



Planning Department

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MEMORANDUM

To: Kelley's Corner Steering Committee **Date:** January 13, 2016

From: Kristen Guichard, AICP, Assistant Town Planner ^{KAG}

Subject: Financial Impact Analysis Update

The Planning Department is conducting a financial analysis to better understand the municipal fiscal impacts of the proposed Kelley's Corner Master Plan Overlay District zoning.

The analysis assumes a complete mixed-used redevelopment of the Southwest KC Quadrant (Kmart Site, Verizon and Baker Oil properties) under the proposed Master Plan Overlay District zoning at a Floor Area Ratio (FAR) of 0.7. This level of development has been chosen based on test development pro formas which take into account surface parking needs and very limited resource constraints on the site. Our analysis will test a development program that maximizes the residential usage (75% of the net floor area) with 194 dwelling units (1,000 sf/ unit), and 64,795.5 square feet of commercial space.

To determine the estimated education and general municipal service costs for the residential component of the project we will use the Average Costing Method. For education costs, we will derive an average cost per additional pupil using (1) comparable project case studies to estimate pupils per dwelling unit, and (2) the average cost per pupil based on the Massachusetts Department of Elementary and Secondary Education's School District Expenditures. For general residential service costs, we will use the average cost per additional person based on (1) comparable project case studies to estimate people per dwelling unit, and (2) the assumed proportion of the municipal budget that is attributed to residential services.

The general municipal service cost for the commercial component of the project will be evaluated using the Proportional Valuation Method. We will establish the cost attributed to the percentage of assessed commercial property value and estimate the value of new commercial development in the project and its proportional service cost increase.

Revenues will be calculated based on the estimated redevelopment cost, associated building permit fees, and assessed value over time.

In addition we will be using the information gathered from the fiscal impact analysis to create a cost benefit analysis taking into account net present value for the proposed \$756,000 infrastructure design fund appropriation.