-30)	$65,510,061	67.4%	$15,443

South Windsor enrollments peaked in 2001 at 5,110 and dropped to 4,151 in 2015. From 2010 to 2021 South Windsor gained 678 new housing units[43] and school district enrollments increased 603 pupils or 0.889 enrollments per unit.[44] From 2013 to 2021, the Board of Education (BOE) budget increased from $65,510,061 to $75,167,043—a rate less than inflation.[45] In addition, while enrollments increased from 2016 to 2021, per pupil spending decreased.[46] Furthermore, and most notable, the BOE percent of the Total Town budget decreased from 67.4% in 2013 to 61.4% in 2021—this implies that recent increases in taxes over this period are driven more by general government and debt service,[47] not the education operations budget.

Of the 611 new housing units constructed since 2010 (DECD), a total of 523 units can be accounted for in the 2021 BOE Enrollment Projections Update,[48] noted as *recent housing developments*. Of those 523 units, 127 were single-family detached, 113 single-family attached, and 278 multi-family rental units. The 127 single-family detached units account for only 24.3% of the new housing units but generate for 40.9% (94) of the total enrollments (230). The 113 single-family attached units account for only 21.6% of the new housing but generated 43.0% (99) of the total enrollments. The 278 multi-family rental units accounted for 53.2% of the new housing units but only generated 16.1% of the total enrollments.

Table 10. South Windsor New Housing & Associated Enrollments 2015 - 2021

	Units	% Units	Enrollments	% Enrollments	Enroll/Unit
Single-Family Detached	127	24.3%	94	40.9%	0.740
Single-Family Attached	113	21.6%	99	43.0%	0.876
Multi-Family Apartments	278	53.2%	37	16.1%	0.133
Total	**523**	**---**	**230**	**---**	**0.44**

[43] Connecticut State Department of Community and Economic Development: www.https://portal.ct.gov/DECD/Content/About_DECD/Research-and-Publications/01_Access-Research/Exports-and-Housing-and-Income-Data.
[44] Connecticut State Department of Education, EdSight (www.edsight.ct.gov), South Windsor School District, Enrollments.
[45] $65,510,061 in 3013 would equal $76,199,733 in 2021 dollars.
[46] The decrease in per pupil spending is the result of fixed education costs being spread over a large number of enrollments—there are efficiencies of scale that are realized with increased enrollments.
[47] We recognize that debt service would include capital improvements for school buildings. However, we also recognize that capital improvements in school buildings are investment in the community—as explained by the Town Manager's in the March 21, 2022, budget letter to the Town Council. It states, "Our Capital plan is on track to start taking better care of our infrastructure. The continued growth of the Capital Improvements fund is allowing the Town to accomplish more projects than have been done in recent history. Capital projects not only invest in our community but also address required maintenance of our current assets."
[48] South Windsor Public Schools, *Enrollment Projections Update*, SLAM, November 2021.

The data above (Table 10) clearly demonstrates that single-family (detached and attached) residential housing and owner-occupied housing generate far more school district enrollments than multi-family rental housing.

From 2009 to 2021, a total 4,518 home sales were recorded in South Windsor. That equals 44.5% of the total housing stock and 46.3% of the occupied housing stock—this is a substantial percentage of the housing stock to turn over in this short period of time. Since 2015, the point when enrollments began to increase, a total 2,903 home sales were recorded, or 28.6% of the total housing stock and 29.8% of the occupied housing stock.

Table 11. Home Sales & Total Enrollments 2015 - 2021[49]

	Units	% Units	New Construction Owner-Occupied	Less New Construction	New Enrollments	New Enrollments Home Sales
Home Sales	2,903	28.6%	240	2,663	603	373 (0.14/unit)

Since 2015, less the new construction units accounted for in Table 11, 2,663 home sales were recorded or 26.2% of the total housing stock and 27.3% of the occupied housing stock. Since 2015, school district enrollments increased by 603 pupils. Deducting the 230 enrollments already accounted for in the newly constructed housing units since 2015 (Table 9), a total of 373 enrollments can be attributed to 2,663 home sales since 2015—that equals 0.14 enrollments per home sale and 62% of the total increase in school district enrollments since 2015. At 62% of total enrollments, home sales are the primary driver of increased school district enrollments compared to newly constructed housing accounting for only 38% of enrollment increases since 2015. Most important, *the newly constructed multi-family renter-occupied housing (230 units) account for only 6.1% (37 enrollments) of the 603 total increase in school district enrollments since 2015*.

South Windsor's increase in school district enrollments is directly related to the change in demographic structure shown in the previous Age Pyramid (Figure 1) comparison. Old populations (likely empty nesters) are selling their homes to younger populations (including some families with children) that are creating new school district enrollments. That said, as noted above, 46.3% of South Windsor's occupied housing stock has turned over since 2009 and 27.3% of the occupied housing stock has turned over since 2015. In Metropolitan Hartford, the average homeowner remains in their property for 14 years.[50] Therefore, it is unlikely that South Windsor's rate of turnover/home sales will persist at the recent high rate. In addition, with increased inflation and raising interest rates,[51] we anticipate the homebuying market will slow—even if sale price continues to increase.

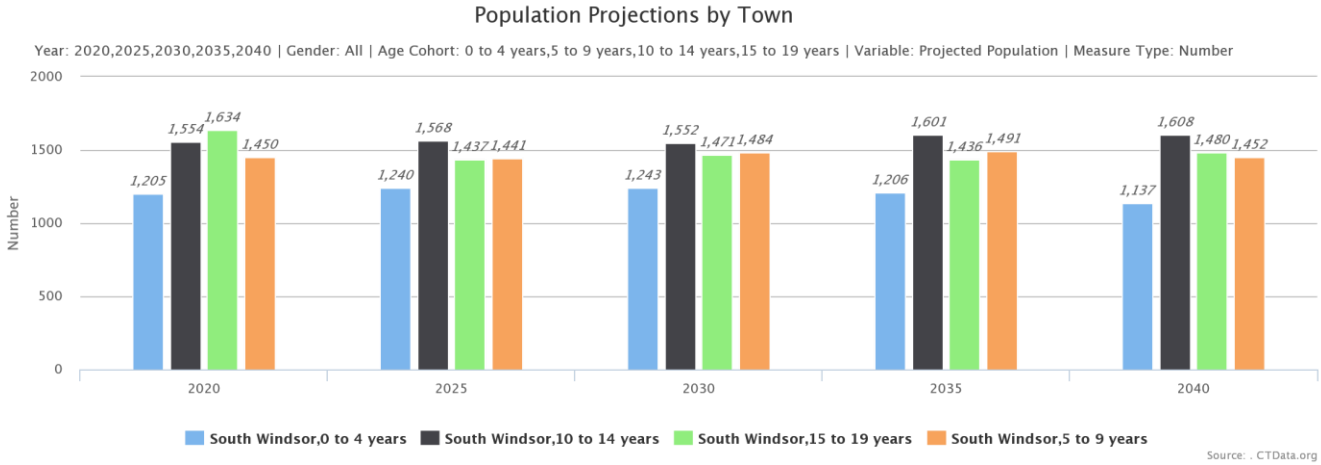
Newly constructed single-family detached housing is generating and average of 0.740 enrollments per unit, while the newly constructed single-family attached housing is generating 0.876 enrollments per unit. The newly constructed multi-family housing generating 0.1333 enrollments per unit. Combined

[49] Source: South Windsor Public Schools, *Enrollment Projections Update*, SLAM, November 2021.
[50] https://www.nar.realtor/blogs/economists-outlook/how-long-do-homeowners-stay-in-their-homes
[51] https://fortune.com/2022/03/25/end-of-booming-home-prices-almost-here-national-mortgage-bankers-group/

the newly constructed housing is generating 0.44 enrollments per unit, less than the 0.488 enrollments generated by South Windsor's existing housing stock.

The per unit enrollments figures for South Windsor's newly constructed housing substantiate the discussion above of changing demographics and household structure. Declining fertility rates, an aging population, and 0% increase in under 18-year-old population are resulting in fewer school age children and fewer enrollments per housing unit. This is why the per unit enrollments of 0.14 for home sales is so low. As a society we don't have as many children as we did in the past. This is the very reason why the Connecticut State Data Center population projections for young persons (19 and under) remain stable from now till 2040 (Figure 2).[52]

Figure 2. South Windsor Population Projections 2020 to 2040



The State Data Center projections are consistent with our greater demographic trends. For example, the demographic structure of the Millennial Generation is working against younger families producing large numbers of school age children (and enrollments), as once was expected. In fact, more than half the Millennials are already over the age 29, the peak age for births. Millennial births peaked at 11% of women at age 29 compared to Generation X with 12% of women at age of 29. In addition, and at same time, Millennial births at age 22 were 9.2% of women compared to 11.3% of Generation X women.[53] This shows that Millennials are not likely to produce a large cohort of children that will substantially increase school enrollments. Add to this the fact that the youngest Baby-Boomers are now 57 years old, South Windsor's population structure should continue aging for the next decade or more. Last, and possibly most important, it appears that the COVID-19 pandemic is going to cause further declines

[52] Note, the State Data Center Projections we also used in the South Windsor 2022-2027 Affordable Housing Plan.
[53] Millennial and Generation X comparisons based on United States Census analysis by the PEW Research Center, 2018.

in the fertility rates (births) and likely cause a baby bust in 2020 with approximately 300,000 fewer births[54] in United States—with the potential for longer-term declines in fertility rates.

IV. Proposed Housing Enrollment Projections

Understanding, at the macro-scale, how demographics and demographics structure are impacting households and school district enrollments allows us to shift to the micro-scale of the 165 proposed multi-family residential housing units at The Promenade Shops at Evergreen Walk. To accomplish this, we would typically use the comprehensive study performed by Rutgers University, Center for Urban Policy Research[55] to estimate the projected school district enrollments from the proposed 165 housing units based on the estimated mix of one- and two-bedroom units. However, since South Windsor has actual and accurate data on the most recent multi-family apartment developments—with similar bedroom mixes—we use South Windsor's enrollment data and test it against other enrollments data from similar developments.[56]

South Windsor Multi-Family Apartment Enrollments

The South Windsor Board of Education retains a consultant each year to provide enrollment projections for the South Windsor school district. This projection work includes analysis of historic enrollments, new housing development, and home sales. Using the most recent years of studies,[57] Table 12 provides the actual enrollments (and per unit enrollments) for Tempo (Evergreen) and the Residences at Oakland Road (175 Oakland). The 200 units at Tempo generate between 27 and 36 school district enrollments per year or 0.16 per unit/year. The 78 units at 175 Oakland generate between 10 and 13 enrollments per year or 0.146 per unit/year. Combined, the 278 multi-family rental units generate between 37 and 49 school district enrollments per year or 0.135 to 0.175 per unit/year. On average, the 278 units generate 42.7 enrollments per year or 0.153 per units/year.[58]

[54] Brookings Institute, 'Half a million fewer children? The coming COVID baby bust.' (June 2020) and "The Coming COVID baby bust Update' https://www.brookings.edu/blog/up-front/2020/12/17/the-coming-covid-19-baby-bust-update/ (December 2020).

[55] Rutgers University, Center for Urban Policy Research, *Residential Demographic Multipliers—Connecticut — Estimates of the Occupants of New Housing: Residents, School-Age Children, Public School-Age Children by State, Housing Type, Housing Size, and Housing Price.* 2006.

[56] *South Windsor Public Schools Enrollment Projections* 2018, 2019, 2020 by Milone & MacBroom. *South Windsor Public Schools Enrollment Projections Update* 2021 by SLAM.

[57] *South Windsor Public Schools Enrollment Projections* 2019, 2020 by Milone & MacBroom. *South Windsor Public Schools Enrollment Projections Update* 2021 by SLAM.

[58] For sake of comparison, the actual enrollments from these 278 multi-family rental units are nearly the same at the 40.3 enrollments per year and 0.145 per unit that would be projected by the Rutgers *Residential Demographic Multipliers – Connecticut.*

Table 12. Enrollments from Newly Constructed Multi-Family Rental Housing

Developments	2019 Enrolments	2019 /Unit	2020 Enrollments	2020 /Unit	2021 Enrollments	2021 /Unit
Evergreen (Tempo)	31	0.16	36	0.18	27	0.14
Residences at Oakland Road	11	0.14	13	0.17	10	0.13

What is most interesting about these actual school district enrollments for the 278 multi-family rental apartments are that they consistent with the findings of a comprehensive analysis that Goman+York conducted for the Town of Ellington as part of their 2019 Plan of Conservation and Development.[59] For the Ellington study, we examined the actual school district enrollments reported by the Board of Education for the 14 largest multi-family developments (ranging from 8 to 332 units per development). This sample totaled 80.6% of all multi-family housing in Ellington and included 1,862 units consisting of 1,015 one-bedrooms, 700 two-bedrooms, 142 three-bedrooms, and 5 four-bedrooms. The analysis found that the 1,862 multi-family housing units generated only 295 school district enrollments or 0.158 enrollments per unit. Statistically, the 0.153 enrollments per unit for the 278 South Windsor units is no different than 0.158 enrollments per unit for the Ellington units. Combined, the 2,140 South Windsor and Ellington multi-family units provide strong confidence that enrollments from the 165 proposed units will be similar.

To be conservative, we use the highest per unit enrollment calculation of 0.18 from Table 11. Therefore, based on 0.18 enrollments per unit, we estimate the 165 proposed multi-family residential units with 83 one-bedroom and 82 two-bedroom units will generate 30 school district enrollments per year. Based on prior accounts that the Tempo I apartment enrollments were all new-to-district enrollments, we assume that all 30 enrollments with be new-to-district.

V. Municipal Fiscal Impact Analysis

Understanding that the proposed 165 multi-family housing units will generate 30 school district enrollments provides the starting point for calculating the municipal fiscal impacts. To accomplish this, this section calculates (and presents) the municipal revenues and expenditures relevant to the proposed 165 multi-family apartments. For revenues, the analysis estimates the new real property taxes, personal property taxes (motor vehicles), and sewer user fees associated with the proposed development. For expenditures, the analysis calculates the education costs associated with the 30 school district enrollments and the cost of general government services associated with the residential units.

[59] Town of Ellington POCD: Housing and School Age Children analysis, October 2018. Goman+York Property Advisors.

Revenues

To estimate the initial property value for the proposed 165 multi-family housing units, we considered and utilized both the comparable[60] approach and the construction cost approach to value, adjusted down for soft costs.[61] Our assumptions, calculations, and estimates for the appraised, assessed, and tax value of the 165 multi-family housing units are provided in Table 12.

As proposed, the 165 multi-family units will generate substantial new value to South Windsor's Grand List. Based on comparison to the existing Tempo apartment and adjusting for age, amenities, and direct access to unit garages, we estimate proposed Residences at Evergreen to have an appraised value of $26,812,500 and an assessed value of $18,768,750. Using the current Mill Rate, this will result in the real property taxes of $710,584 per year or $4,306 per unit/year.

Table 13. Proposed New Units – Tax Value

Use	Appraised Value	Assessed Value	Tax Value
Residential – 165 Units	$26,812,500	$18,768,750	**$710,584**

Notes:
- Mill Rate = 33.86 (or 0.03786)
- Assessed value is 70% of Appraised value.

In addition to the real property taxes to be paid by the Residences at Evergreen, the Town of South Windsor will also receive personal property tax revenue from the motor vehicles owned by the occupants of the housing units. For taxable property purposes, we estimate a total of 206 motor vehicles to be associated with the 165 residential units (or 1.25 vehicles per unit). Table 13 provides the assumptions, calculations, and estimates for the appraised, assessed, and tax value of the 206 motor vehicles. Conservatively, we estimate $76,431 per year in personal property taxes.

Table 14. Proposed Development – Personal Property Tax (Motor Vehicles)

Housing Units	Motor Vehicles Per Unit	Total Motor Vehicles	Assessed Value	Mill Rate	Total Estimated Taxes	Taxes Per Vehicle
165	1.25	206	$2,018,800	37.86	**$76,431**	$371

Notes:
- Specific data related to the average appraised value of motor vehicles in South Windsor was not found in the Town of South Windsor financial statements. Therefore, based on our experience, research, and similar assignments in dozens of CT communities, we estimate the

[60] Tempo I, the appraised and assessed value, was used as a starting point for estimating value. This was then compared to the construction costs approach. Further adjustments to the Tempo I appraised and assessed values were made to account for a newer product, direct access to units for garages, and the robust amenity package.

[61] In utilizing the construction cost approach (and comparable approach) to value, we recognize that once the property is developed, occupied, and stabilized, it is likely that the Town of South Windsor's Assessor will utilize the income approach to value. At this preliminary point in the approval process, we do not have enough detail of development costs and operating income needed to estimate the income approach. Soft costs are those costs that do not contribute to the value of the property.

appraised value of motor vehicles at $14,000 and the assessed value at $9,800 per motor vehicle.

The proposed Residences at Evergreen is projected to generate approximately $710,584 in new real property tax revenues and approximately $76,431 in new personal property tax revenue from motor vehicles. In addition, base rate for WPCA user fees is $415 per unit. Therefore, we estimate an additional $68,475 per year in WPCA user fees. Combined, the real and personal property taxes will contribute an estimated $787,015 per year in revenues to the Town of South Windsor. With the additional $68,475 per year in WPCA user fees, the Residences at Evergreen will generate approximately $855,490 in total revenues for the Town of South Windsor.

Expenditures - Education

To estimate the cost of enrollments (30) resulting from the Residences at Evergreen, we make three calculations aimed at estimating the actual cost of new per-pupil enrollments, rather than the common and misleading calculation of total per-pupil spending.[62] Table 15 provides a summary of these calculations and detailed notes to explain the specifics of the calculations.

Table 15. Projected Enrollments & Education Expenditures

BOE Expenditures	Per Pupil	Enrollments	Total Cost
Total Expenditures	$15,811	30	$474,330
Local-Share Expenditures	$14,230	30	$426,900
Allocated Expenditures	$9,249	30	**$277,470**

Calculation Notes:

- **Total Expenditures** is the BOE budget divided by the total enrollment. BOE Operating budget 2021-22 = $75,167,043[63] / October 1, 2024, enrollment of 4,754[64] = $15,811 per pupil.
- **Local-Share Expenditure** the per pupil Total Expenditures less non-local tax revenues (intergovernmental revenue sources). South Windsor's total 2021-22 budget is $127,966,788 and $12,779,926 or 10% of the budget comes from intergovernmental sources, not property tax revenue or local sources. Therefore, to calculate the cost of education related to property taxes, the Local-Share Expenditures per pupil is 90% of the Total Expenditures.
- **Allocated Expenditures** is based on a general analysis of the BOE budget that isolated approximately 35% of the budget that is unlikely to be impacted by changes in enrollment. For example, district office expenditures, school administrative offices, utilities, building operations and maintenance, prorated staffing, etc. Therefore, the Local-Share Expenditure is reduced by 35% to provide for the Allocated Expenditure.

[62] The reason the total expenditures per-pupil spending is misleading, is that it assumes each new enrollment will include an increase in all costs associated with the school district. This is not the case; many educational costs are fixed and do not change because of changes in school district enrollments.
[63] Town of South Windsor *Adopted Budget*, 2021-2022.
[64] CT Department of Education, EdSight, 2022.

Expenditures – General Government

To estimate general government expenditures associated with the Residences at Evergreen, we isolate those portions of the budget that can be attributed to residential uses by a process of elimination. For example, we have already accounted for (isolated) education expenditures, or 61.4% of the total Town of South Windsor budget by allocating the education expenditures to fiscal impact of school district enrollments discussed above.

To further isolate portions of the budget, we note that commercial and industrial properties accounted for approximately 18.4% of the total Grand List.[65] It is commonly understood that commercial and industrial land uses are fiscal positives regarding municipal tax revenue and expenditures. For example, a study showed that commercial and industrial land uses require, on average, only $0.27 in community services for every $1.00 generated in tax revenue.[66] Therefore, commercial, and industrial properties pay-their-own-way and subsidize the residential tax burden. To estimate the share of commercial and industrial taxes that pay for services utilized by said uses, we use $0.33 cents on the dollar of taxes paid—slightly higher than the $0.27 cents noted above.

To further isolate for residential government services, we account for and deduct 18.4% of the South Windsor general government budget that is funded by commercial and industrial property tax revenues. Therefore, combined with education expenditures (61.4%), commercial and industrial properties (18.4%), a total of 79.8% of the municipal budget expenditures can be accounted for, leaving 20.2% of South Windsor's budget to be allocated exclusively to the residential share of general government services/expenditures. The result, we allocate $158,977 (20.2%) of the $787,015 in real and personal property tax revenues generated by the proposed Residences at Evergreen to the cost of general government services (expenditures).

Municipal Fiscal Impact

The fiscal impact findings, based on the analysis presented above, are straight forward. The municipal fiscal impacts, based on the calculations in Table 16, for Residences at Evergreen are estimated to be a fiscal positive. The Residences at Evergreen will generate approximately $419,043 in net positive revenues per year.[67]

[65] Town of South Windsor *Adopted Budget*, 2021-2022.
[66] American Farmland Trust and the Connecticut Conference of Municipalities, (2012): *Planning for Agriculture: A Guide for Connecticut Municipalities*. Connecticut.
[67] Worst case scenario, if we were to use the Total Expenditures (Table 15, $474,330) for 30 enrollments, the development would result in $222,183 net positive tax revenues.

Table 16. Municipal Fiscal Impact – Revenues & Expenditures

Revenues & Expenditures	Total
Revenues	
Residential Real Property Taxes (165 Multi-Family Units)	$710,584
Personal Property Taxes (Motor Vehicles)	$76,431
Sewer User Fee – Residential ($415/unit/year – 165 Units)	$68,475
Total Revenue	**$855,490**
Expenditures	**Allocated**
Education Expenditures	$277,470
General Government Services – Commercial (33% taxes paid)	$158,977
Total Expenditures	**$436,447**
Municipal Fiscal Impact	**$419,043**

VI. One Time Municipal Development Fees

In addition to the yearly-recurring revenues from property taxes and WPCA user fees, land use applications and developments pay several one-time permitting fees. These fees are designed to off-set the cost of government costs services (i.e., permitting, inspections, and other related municipal expenses) directly related to the development. These fees (revenues) come primarily from four sources: land use permit fees, building permit fees, fire marshal review fees, and the sewer connection charges.

Table 17. One-Time Development Related Revenues - Permit and Other Fees

Building and Land Use Permits	Fees/Rate	Base[68]	Total
Building Permit	$60 first $2,000; $18 each additional $1,000	$7,500,000	$135,024
Building CO	$40/residential unit	125 units	$6,600
Fire Marshal Review	$7/$1,000 building permit fee	$135,000	$52,500
MF Special Exception/Site Plan	$50 + $5/unit	165 units	$875
Zoning Permit	$25/unit	165 units	$4,125
Zoning CO	$25/unit	165 units	$4,125
		Sub-Total	**$203,249**
Other Revenue Sources	**Rate**	**Base**	**Total**
WPCA Connection Charge/Fee	See WPCA Table 7a. below	-----	$257,187
		Total, Fees & Other Revenue	**$460,436**

The calculations for these fees are different for each category and extensive, therefore, Table 17 (and the associated Table 17a) provides a summary of each of these permits/fees and the basis for

[68] The base fee utilized for these calculations is 50% of total construction cost. The 50% reduction is to account for soft costs and constructions costs that don't require permits.

calculations to estimated fees. The 'Total' column provides the estimated fees to be paid for each category, sub-totals, and the total one-time development related fees to be paid by the proposed mixed-use development. The proposed multi-family development will pay approximately $203,249 in permitting fees and $257,187 in WPCA connection fees, for a total of approximately $460,436 in one-time development fees.

Table 17a. WPCA Connection Charge Formula

Variable	Quantity	Multiplier	Total
Base Charge (residential)	14	$2,708	$37,912
Lateral Assessment (residential)	14	$1,225	$17,150
Unit Charge – Residential	165	$1,225	$202,125
		Total	**$257,187**

VII. Economic Impact Analysis

Economic Impact – Multipliers & Calculations

The aim of our economic impact assessment is to provide the Town of South Windsor with a reasonable and conservative estimate of the economic impact of the proposed Residences at Evergreen multi-family development. To accomplish this, we utilized economic development research studies and industry sources to develop multipliers that allow us to estimate job creation, consumer spending, and impacts on surrounding property values.

Construction Jobs

To calculate the construction jobs created by the construction of the 165 proposed residential apartment units, we start by using the findings of a study by the National Association of Home Builders[69] that found the construction of 100 multi-family units creates 165 construction jobs (or 1.65 jobs per unit). Multiplied by 1.65 jobs per unit, the 165 residential units, the findings of the NAHB study would estimate 272 construction jobs created. However, the NAHB study utilizes an approach that includes all the jobs in the commodity chain of the building materials and transportation of materials to the site, in addition to the on-site construction jobs. Therefore, and next, we compare the construction jobs estimated by the NAHB findings to the labor hour and construction cost multipliers and provide an estimate based on our experience.

Per our estimates, the hard costs for the residential construction are $22,500,000. The calculation, total hard construction costs of $22,500,000 x 4.2 (labor hour multiplier) = $94,500,000 / $1,000 (per $1,000 of construction cost) = 94,500 hours / 2,000 (1-year full-time employment hours) = 47 full-time equivalent (FTE) construction jobs to be created and/or sustained during the construction period of the

[69] National Association of Home Builders, (2015): *The Economic Impact of Home Building in a Typical Local Area: Income, Jobs, and Taxes Generated.*

residential apartments. Compared to the high estimate of NAHB FTE construction jobs—which we believe to be unreasonably high—we believe the 47 FTE construction jobs is a more reasonable estimate of the construction jobs to be created (and/or sustained).

Permanent Jobs

To calculate the permanent jobs created for the 165 residential apartments, we would not expect more than two direct full-time on-site jobs. However, the NAHB[70] study found that 100 newly constructed apartments create and sustain approximately 50 jobs in year two (and beyond). These jobs would include facilities management and maintenance (e.g., landscaping, HAVC service, etc.) and the spillover of consumer spending into surrounding businesses from the new residents—that consumer spending creating (and/or sustaining) jobs in the community.

Once again, we believe the NAHB findings to be high. For example, the 50 jobs per 100 units equals 82 jobs created by the 165 units. Therefore, based on our experience and the calculations on disposable income and consumer spending in the community (see below), we conservatively estimate in year two and beyond, approximately 18 jobs[71] will be created (and/or sustained) from the 165 residential units (households) on-site and in the surrounding area.

Total Jobs

Based on the estimates above, we conclude that the proposed multi-family development will likely result in *approximately 112 construction jobs, 50 permanent jobs in the community, and 107 retail and service jobs will be created and/or sustained on-site and in the surrounding area.*

Disposable Income & Consumer Spending by Residents

To estimate the consumer spending impact of new housing, we utilize the assumptions on household income, disposable income (spending power), and disposable income (local share spending).[72] Based on these assumptions, we estimate that each renter household will earn approximately $55,360 per year and have approximately $43,292 in discretionary income. That totals to $7,143,180 in discretionary spending for the 165 households in a single year.

Recognizing that our lives and consumer spending habits stretch across municipal borders, we assume and estimate that only 40% of household discretionary spending will be spent in the local community

[70] National Association of Home Builders, (2015): *The Economic Impact of Home Building in a Typical Local Area: Income, Jobs, and Taxes Generated.*
[71] To calculate job creation, we divide the local consumer spending ($2,857,272) by the Median Gross Family Income (MGFI) of $97,800 for the Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area.
[72] See Appendix I. Methods and Sources.

(within South Windsor). Therefore, we estimate and anticipate that local discretionary spending will be approximately $17,316 per household, totaling approximately $2,857,272 in consumer spending per year at local businesses.

VIII. Conclusion

This report has clearly demonstrated that the proposed Residences at Evergreen Walk provide a positive municipal fiscal impact and economic impact for the Town of South Windsor. The proposed multi-family units will generate *approximately $419,043 in net positive tax revenue to the Town of South Windsor each year*—demonstrating and ensuring that the new housing does not create a fiscal burden on municipal services. In addition, the Residences at Evergreen Walk development will create and/or sustain 47 temporary construction jobs, 18 permanent jobs, and generate $2,875,272 in new consumer spending at local businesses. Last, the proposed Residences at Evergreen Walk are consistent with the goals and policies of the South Windsor Plan of Conservation and Development.

DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

Appendix I.

Methods and Sources

The following provides narrative and sources related to the information and data analysis contained in this report. The following approaches, methods, and sources were utilized in creating this report.

Market Assessment: While not presented in this report, a general review of existing market conditions was conducted. This market assessment included a review of existing rental property listings/rates and municipal tax assessment data for other rental properties. In addition, we reviewed demographic and socio-economic data. Sources included, US Census, AdvanceCT Town profiles, ESRI Tapestry, STDB (The Site to Do Business), and ULI real estate publications. The primary focus of this market assessment was to understand the general characteristics of the local and regional housing and retail market. Sources:

U.S. Census (2019/20), https://data.census.gov/cedsci/

Proposed Multi-Family Housing: This review included the conceptual master plan and data tables for the unit/bedroom mix. In addition, market data was reviewed to estimate construction costs and anticipated market values/rents. In addition, our professional experience, knowledge, and understanding of Greater Hartford real estate market was relied on and utilized. Construction cost estimates, market value, and tax assessments are converted to per square foot and/or per unit values to allow us to equalized comparison. To test assumptions and approach we compare our work with best practices and ULI publications. In addition, we rely on the work and publications of Professor Robert Burchell, of Rutgers University, as background sources and methods for our fiscal impact analysis. Sources:

Brett, Deborah L., and Schmitz, Adrienne, (2009): *Real Estate Market Analysis: Methods and Case Studies*. Second Edition. Urban Land Institute. Washington, D.C.

Burchell and Listokin, *The Fiscal Impact Handbook*, New Brunswick, New Jersey, Center For Urban Policy Research, 1978.

Burchell, Listokin, and Dolphin, *The New Practitioners Guide to Fiscal Impact Analysis,* New Brunswick, New Jersey, Center For Urban Policy Research, 1985.

Burchell, Listokin, and Dolphin, *Development Impact Assessment Handbook,* Washington, DC, Urban Land Institute, 1994.

Miles, Mike E., Berens, Gayle L., Eppli, Mark J., and Weiss, Marc A., (2007): *Real Estate Development: Principles and Process*. Fourth Edition. Urban Land Institute. Washington, D.C.

Fiscal Impact of Public-School Age Children (Enrollments): To conduct the analysis of fiscal impacts related to public school age children, the Rutgers University, Center for Urban Policy Research *"Residential Demographic Multipliers for Connecticut"* are utilized. These multipliers are a trusted source of data/multipliers for public school age children generated by new housing development. To ensure the generalized multipliers work for the local municipality, a few calculations are made to cross-check the data. For example, dividing the actual school district enrollment by the number of housing units to establish a baseline for enrollments per unit. In addition, we make further calculations using U.S. Census data on housing occupancy, single-person households, family-households, family-households with children, and age cohort data to calculate the approximate number of enrollments per unit for both owner- and renter-occupied housing. In addition, we continually compare our calculations to previous studies we have conducted to ensure there is no excessive variation. We also conduct post-development reviews on our calculations and findings—once a project is occupied and stabilized, we test

our projected enrollments with the actual enrollments. Other sources used in this process include the State Department of Education District Profiles, the EdSight data sets, local enrollment studies, BOE, and municipal budgets. Sources:

Connecticut, State of, Department of Education, *EdSight*, http://edsight.ct.gov, South Windsor 2007-2021.

Connecticut, State of, Department of Economic and Community Development, *Annual Construction Report (Housing Permit Data) 1997-2021*, www.ct.gov/ecd/cwp/view.asp?a=1106&q=250640.

South Windsor, *Adopted Budget 2021-2022.*

South Windsor, *Assessment Records, 2022.*

Rutgers University, Center for Urban Policy Research, *Residential Demographic Multipliers for Connecticut*, 2006.

Economic Impact: To estimate construction jobs created (and/or sustained) by residential development (construction) we use two methods. First, we use estimates (a multiplier) derived from the National Association of Homebuilders (2015) study on the local economic impact of multi-family housing development. Second, we use a multiplier of 4.2 labor hours per $1,000 of total construction cost (total project cost less the soft costs) derived from the fiscal impact sources noted above. To estimate permanent jobs created (and/or sustained) by residential development we also derived multipliers from the National Association of Homebuilders (2015) study on the local economic impact of multi-family housing development. We compare these findings to our calculations of local consumer spending in the community by the residents and estimate the permanent jobs.

Methodology Assumptions - Consumer Spending and Local Area Impact:

Renter Median Household Income: Renter Median Household Income for South Windsor (Source: US Census) adjusted by Goman+York for the housing product and price point. Our adjusted gross renter household income (AGRHI) is between $49,141 and $61,579 ($55,360 estimate). We use this conservative estimate rather than the median gross household income (MGHI) of $107,374 from the 2015-2019 American Community Survey 5-year dataset for South Windsor because renter households tend to be less affluent than homeowners and the proposed development is 47% one-bedroom units—likely single-person households. Also, we do not utilize the median gross family income (MGFI) of $97,800 for the Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area because that figure is based on the outdated 2013-2017 5-year American Community Survey dataset.

Disposable Income (Spending Power): We calculate disposable income based on an income tax rate of between 20.81% to 23.15% (21.80% estimate) in effective income tax rate (8.57-10.73% federal income, 4.59-4.77% CT income, 7.65% FICA). Therefore, a renter household making between $49,141 and $61,579 ($55,360 estimate) a year would have between $38,915 and $47,323 ($43,292 estimate) in discretionary spending (minus effective income tax rates). We assume disposable income for a total of between $25,917 and $31,517 ($28,832 estimate) per household.

Disposable Income – Local Share Spending: Using the 40% of household disposable income, we allocate 40% ($17,316) of disposable household income for local (in South Windsor) spending.

Note: This approach and method recognize fiscal impacts, especially municipal fiscal impacts, as more of an art than a science. Many factors and variable influence development, demographics, socioeconomics, public policy, and local fiscal impacts of new development. Therefore, this approach is intended to provide reasonable estimates of the fiscal impacts resulting from the specific development. To say it another way, these are reasonable projections and estimates, not forecasts or predictions of actual numbers or dollars.

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DONALD J. POLAND, PHD, AICP
MANAGING DIRECTOR, URBAN PLANNING & STRATEGY
dpoland@gomanyork.com – www.gomanyork.com

Statement of Qualifications – Expert Witness

Donald J. Poland, PhD, AICP: I am an urban geographer and professional planner with over twenty-seven years' experience in land use planning, community and economic development, and market and development feasibility. I have worked in public, private, non-profit, and academic sectors as a municipal planning director, zoning enforcement official, planning consultant, executive director/CEO, and as a university lecturer and visiting professor in human geography, urban planning, urban studies, and tourism.

I earned my PhD in the Department of Geography, *Cities and Urbanization* program at UCL, London, England. My doctoral dissertation explored the remaking of urban space through the utilization of urban-ecological theory and metaphors to better understand how places change. I also earned a Master of Science in Geography, concentrating in planning, from Central Connecticut State University (CCSU) and a Bachelor of Arts degree, majoring in both Psychology and Geography, from CCSU.

As a planning professional, I am a member of the American Institute of Certified Planners (AICP). I have been accepted as an *expert witness* in the areas of *land use planning, neighborhood redevelopment, and community development* in the United States District Court, Eastern District of Louisiana. I have also been accepted as an expert witness in the Circuit Court of St. Louis County, State of Missouri. Over the course of my career, I have held the positions of Zoning Enforcement Official for the Town of East Hartford (1996-1998), Director of Planning and Development for the Town of East Windsor (2000-2004), and Executive Director/CEO for the Neighborhoods of Hartford, Inc.

Since 2008, I operate a boutique planning consulting practice and have worked on assignments in 19 states and over 150 local and regional jurisdictions. This work includes post-Katrina planning, zoning, and redevelopment strategies in St. Bernard Parish, Louisiana; an HUD NSP-2 application and reinvestment strategy for Venango County, Pennsylvania; zoning regulation modernization and updates as part of the 2016 Comprehensive Plan for Canton, Ohio, Canton, Ohio; a downtown economic investment strategy for Oswego, New York, and countless municipal planning and zoning assignments in Connecticut. In addition, I have also represented dozens of real estate developers before public agencies for commercial, residential, industrial, and mixed-use development projects—including market research, financial feasibility, project viability, and municipal fiscal impact analysis.

I am a Past-President of the Connecticut Chapter of the American Planning Association (CCAPA) and Past Chairman of the CCAPA Government Relations Committee. I have also served on APA's Chapter Presidents Council, the Executive Committee for the CT Association of Zoning Enforcement Officials, the Board of Trustees for the CT Trust for Historic Preservation, the Board of Trustees for the Bushnell Park Foundation, and was a public member of the State Board of Examiners for Professional Engineers and Land Surveyors. In addition, I have assisted the CT General Assembly's Planning and Development Committee with bill screening and drafting legislation. I participated in the creation of the American Planning Association's development of a *smart growth policy guide* and was a member of the National Delegates Assembly (for the *Smart Growth Policy Guide*).

As an academic, I have taught over a dozen courses in human geography, urban planning, and tourism at Saint Joseph University, Manchester Community College, Central Connecticut State University, the University of Connecticut, and Trinity College. I held the position of *Visiting Lecturer in Public Policy,* Graduate Studies Program at Trinity College, Hartford, CT and *Associate Professor, Tourism and Hospitality*, at CCSU. I hold the position of *Visiting Associate Professor in Urban Studies,* Graduate Studies Program at Trinity College, Hartford, CT. I was awarded the CT Homebuilders 2003 Outstanding Land Use Official Award and am a 2004 alumnus of the Hartford Business Journal's Forty Under Forty leaders.