

# Fiscal Impact Analysis

MBTA 3A Districts  
Milton, Massachusetts

September 2023



- Provide Planning Board with order of magnitude revenue and cost comparison of different build out scenarios for MBTA Districts.
- Calculate potential fiscal benefits of building out MBTA Districts over time.
- Understand where constraints may be placed on existing department capacity.
- Help Milton plan for potential capacity needs going forward.

## Data Collection

Milton Town Department  
Budgets FY24

DESE School Budget  
Data for FY22

Development Program  
and Assumptions

## Analysis

Tax Base Analysis

Departmental Budget  
Analysis

Incremental Cost  
Analysis by Department

## Model Inputs

Budgetary Efficiency  
Factors

Incremental Cost per  
Housing Unit

# MODEL ASSUMPTIONS

- Town tax rates
- Construction costs
  - Based on costs researched by RKG
- Existing property values and taxes
- Development program
- Incremental governmental expenditures
  - General government
  - Public safety (police and fire)
  - Public works
  - Schools
- Student generation rates per unit

# CONSTRUCTION COST ASSUMPTIONS

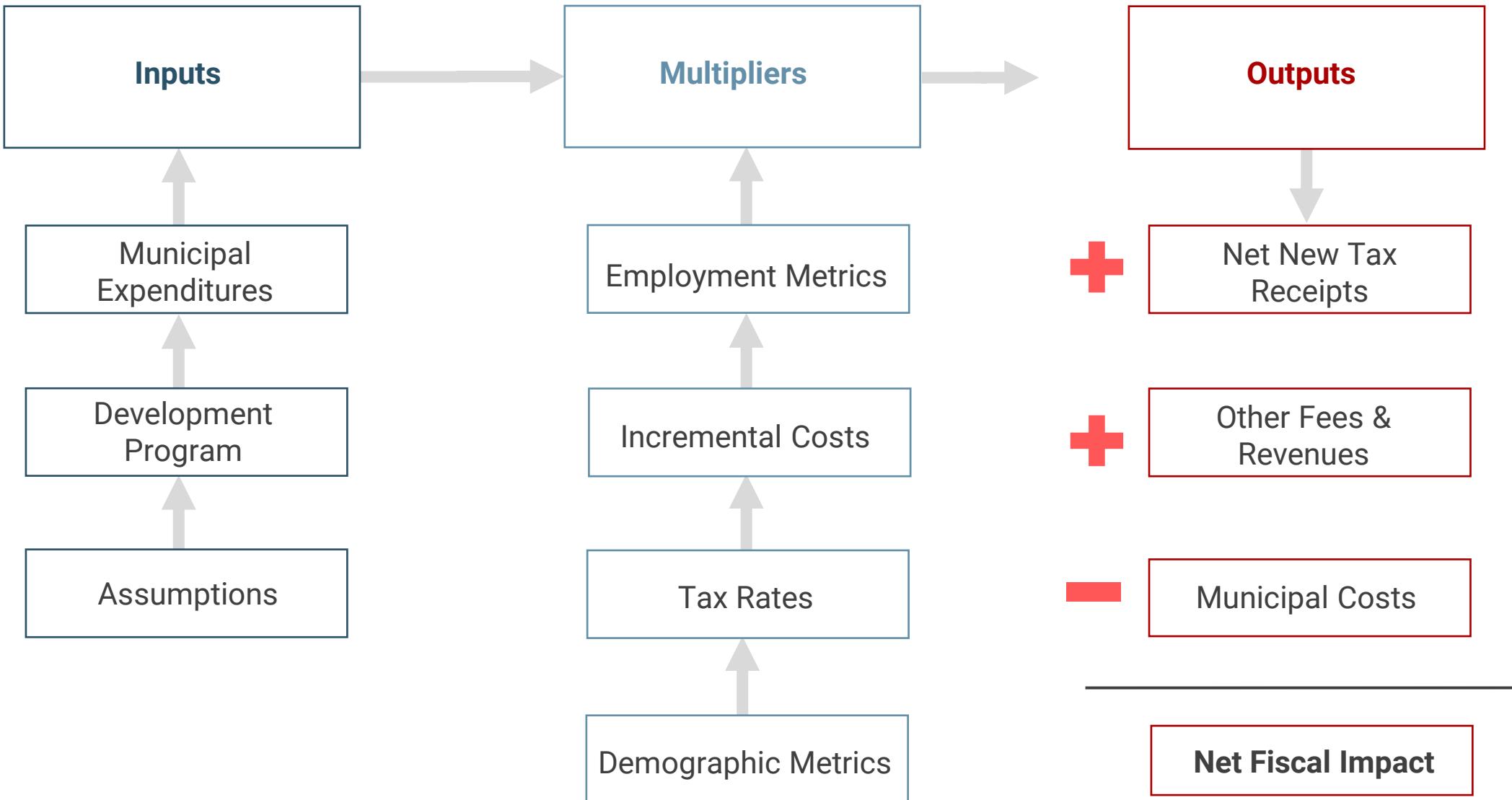
- RKG used construction costs from RS Means and prior fiscal impact work in the region.
- The Cost Approach is utilized by Assessors during the construction phase, whereupon completion the Income Approach is utilized.
- Fit-out costs can range dramatically, and typically may not be accounted for by assessors.
- Tangible property associated with building fit-outs may be subject to taxation as personal property and is not included in the fiscal analysis.

## Value per Residential Unit

Residential Type	Gross SQFT per Unit	Per SQFT Cost	Total Value per Unit
One Bed Apartments	750	\$250	\$187,500
Two Bed Apartments	1,050	\$250	\$262,500
Three Bed Apartments	1,250	\$250	\$312,500
For-Sale Condominium	1,250	\$400	\$500,000
For-Sale Townhome	1,600	\$400	\$640,000

Source: RS Means, RKG Associates 2023

# FISCAL IMPACT MODEL FLOW



# ESTIMATED MUNICIPAL COSTS

- To estimate municipal service costs, RKG reviewed the Town's FY24 line item budget for each department.
- From there, RKG identified costs by department that are likely to increase with the addition of a new household in town. We anticipate costs such as police staff salaries, library expenditures, or maintenance of recreation fields to increase with new households while a department head's salary or hours for Town Counsel to experience little to no impact.
- RKG identified all costs that are likely to vary (incremental costs) with the addition of new households as a subset of the Town's total operational budget. Our variable costs account for 18% of the Town's departmental budgets as shown in the table to the right.
- Other Category accounts for debt service, unemployment, retirement, and insurance. Items not likely to increase substantially with the addition of a new housing unit.
- Once we establish the incremental budget, we must apportion that budget to residential and non-residential uses. For that we use a breakout of assessed value from Mass Department of Revenue (DOR) which shows 96% of Milton's assessed value driven by residential with 2% driven by commercial/industrial property.

## Variable Expenses by Town Department (FY24)

Use Category	Variable Budget	Total Budget	% of Total
General Gov't	\$1,025,473	\$9,710,915	11%
Public Safety - Fire	\$4,067,283	\$6,230,519	68%
Public Safety - Police	\$4,233,490	\$8,166,454	54%
Public Works	\$736,645	\$5,480,993	14%
Other	\$0	\$27,745,354	0%
<b>TOTALS</b>	<b>\$10,062,891</b>	<b>\$57,334,235</b>	<b>18%</b>

Source: Town of Milton FY24 Budget, RKG Associates.

## Assessed Value by Property Class (2022)

Class	Value	% of Total
Residential	\$7,786,822,687	96%
Commercial/Industrial	\$162,613,378	2%
<b>Total</b>	<b>\$8,113,005,205</b>	<b>100%</b>

Source: MA DOR 2022, RKG Associates.

# ESTIMATED MUNICIPAL COSTS

- After calculating the incremental costs by department and the share of that budget allocated to residential uses, we must calculate municipal costs on a per household (HH) basis. This forms our estimates for calculating future costs of the housing in MBTA Districts.
- The cost allocation by land use table to the right summarizes the calculations used to estimate the per HH cost. The incremental budget for each major category of town services is allocated to residential uses using the share of total assessed value on the prior page. Those allocations are then divided by the total number of occupied households in Milton. This calculation gives us an estimate of cost on a per HH or per FTE employee that we can apply to each scenario.

## Total Households in Milton

Category	Totals
Total Households (HHs)	9,235

Source: US Census 2017-2021 Estimates.

## Cost Allocation for Residential Units

Cost Category	Variable Budget	Cost per HH
General Gov't	\$1,025,473	\$111.04
Public Safety - Fire	\$4,067,283	\$440.42
Public Safety - Police	\$4,233,490	\$458.42
Public Works	\$736,645	\$79.77
Other	\$0	\$0.00
<b>TOTALS</b>	<b>\$10,062,891</b>	<b>\$1,090</b>

# ESTIMATED EDUCATION COSTS

- RKG calculated the estimated number of school aged children that could result from the addition of each residential unit.
- RKG utilized school aged children (SAC) ratios from the 2017 Residential Demographic Multipliers report for Massachusetts, local Milton data from the school department, and RKG's proprietary list of residential development projects and SAC ratios from around the Greater Boston region.
- RKG then calculated an incremental education cost specific to Milton's school budget based on 2022 budget information provided by the Department of Elementary and Secondary Education (DESE). Using local costs only (net of state aid and grants), the estimated cost to educate a child in the Milton District was \$9,753. This accounts for 62% of the full cost to educate a child in Milton of \$14,952.
- By multiplying the local cost to educate a child by the number of school children in each scenario we can estimate total education cost. These costs, along with municipal costs, are then netted against the gross property tax revenue for each scenario later in this analysis.

## SCHOOL ASSUMPTIONS

Use Category	SAC Ratio per Unit
One Bedroom - MKT	0.00
Two Bedroom – MKT	0.05
Three Bedroom – MKT	0.80
Condo – MKT	0.12
Townhome – MKT	0.43
One Bedroom – AFF	0.00
Two Bedroom – AFF	0.05
Three Bedroom – AFF	1.20
Condo – AFF	0.12
Townhome – AFF	0.43

Budget Category	FY22 General Fund	% of Total School Budget	Per Pupil Cost
Classroom Teachers	\$6,209,898	9%	\$1,416
All Other Teachers	\$28,392,469	41%	\$6,473
Other Teaching Services	\$4,256,444	6%	\$970
Instructional Materials	\$496,456	1%	\$113
Transportation	\$1,227,514	2%	\$280
Pupil Services	\$2,192,751	3%	\$500
<b>Totals</b>	<b>\$42,775,532</b>	<b>62%</b>	<b>\$9,753</b>

Source: DESE 2022, Residential Demographic Multipliers for Massachusetts, 2017, RKG Associates SAC Database.

## NET FISCAL IMPACT SUMMARY

Use Category	Dev't Program	Est. Assessed Value	Tax Rate	Est. Gross Annual Taxes	Est. Municipal Costs	Est. School Costs	Net Annual Taxes
Market Rate Apartments	50 Units	\$10,187,500	\$11.40	\$116,138	\$49,034	\$46,326	\$20,778

Use Category	Dev't Program	Est. Assessed Value	Tax Rate	Est. Gross Annual Taxes	Est. Municipal Costs	Est. School Costs	Net Annual Taxes
Market Rate Apartments	100 Units	\$22,625,000	\$11.40	\$257,925	\$108,965	\$95,089	\$53,871

Use Category	Dev't Program	Est. Assessed Value	Tax Rate	Est. Gross Annual Taxes	Est. Municipal Costs	Est. School Costs	Net Annual Taxes
Mixed Income Apartments	90 Market/ 10 Affordable	\$22,625,000	\$11.40	\$257,925	\$108,965	\$98,990	\$49,970

Use Category	Dev't Program	Est. Assessed Value	Tax Rate	Est. Gross Annual Taxes	Est. Municipal Costs	Est. School Costs	Net Annual Taxes
Market Rate Townhomes	12 Units	\$7,680,000	\$11.40	\$87,552	\$13,076	\$50,207	\$24,269

Source: RKG Associates, Town of Milton.

The Town of Milton adopted the Community Preservation Act and as such levies an additional 1% surcharge tax on the total assessed value of a property each year.

New households added in Milton would also bring new vehicles and new vehicle excise tax to the town. On average, Milton households generate about \$508 per year in vehicle excise tax.

*It is worth noting these are estimates based on today's average and excise taxes do decrease with each year a vehicle is owned. The apartments may also have fewer vehicles per household than a typical Milton household today.*

## ANNUAL VEHICLE EXICES TAX ESTIMATE

Number of Occupied HHs	8,781
Total Passenger Vehicle Assessment in 2022	\$4,456,996
Avg. Assessment per HH	\$508

Source: RKG Associates, MA DOR, US Census, Town of Milton.



**FISCAL IMPACT ANALYSIS  
MILTON, MASSACHUSETTS**

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