

John McDonough Associates, LLC

Land Use Planning · Landscape Architecture

COMMUNITY IMPACT STATEMENT

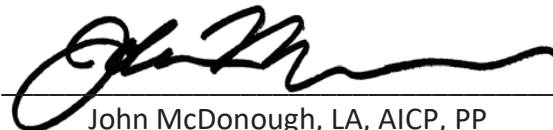
FOR

CHATHAM RIVER ROAD URBAN RENEWAL LLC

LOCATED AT

**BLOCK 135 LOTS 9, 10, 11, & 12
BOROUGH OF CHATHAM
MORRIS COUNTY, NEW JERSEY**

(February 23, 2021)



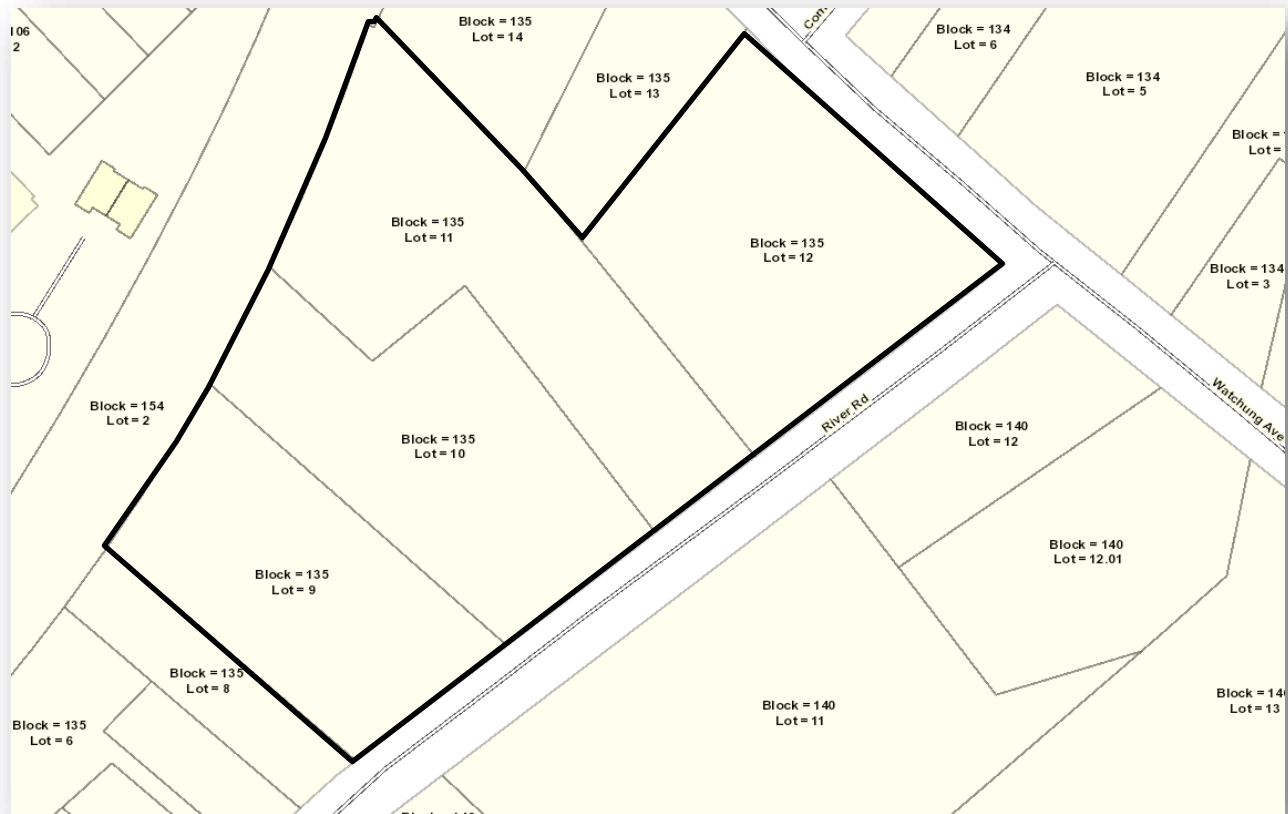
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The original of this report was appropriately signed and sealed in accordance with laws and regulations pertaining to the practice of Professional Planning in New Jersey (NJSA 45:14A and NJAC 13:41-1.3(b))

Overview

This Community Impact Statement is submitted in connection with a site plan application by Chatham River Road Urban Renewal LLC. The content is structured in accordance with the River Road Redevelopment Plan.

As shown below, the subject site consists of commercial/industrial properties located at the corner of River Road and Watchung Avenue: Block 135 Lots 9 (former Crown Oil), Lot 10 (former Burling Instrument), and Lots 11/12 (National Manufacturing, taxed under one tax card).



The application proposes complete redevelopment to construct 245 dwelling units, of which 37 dwelling units (15%) will be income-restricted to help the municipality meet its affordable housing obligation under the law.

1. Fiscal Impact

The existing parcels have a low aggregate improvement-to-land ratio of approximately 1:1, as shown in **Table 1** below. An improvement-to-land ratio of 1:1 or less constitutes strong evidence of underutilization and a strong economic indicator of a need for redevelopment. Also as shown in Table 1, in 2020 the site generated only \$87,686 in total property taxes.

Table 1 – Existing Taxes (2020)

Lot	Usage	Tax Class	Improvement Value	Land Value	Total Value	I:L Ratio	Taxes (\$)
Lot 9	Crown Oil	4A	\$ 276,300	\$ 623,500	\$ 899,800	0.44	19,066.76
Lot 10	Burling Instrument	4A	\$ 175,900	\$ 561,200	\$ 737,100	0.31	15,619.15
Lot 11/12	National Manufacturing	4B	\$ 1,648,700	\$ 852,500	\$ 2,501,200	1.93	53,000.30
			\$ 2,100,900	\$ 2,037,200	\$ 4,138,100	1.03	87,686.21

The Borough of Chatham only received a portion of the property taxes generated by the site in 2020. As shown in **Table 2** below, the municipality received only \$16,720 in tax revenue from the site in 2020 (19.1% of the tax allocation).

Table 2 – Existing Tax Allocation (2020)

Jurisdiction	Tax Rate		Tax Amount	
	Number	Percent	Total	Percent
County	0.316	15.2%	13,308.76	15.2%
County Open Space	0.010	0.5%	421.16	0.5%
School District	1.351	64.9%	56,899.17	64.9%
Municipal Local Purpose	0.397	19.1%	16,720.19	19.1%
Municipal Open Space	0.004	0.2%	168.47	0.2%
Municipal Library	0.004	0.2%	168.47	0.2%
Total Tax Base	2.082	100.0%	87,686.21	100.0%

The proposed redevelopment will generate fiscal revenue for the municipality. As a designated redevelopment area, the municipality may enter into a financial agreement with the redeveloper for Payments in Lieu of Taxes (PILOT). Under a PILOT agreement, the municipality shares in the success of the project by establishing annual service charges as a percentage of the project’s income. The projected income will exceed \$9 million dollars, as shown in **Table 3** below.

Table 3 – Proposed Unit Mix & Projected Rents

Unit Type		Qty	Monthly Rent	Annual Rent
Market	1 BR	80	\$ 2,800	\$ 6,988,800
Market	2 BR	128	\$3,875	\$ 5,952,000
Affordable	1 BR	7	\$ 780	\$ 65,520
Affordable	2 BR	22	\$ 960	\$ 253,440
Affordable	3 BR	8	\$ 1,080	\$ 103,680
Totals		245		\$ 9,062,640

Under a PILOT program, the Borough of Chatham will receive a substantially greater share of the project’s fiscal revenue than its existing allocation under conventional ad valorem taxation (95% of PILOT compared to 15.2% now). As shown in **Table 4** below, the projected PILOT revenue for Chatham Borough will exceed \$950,000 in the first year alone, which is nearly 57 times greater than current revenue. This will accumulate over time, as shown in **Table 5** below.

Table 4 – Projected PILOT Revenue *

	PILOT Service Charge (Revenue Allocation)	PILOT Service Charge (Revenue Total)
Borough of Chatham	95%	\$ 903,998
Morris County	5%	\$ 47,578
Total Revenue	100%	\$ 951,577

* Projected PILOT revenue for 1st year, based on 10.5% PILOT service charge.

Table 5
30-YEAR PILOT PROGRAM - Breakdown of Annual Revenues

YEAR	AGR *	ASC **		ADMIN FEE	TOTAL REVENUE
1	\$ 9,062,640	\$ 903,998	10.5%	\$ 19,032	\$ 923,030
2	\$ 9,243,893	\$ 922,078		\$ 19,412	\$ 941,490
3	\$ 9,428,771	\$ 940,520		\$ 19,800	\$ 960,320
4	\$ 9,617,346	\$ 1,005,013	11.0%	\$ 21,158	\$ 1,026,171
5	\$ 9,809,693	\$ 1,025,113		\$ 21,581	\$ 1,046,694
6	\$ 10,005,887	\$ 1,045,615		\$ 22,013	\$ 1,067,628
7	\$ 10,206,005	\$ 1,066,527		\$ 22,453	\$ 1,088,981
8	\$ 10,410,125	\$ 1,087,858		\$ 22,902	\$ 1,110,760
9	\$ 10,618,327	\$ 1,109,615		\$ 23,360	\$ 1,132,976
10	\$ 10,830,694	\$ 1,131,807		\$ 23,828	\$ 1,155,635
11	\$ 11,047,308	\$ 1,259,393	12.0%	\$ 26,514	\$ 1,285,907
12	\$ 11,268,254	\$ 1,284,581		\$ 27,044	\$ 1,311,625
13	\$ 11,493,619	\$ 1,310,273		\$ 27,585	\$ 1,337,857
14	\$ 11,723,491	\$ 1,336,478		\$ 28,136	\$ 1,364,614
15	\$ 11,957,961	\$ 1,363,208		\$ 28,699	\$ 1,391,907
16	\$ 12,197,120	\$ 1,390,472		\$ 29,273	\$ 1,419,745
17	\$ 12,441,063	\$ 1,418,281		\$ 29,859	\$ 1,448,140
18	\$ 12,689,884	\$ 1,446,647		\$ 30,456	\$ 1,477,102
19	\$ 12,943,682	\$ 1,475,580		\$ 31,065	\$ 1,506,645
20	\$ 13,202,555	\$ 1,505,091		\$ 31,686	\$ 1,536,777
21	\$ 13,466,606	\$ 1,663,126	13.0%	\$ 35,013	\$ 1,698,139
22	\$ 13,735,938	\$ 1,696,388		\$ 35,713	\$ 1,732,102
23	\$ 14,010,657	\$ 1,730,316		\$ 36,428	\$ 1,766,744
24	\$ 14,290,870	\$ 1,764,922		\$ 37,156	\$ 1,802,079
25	\$ 14,576,688	\$ 1,800,221		\$ 37,899	\$ 1,838,120
26	\$ 14,868,222	\$ 1,836,225		\$ 38,657	\$ 1,874,883
27	\$ 15,165,586	\$ 1,872,950		\$ 39,431	\$ 1,912,380
28	\$ 15,468,898	\$ 1,910,409		\$ 40,219	\$ 1,950,628
29	\$ 15,778,276	\$ 1,948,617		\$ 41,024	\$ 1,989,641
30	\$ 16,093,841	\$ 1,987,589		\$ 41,844	\$ 2,029,433
TOTAL		\$ 42,238,913		\$ 889,240	\$ 43,128,153

* AGR = Annual Gross Revenue (assumes 2% increase in AGR per year)

** ASC = Annual Service Charge (town portion only – does not include county portion)

2. Population Impact

The estimated population in Chatham Borough is 8,635 persons as of July 1, 2019, according to the US Census. The estimated resident population for the proposed development is approximately 510 persons, which equates to a population increase of approximately 5.9 percent.

The demographic multipliers applied in **Table 6** below have been taken from studies compiled by Rutgers University based on analysis of housing projects in New Jersey and census data. The most recent demographic multipliers were published by Rutgers in 2018 and the ratios used below apply to newer housing projects.

Table 6 – Projected Population (Total)

Unit Type		Quantity	Ratio	Population
Market	1 BR	80	1.551	124
Market	2 BR	128	2.355	301
Affordable	1 BR	7	1.236	9
Affordable	2 BR	22	2.134	47
Affordable	3 BR	8	3.627	29
Totals		245		510

*Source: Rutgers Center for Urban Policy Research, 2018 Study
Table II-A.1, 50+ units rent, page 35*

3. Services Impact

The municipality is served by fire, emergency, police, solid waste disposal, and street maintenance services. In addition, the municipality provides government services including land use administration and parks and recreation.

For the purposes of calculating municipal service costs, this fiscal impact analysis applies the per capita multiplier method, which calculates the municipal budget service appropriations divided by the population it serves.

As shown in **Tables 7 and 8** below, the estimated municipal service costs associated with the proposed development are approximately \$ 94,350. The municipal revenue of \$903,998 to be generated by the development will result in a fiscal surplus of **\$809,648**.

Table 8 – Projected Municipal Service Costs

Population	510
Per Capita Costs	\$ 185*
Total Municipal Costs	\$ 94,350

* *Per capita cost based on total appropriation for current service year for general government (\$1,790,027) divided by resident population (8,635) and factored by 88.8% for portion of taxes attributable to residential*

Table 9 – Cost/Revenue Analysis (Municipal)

Municipal Revenue	\$ 903,998
Municipal Costs	\$ 94,350
Total (Fiscal Surplus)	\$ 809,648

4. School Impact

The School District of the Chathams is a regional public-school district serving students in Chatham Borough and Chatham Township. The district is served by 6 schools, which consists of 4 elementary schools, 1 middle school, and 1 high school.

The student population in the Chatham regional school district in 2017-2018, according to the Taxpayer’s Guide to Education Spending, was 4,212 pupils. The estimated public school-age population for the proposed development is approximately 9 children from the market rate units and approximately 22 children from the affordable units, which equates to a pupil population increase that is *less than* one percent (1%).

Table 7 – Projected Population (School-Aged Children)

Unit Type	Quantity	Ratio	Population
Market	208	4.3 per 100 units	9
Affordable	37	59.5 per 100 units	22
Total	246	12.6 per 100 units	31

Source: Rutgers Center for Real Estate, 2018 White Paper

Since the increase in student population will be extremely low, it is unlikely there will be any need for new construction or increase in teachers or other school staff as a result of the new development.

5. Facilities Impact

Based upon the projected bedroom mix, the project will generate 27,554 gallons per day of water demand (NJAC 5:21 – Table 5.1) and 37,047 gallons per day of sanitary sewer flows (NJAC 7:14A-23.3). The application includes supportive tables with calculations.

The project has been designed to comply with all municipal and regulatory requirements relative to stormwater management and utility design.

Therefore, there is adequate carrying capacity to accommodate the proposed development from a utility infrastructure standpoint. Additionally, the project will generate utility revenue in the form of hook-up fees and flow fees.

6. Traffic Impact

The application includes a Traffic Impact Statement which concludes that the projected traffic volumes not cause any substantial degradation in level of service relative to traffic and that the site has been designed to function safely and efficiently. Therefore, the project will not generate any substantially adverse traffic impacts.

Conclusion

The proposed project comprised of 245 new dwelling units will have a positive community impact. The project will provide significantly greater fiscal revenue than the existing site generates and will produce a fiscal surplus for the municipality.

The projected population to be generated by the development will not create any impacts of a substantially adverse nature, in terms of school impacts, services impacts, facilities impacts, and traffic impacts.

The findings of this report are consistent with studies done by Rutgers University¹ which found that certain types of development generally pose a positive fiscal impact on municipalities and school districts, including multifamily development and commercial development. Contrarily, other development types such as single-family subdivisions generally have a negative fiscal impact.

In addition to the fiscal and community benefits noted above, the project will have economic benefits including the generation of development application and escrow fees, construction jobs, and a consumer population to support local businesses. And lastly, the inclusionary development will benefit the municipality with a 15-percent set-aside for income-restricted units (double credits for rentals) that will help the municipality's meet its legal obligation to provide for affordable housing.

¹ Rutgers studies referenced above:

- Burchell, R.W. and D. Listokin. "Fiscal Impact Procedures-- State of the Art: The Subset Questions of Nonresidential and Open Space Costs," The Center for Urban Policy Research: New Brunswick, NJ, 1992, p 43.
- Burchell, R.W., D. Listokin, & W.R. Dolphin. "The New Practitioner's Guide to Fiscal Impact Analysis." Center for Urban Policy Research: New Brunswick, NJ, 1985.
- Burchell, R.W. "The Fiscal Impact Handbook." The Center for Urban Policy Research: New Brunswick, NJ, 1978.

Qualifications of Preparer

This report has been prepared by John McDonough, AICP, PP, LA, who is a licensed professional planner and landscape architect in the State of New Jersey. Mr. McDonough has over 30 years of experience in New Jersey land use. He has been accepted as an expert by New Jersey courts and by many land use boards throughout the State.

Mr. McDonough has been a regular lecturer at the Rutgers Bloustein School of Urban Planning and has also been a continuing speaker at the League of Municipalities Conference on behalf of the New Jersey Planning Officials.

Qualification Statement

This document is for planning purposes only and is not intended to serve as a certified financial document for audit, accounting, or other purposes. It is not intended to be binding upon the redeveloper or municipality in connection with any financial agreements.