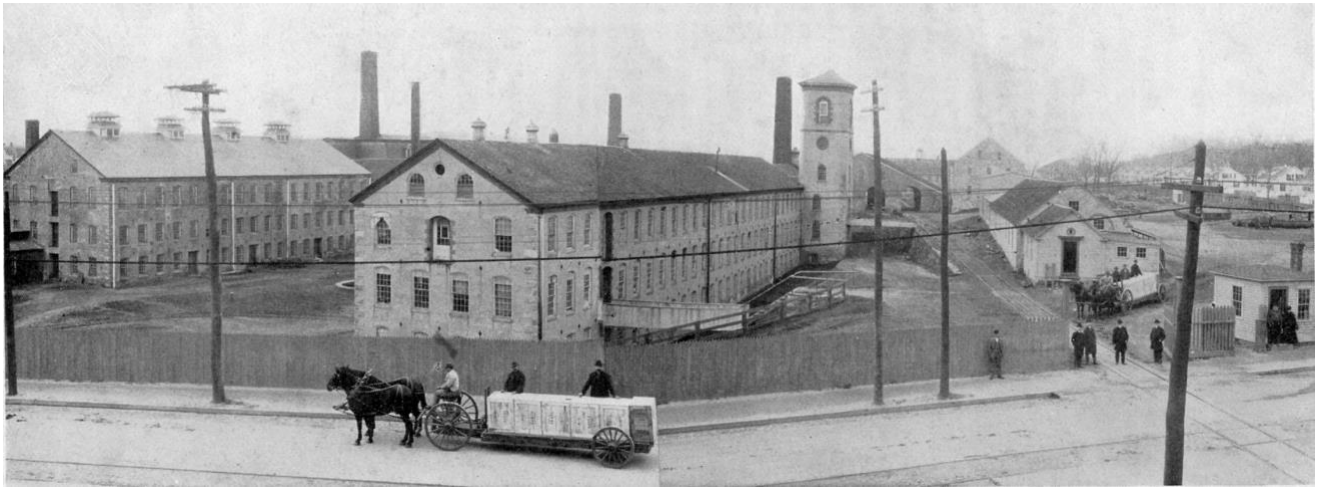
Cranston Print Works
Redevelopment
1381 Cranston Street, Cranston, RI

FISCAL IMPACT ANALYSIS



FJS Associates, Ltd
February 2023

CRANSTON PRINT WORKS REDEVELOPMENT
COMMUNITY FISCAL IMPACT STUDY
JANUARY 2023

1.0 BACKGROUND
At the request of Brady Sullivan, FJS Associates, Ltd. evaluated the potential fiscal impacts of proposed redevelopment of the former Historic Cranston Print Works. The project involves development of 129 residential units and 156,920 square feet of commercial space along with associated parking and site amenities. The Per Capita Multiplier Fiscal Impact Method, as described by Burchell and Listokin, 2012[1] was used for this analysis. This method is appropriate for the Cranston Print Works Project because the project is a large-scale project in a relatively small community and because it includes both residential and non-residential components.

As any study such as this, it is a snapshot in time and subject to change as conditions change.

2.0 PROJECT DESCRIPTION
The subject property is located at 1381 Cranston Street in Cranston. The site currently contains eleven major buildings with a total area of approximately 140,219 square feet with parking and landscaped areas. The site is serviced by public water, public sewer, natural gas, and electric and communication services.

The proposed complex of buildings will include 129 new residential apartment units, and approximately 156,920 square feet of new commercial space. The existing driveways and parking areas will be re-developed with new curbing, new pavement markings, new site lighting and new pavement.

Project Summary

- Total number of Residential Apartment Units = 129
- Total area of Commercial/Self Storage Space = 156,920 +/- sq. ft.
- Total number of parking spaces = 270

3.0 COST OF THE PROJECT TO THE CITY OF CRANSTON

A. Cost of Government Services
1. Per Capita Costs of Services in Cranston

The City of Cranston will incur costs to support the proposed projects in the form of expenses for general government, public safety, fire safety, public works, social services, recreation and culture, and education. Generally, the costs attributable to the proposed project in each of these categories can be

[1]Burchell, Robert W., Listokin David – *The Fiscal Impact Handbook: Estimating Local Costs of Land Development, Transaction Publishers; Edison, NJ 2012*

estimated on a per-capita basis based on the population of the complex. According to the City of Cranston approved budget, the town-wide cost of these services for 2023 is as follows:

General Government:	43,205,286	(includes recreation & social services)
Public Safety:	93,202,744	
Public Works:	18,746,098	
TOTAL	155,154,128	

The estimated population of Cranston in 2021, according to the U.S. Census, was 82,568. Dividing the budget amount of $155,154,128 by 82,568 local residents, yields a per capita cost for the government services listed above in Cranston for 2023 of $1,879.

2. Estimated Project Population

According to the U.S. Census, the average household size estimate in Cranston in 2021 was 2.39 persons. Using that figure, the population of the proposed project, at capacity, can be estimated as (129 x 2.39) or 308 persons at full occupancy. However, full occupancy is rarely obtained in multi-family rental projects. According to the 2020 Census for the State of Rhode Island, the average vacancy rate for multi-family rental housing was 5% or, conversely, the occupancy rate was 95%.
Applying this occupancy rate yields an estimated phase I population of (129x 2.39) x 95% = 293 persons.

3. Cost of Government Services for the Project

Private redevelopment of mills that do not create a network of new roads, utilities and public improvements do not require the level of public services needed for newly created developments. The Police, Fire and Public Works departments are currently serving all facilities in the complex even though they are not occupied.

Moving forward the development will employ a full-time maintenance/management staff operating the renovated facility. Additionally, trash service is private. That alone is a huge savings from the town's budget. Developments such as this use far fewer municipal services than a new development with such new public infrastructure. It has been suggested that the savings in public services could be as much as 50% per capita. For this analysis we have been conservative in reducing those services by only 20%.

Using the per capita cost figures at 80% and population projections above, the cost to the City of Cranston to provide government services to the population of the proposed project would be ((1,879 x 80%) x 293) or **$440,438** annually.

B. Education Costs

1. School Enrollment and Per Pupil Costs

The costs shown above do not include the cost of education. Instead of using total population to project school department costs, it is more accurate to use school enrollment and per pupil costs to estimate this impact. Cranston's cost for education according to the approved budget for fiscal year 2023 is $175,361,553.

According to the Cranston School District, total public school enrollment in the district is 10,190 students. The total budget of the district in fiscal year 2023 is $175,361,553 less state aid of $68,769,171 is a Net Cost of the district of $106,592,382. Dividing the total net cost by total enrollment yields a per capita cost to the district of $10,460 per pupil.

2. School Age Population for the Redevelopment Project

Several studies have documented that the number of school age children varies according to housing type, with the highest generation rates from subsidized single family detached housing and the lowest rates from unsubsidized multi-family apartment units. One of the earliest studies linking housing types to school enrollment in the U.S. was done by the American Society of Planning Officials in 1966[3] That study indicated that, while single family homes typically generated 1.08 students per housing unit, multi-family high rise apartments generated as few as 0.08 students per unit.

Another study, published by the Vermont Housing Finance Agency in 2007, used data from Vermont, New Hampshire, and Maine to examine the relationship between housing types and school enrollment. This study reported a generation rate for 2-bedroom units in multi-family apartment complexes having more than 50 total units of 0.12 students per housing unit. A more recent study, done for the City of Alexandria, Virginia[4], compared student generation rates from various housing types over a three-year period from 2010-2012. Housing types were determined by mapping student addresses to specific locations within the City during the study period. Results indicated that the student ratio during the three-year period ranged from a high of 0.978 students per unit for subsidized single-family housing to a low of 0.069 for garden style condominium developments. These numbers are helpful, but not specific to New England Mill Redevelopment.

[2] http://profiles.provplan.org/profiles/municipality/Bristol/school-enrollment/
[3] https://www.planning.org/pas/at60/report210.htm
[4] www.alexandriava.gov/uploadedFiles/planning/info/LREFP/Student_Generation_Rates_Summary_10_25.pdf

In response to our inquiries, the applicant, Brady Sullivan, conducted an inventory of their recent mill redevelopment projects to determine how many students each project generated. The results are shown in Table 1 below:

TABLE 1
STUDENT OCCUPANCY IN
RECENT MILL
REDEVELOPMENT PROJECTS

Project	Students	Housing Units	**Ratio**
American Wire	25	179	0.13
US Rubber	16	310	0.05
Harris Mill	16	157	0.10
Lofts at Pocasset Mill	5	92	0.05
Anthony Mill	7	122	0.06
Tourister	25	220	0.11
MEAN			**0.065**

Source: Brady Sullivan 2022

Assuming a generation rate of 0.065 students per residential unit the proposed, at an anticipated 95% occupancy, would be expected to generate approximately (129 x 95%x 0.065) = 7.9 students (say 8).

3. Projected Education Costs for the Redevelopment Project

At a per pupil cost of $10,460, the City of Cranston would pay **$83,680** annually for the education of the 8 students from the proposed redevelopment project.

C. Total Annual Costs to the City of Cranston

Summing the costs of government services at $440,438 per year and public education at $83,680, the total cost to the City of Cranston for government services and education related to the proposed redevelopment would be $524,118.

4.0 REVENUE FROM THE PROPOSED DEVELOPMENT

A. Tax Revenues - Property and Improvements

One of the largest contributions to be made by the proposed development will come in the form of property tax. At present, the City of Cranston has assessed the property as an underutilized industrial complex. Current tax collected for the mostly vacant complex is $43,174.

Similar developments are assessed at a range between $100,000 for 1 BR units, $115,000 for 2 BR units and $120,000 for 3 BR units, and 156,920 SF of commercial space with a value of $100/SF, which translates to an assessed value of:

1BR Units: 30 Units x $100,000 per unit:	$ 3,000,000
2BR Units: 94 Units x $115,000 per unit:	$ 10,810,000
3BR Units: 5 Units x $120,000 per unit:	$ 600,000
Commercial Space:	$ 15,692,000
TOTAL ASSESSED VALUE:	$ 30,102,000

Adding the estimated assessed value of the land at $781,000 to the estimated assessed value of the building at $30,102,000 yields a total estimated property value for the redeveloped Cranston Print Works complex of $30,883,000. At the City of Cranston's current multi-family residential and commercial tax rate of $27.77, this means that, at buildout, the redevelopment project would pay the City (30,883 x 27.77) = $857,621 in annual property taxes. It should be noted that the City may assess the property based upon an income approach in the future and taxes could be different than presented above.

Note that this would be the estimated tax contribution of the project at build out and would not accurately reflect tax revenues during the construction period.

B. Sewer Usage Fee

Sewer use fees have been calculated at a rate of $458.94 per unit per annum. That translates to (458.94x129) $59,203 per year.

C. Project Building Fees

Planning Board fees are estimated at $30,000 per Master, $30,000 at Preliminary and $30,000 at Final stage, or $90,000.

Eastern Cranston also requires an impact fee of $593.46 per residential dwelling unit. This translates to ($593.46 x 129) $76,556.

Construction in Cranston requires permits and fees that must be paid by the builders before construction can begin. Fees for these permits and are calculated on the basis of Estimated Construction Value (ECV). ECV is defined as "the estimated cost of the work including labor and materials." The Building Official has discretion to increase or decrease this value as reported by the builder. The fee for renovation of both residential uses and commercial uses is 1.9% of construction cost plus $1.00 per $1,000 of construction cost as an ADA fee.

Assuming a renovation cost of $150.00 per square foot and applying the square footage of the complex, the ECV can be estimated as (140,219 sq. ft. x $150) = $21,032,850. The permit fee would then be $399,624 plus the ADA fee of (21,033 x $1.00) or **$21,033 for a total of $420,657.** Note some additional fees may also be assessed for plumbing, mechanical, and electrical work. There is insufficient information available to estimate the ECV for this work and therefore these fees also cannot be estimated at this time.

D. Resident Fees and Charges

In addition to the fees that will be paid by the developer for the construction of the complex, the residents within the complex will be expected to pay fees to the City for municipal services. With an average of $50 per resident for things such as licenses, copies of documents, recreation, etc., the development would generate an additional $14,650 will be expected in fees from the 293 residents.

5.0 CONCLUSION: NET BENEFIT

Table 2 below summarizes the net benefit to the City of Cranston for the proposed development. Values shown include the values calculated above for completion of the project. These estimates indicate that the development will bring the City approximately $364,182 in annual net benefit.

Additionally, because the City will receive fees up front in the amount of approximately $510,657, far exceeding its expenses in the early years of the project, and the value of these funds will continue to appreciate over the years, the City will realize a net present value gain of even more. This is just the monetary budget benefit to the City.

6.0 DISCUSSION

The calculations show that the project will provide the City with an annual net gain after completion. However, it is important to note that these estimates include only direct costs and revenues of the redevelopment on the municipal government. The development will also bring benefits to the community that are intangible and/or have not been calculated in this fiscal impact analysis. These include:

- Renovation of the vacant industrial property to create a vibrant development in a neighborhood and provide an attractive gateway to the community;
- Restoring the neighborhood by extending walkways into and through the site;
- Bringing new residents, who will live, work, play, and participate in the commerce of the community, thereby enhancing the community of Cranston;

- Perhaps the most important. According to the US Census per capita disposal income in Rhode Island in 2020 was $54,548. At that rate, the 293 residents of the Cranston Print Works Mill complex would generate approximately (293 x $54,548) or $15,982,564 in annual economic activity. Estimating what percentage of resident spending will remain within Cranston, and the associated multiplier effects is beyond the scope of this study. However, it is safe to assume that some part of that $15.9 million will be spent locally at local businesses where it will multiply within the local economy and stimulate economic growth. That growth also has a significant potential to bring increased tax revenues to municipal government.

Table 2
CRANSTON PRINT WORKS

NET REVENUE TO THE CITY OF CRANSTON

	Initial	Annually
Planning Board Fees:	$ 90,000	
Building Permit:	$399,624	
ADA Fee	$ 21,033	
Impact Fee:	$ 76,556	
Revenue		
Property Tax-Real Estate (less the current tax of $43,174):		$814,447
Resident Fees:		$ 14,650
Sewer Usage:		$59,203
TOTAL REVENUE:	$587,213	$888,300
Expenditures		
Government Services:		$440,438
Education:		$ 83,680
TOTAL EXPENDITURES:		$524,118
NET BENEFIT:	*$587,213*	*$364,182*