

MBTA Communities Fiscal Impact

November 1, 2023

Jay Fundling, Warrant Committee

For discussion only – does not
represent the views of the Town of
Milton, any consultants, the Warrant
Committee, or anyone else



Costs

Financial Analysis Provided

RKG presented preliminary analysis to Planning Board 9/28

RKG analysis was not specific to our MBTA zoning map

RKG analysis did not appear to include Employee Benefits costs

RKG has provided backup documentation for their cost analysis for Police, DPW, Fire and Schools, but not Town Hall (as of 10/21)

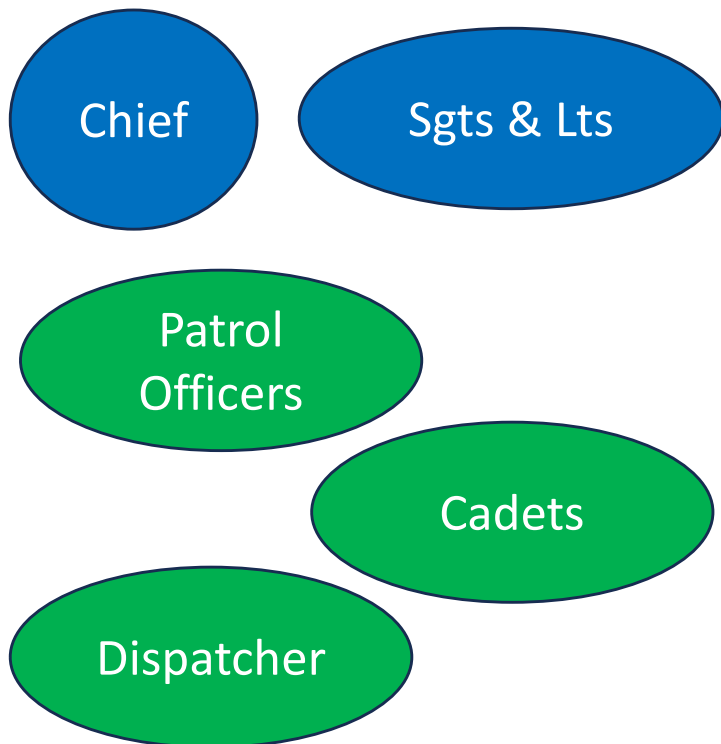
Analysis below is intended as a refinement of RKG's presentation, not a criticism

Variable Cost Analysis

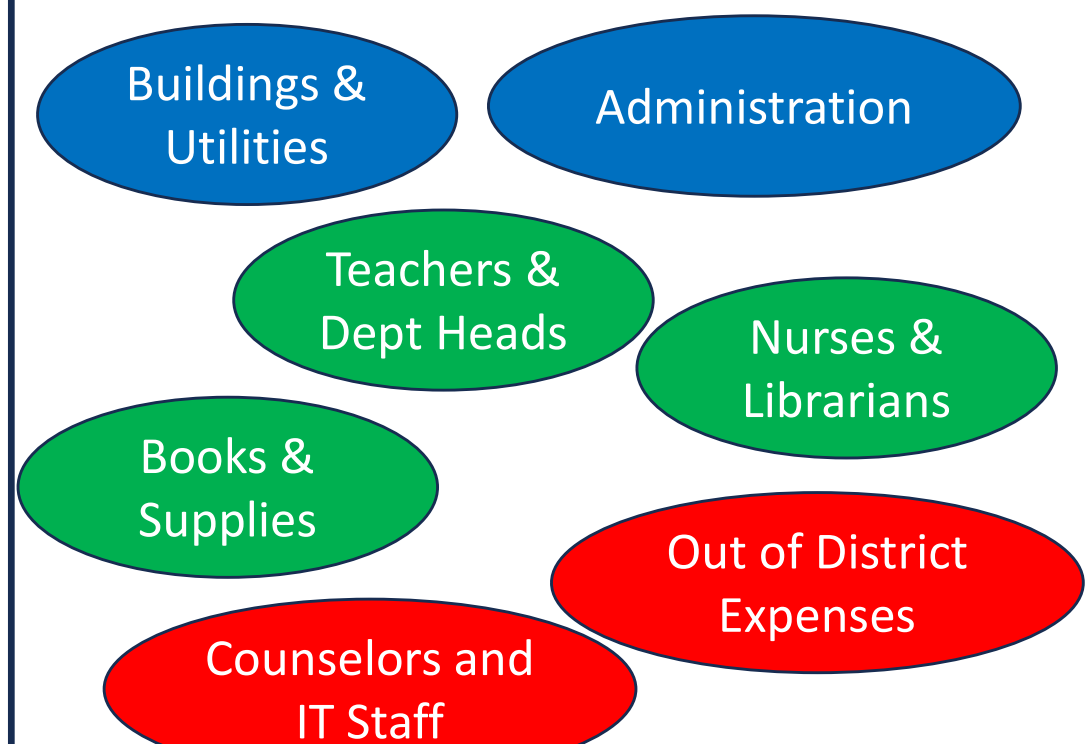
RKG examined which municipal costs are likely to increase with an increased population and which are not. For Example, for the Police and Schools:

● Fixed Costs ● Variable Costs ● RKG said fixed, this analysis says variable

Police



Schools



Employee Benefits Costs

Active Employee Health

Non-School

- Included \$9,300 per employee,
 - See appendix for calculation
 - Note this is “per employee” not “per employee with Health Insurance”

Schools

- Used 95% of DESE Health Insurance number

Pension Benefits

Non-School

- Added 8.1% of pay to reflect Normal Cost (benefits earned by employees during the year)

Schools

- Used 95% of DESE Retirement Cost

Retiree Medical (OPEB)

Non-School

- \$9,500 per employee

Schools

- Total of \$5.08M from recent OPEB actuarial report

This is not a cash cost that will hit our budget this year, but is an accounting cost that will need to be paid eventually with interest

Variable Costs by Department

Department	RKG Variable Cost (\$k)	Adjustment (\$k)	Adjusted Variable Cost (\$k)	Households or Students	\$ Per household or Student
Police	\$4,577 ¹	\$1,222	\$5,799	9,235	\$628
DPW	\$736	\$77	\$813	9,235	\$88
Fire	\$4,247 ²	\$945	\$5,192	9,235	\$562
General Gov	\$1,025	58% ³	\$1,623	9,235	\$176
Total Muni					\$1,454
Schools ⁴	\$42,775	\$27,628	\$70,403	4,454	\$15,807

1. RKG's prior presentation showed \$4,233. I believe this was a spreadsheet error
2. RKG's prior presentation showed \$4,067. Their documentation provided shows \$4,247
3. 27% for Employee Benefits similar to police, and 25% margin because backup documentation was not provided. $127\% \times 125\% = 158\%$
4. In addition to Out Of District costs and Counselors, RKG excluded grant funded costs, presumably assuming the grant money would increase with student population. School finance office confirmed grants have not increased recently, so I added back all grant covered expenses except for school lunches

Water Cost / (Benefit) for an additional household

Variable DPW Salary: \$16
Variable DPW Benefits: \$7

Single Adult using 600 cf

- MWRA cost: \$113
- Revenue: \$162
- Cost / (Benefit): (\$26)

Two adults using 1200 cf

- MWRA cost: \$227
- Revenue: \$358
- Cost / (Benefit): (\$108)

Sewer Cost / (Benefit) for an additional household

Variable DPW Salary: \$13
Variable DPW Benefits: \$6

Single Adult using 600 cf

- MWRA cost: \$239
- Revenue: \$195
- Cost / (Benefit): \$63

Two adults using 1200 cf

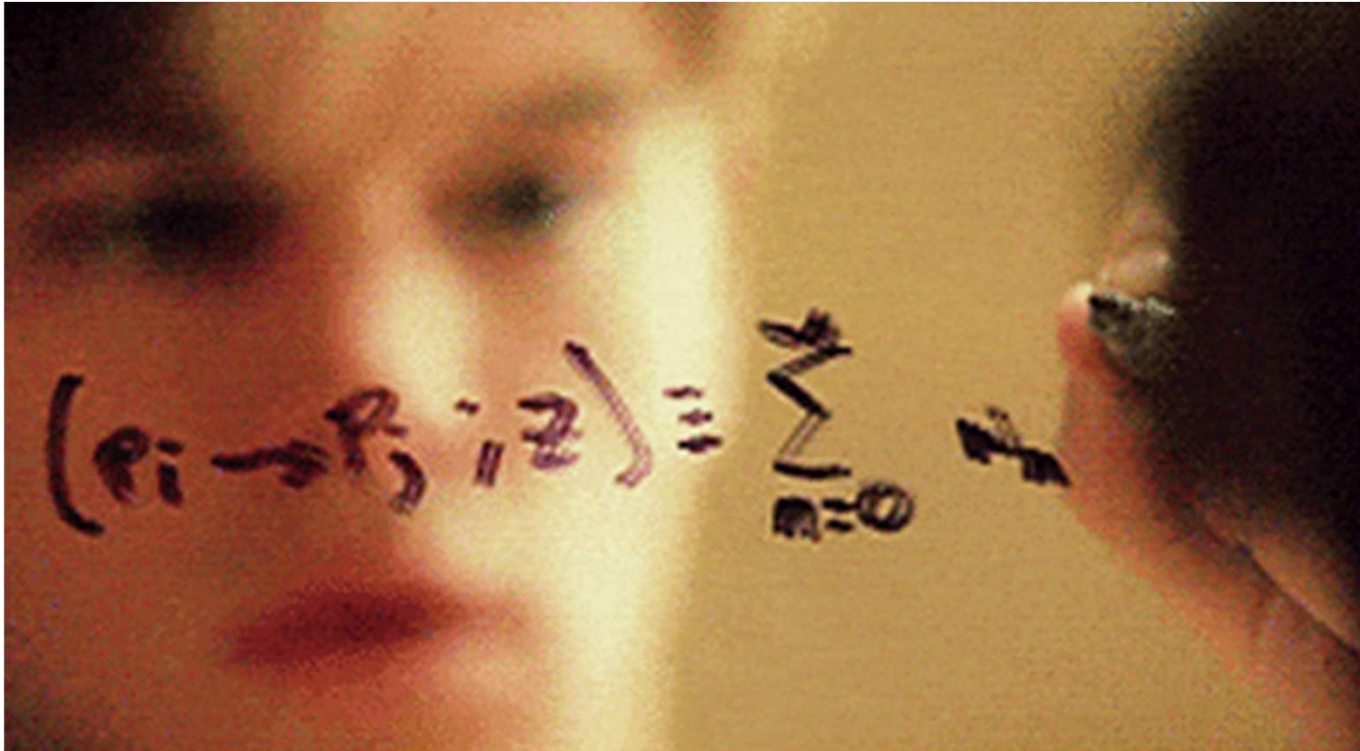
- MWRA cost: \$479
- Revenue: \$562
- Cost / (Benefit): (\$65)

These benefits (or costs) do not impact the town's budget, but appear through lower (or higher) bills for all other town residents

Stormwater revenue would be much harder to estimate, but stormwater is a much smaller part of the DPW budget and would likely be de minimis

Calculations below will assume 1.5 adults per apartment. More people would lead to higher benefit.

NOW

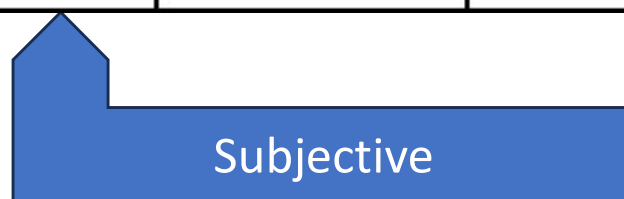


Let's put those numbers into proposed zoning impacts

Potential Development

Zoning Impacts

District / Site	Development Likelihood	Gross Unit Capacity	Net Unit Capacity	Added Units
	a	b	c	d = a x c
Granite Ave S	100%	530	530	530
Granite Ave N	50%	171	171	86
Milton Station E – Extra Space Storage	50%	142	135	68
Mattapan Station	25%	228	83	21
Milton Station Bridge 36 Eliot	25%	130	94	24
Milton Station Bridge 50 Eliot	0%	55	23	0
Milton Station W	0%	108	51	0
Milton Station E – Other	0%	183	109	0
East Milton Square	0%	423	397	0
Elliot St (T.A. Tri)	14%	480	300	42
Blue Hills Pkway	14%	175	109	15
Total				786



Subjective

Zoning Impacts

District / Site	Development Likelihood	Gross Unit Capacity		
	a	b		
Granite Ave S	100%	530	530	
Granite Ave N	50%	171	171	86
Milton Station E – Extra Space Storage	50%	142	135	68
Mattapan Station	25%	228	83	21
Milton Station Bridge 36 Eliot	25%	128	94	24
Milton Station Bridge 50 Eliot	0%	55		0
Milton Station W	0%	108		
Milton Station E – Other	0%	183		
East Milton Square	0%	423		
Elliot St (T.A. Tri)	14%	480		
Blue Hills Pkway	14%	175		
Total				

Hey, wait! I don't agree with these assumptions

That's totally fine. I've given you the tools to reach your own conclusions with your assumptions

The biggest players in the financial analysis are the locations on Granite Ave and Extra Space Storage

They are large.

They don't have any housing on them currently.

They are seemingly more likely to be developed in the near future

As we will see below, the biggest driver in the financials of these properties is how many 3 bedroom units they will have

Please allow a brief digression

RKG Assump- tions

- ❖ Children in schools per apartment
 - ❖ 1 BR: 0
 - ❖ 2 BR: 0.05
 - ❖ 3 BR: 0.8 or 1.2 for affordable units.
 - ❖ I will assume 1.0
 - ❖ Townhomes are assumed to have 0.43 kids in schools
- ❖ Are these assumptions reasonable?
 - ❖ For townhouses, this is about the average for a household in Milton,
 - ❖ >9,000 households and <4,500 students is just under ½ kid per household
 - ❖ For apartments, consider four buildings in Milton now: 36 Central, 50 Eliot, 36 Eliot, 88 Wharf
 - ❖ 159 units, 9 kids, gives 0.057 kids per unit

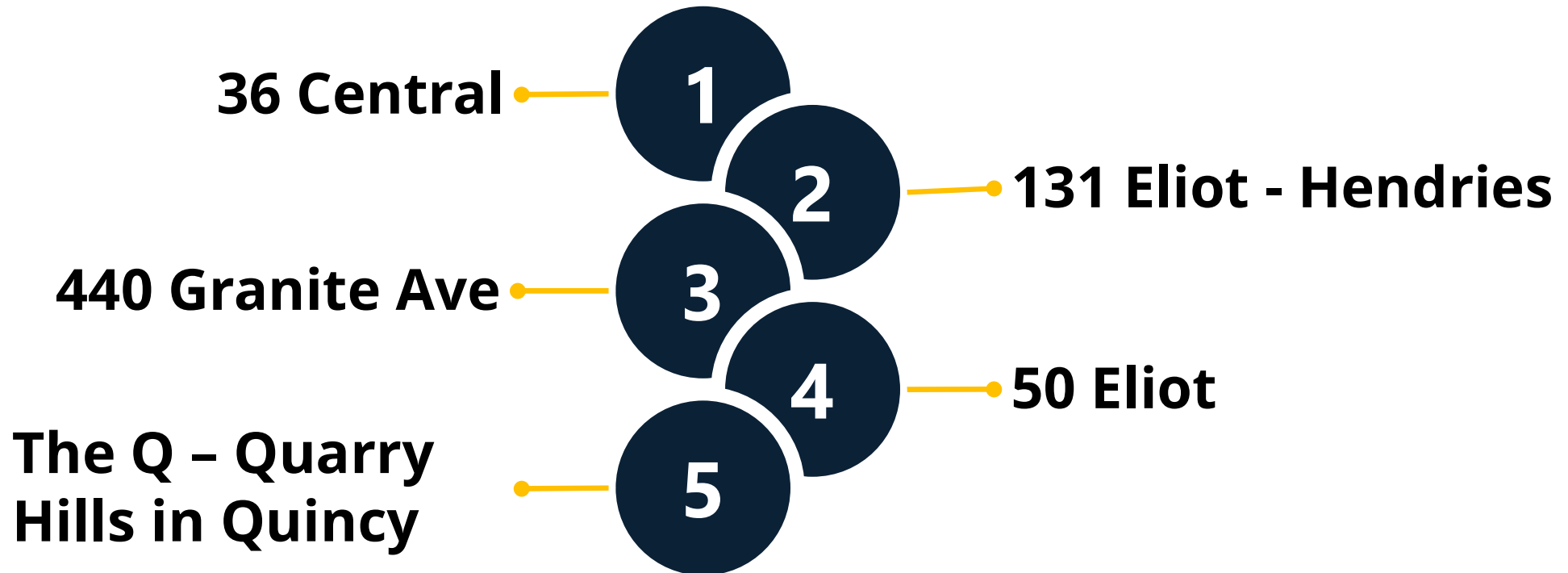
How many 3 Bedroom apartments does the market want to build in Milton?

Proposed 40b projects which are required to have at least 10% 3 Bedrooms

Project	Up to 2 BR	3+ BR	% 3 BR	Units Per Acre
16 Amor	14	2	13%*	17
Ice House	46	6	12%*	26
582 Blue Hill Ave	75	9	11%*	21
648 Canton	82	34	29%	15
728 Randolph	36	4	10%*	25
936 Brush Hill	16	4	20%	21
East Milton Residence	82	10	11%*	83

*Five of the Seven 40b projects above have the minimum number of 3 BRs allowed by law. The others have MUCH lower density than the possible projects on Granite Ave at 45 units per acre

These projects were built or are proposed with NO 3 bedroom units



The market does not seem to want to develop 3 BR in Milton



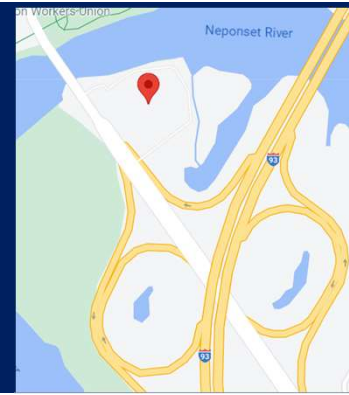
“We must think about the taxes”
“I’ve got an uncle who lives in Texas”
“No, I’m talking about dollars!
Taxes!”
“That’s where he lives, Dallas, Texas”

Revenue Gained & Lost

Taxes on New Units

- ❖ How much will we earn in taxes from a new apartment building?
- ❖ Let's use three existing buildings for comparison
 - ❖ The Q at Quarry Hills new (2020) apartments in Quincy
 - ❖ \$79.53M, 269 units
 - ❖ \$295k per unit, tax **\$3,371** at Milton's rate
 - ❖ 50 Eliot St, Apartments in Milton
 - ❖ \$10.5M, 30 units
 - ❖ \$351k per unit, tax **\$4,000**
 - ❖ 36 Central, condos in Milton
 - ❖ 18 units
 - ❖ Average value \$763k, tax **\$8,704**
- ❖ **Total revenue: Tax + CPA (1% of tax) + \$254 per unit (Auto tax) + \$62 per unit (Water & Sewer)**

Taxes on Current Property



- 2 Granite Ave currently has a commercial building on it. \$10.7M at \$18.22 per thousand = \$198k current taxes
- Extra Space Storage: Current Taxes = \$393k
 - If a housing unit is on these sites, we will gain the taxes from the new building but lose the current taxes
- Granite Ave S: property is state owned or non-profit, no taxes collected.

Taxes

There are two big variables affecting the cost/benefit for these large developments

How many 3-Bedrooms?

- 10%
- 5%
- 0%

What is the taxable value per unit?

- High – like 36 Central condos
- Medium – like 50 Eliot apartments
- Low – like Quarry Hills apartments “The Q”

We will look at these options below



2 Granite Ave

0%, 5% or 10% 3 BR
3 tax possibilities

MEDIUM TAX REVENUE (50 ELIOT)

Revenue \$k (Milton Apts)	3BR %	Kids in School	Cost \$k	Lost Revenue \$k	Net Benefit/ (Cost) \$k
\$746	10%	22	\$598	\$198	(\$50)
\$746	5%	14	\$471	\$198	\$77
\$746	0%	6	\$344	\$198	\$204

LOW TAX REVENUE (THE Q)

Revenue \$k (The Q Apts)	3BR %	Net Benefit/ (Cost) \$k
\$638	10%	(\$157)
\$638	5%	(\$31)
\$638	0%	\$96

HIGH TAX REVENUE (36 CENTRAL)

Revenue \$k (Milton Condos)	3BR %	Net Benefit/ (Cost) \$k
\$1,550	10%	\$755
\$1,550	5%	\$881
\$1,550	0%	\$1,008



South Granite Ave

0%, 5% or 10% 3 BR

3 tax possibilities

MEDIUM TAX REVENUE (50 ELIOT)

Revenue \$k	3BR %	Kids in School	Cost \$k	Lost Revenue \$k	Net Benefit/ (Cost) \$k
\$2,312	10%	69	\$1,865	\$0	\$446
\$2,312	5%	42	\$1,437	\$0	\$875
\$2,312	0%	17	\$1,040	\$0	\$1,272

LOW TAX REVENUE (THE Q)

Revenue \$k (The Q Apts)	3BR %	Net Benefit/ (Cost) \$k
\$1,978	10%	\$113
\$1,978	5%	\$542
\$1,978	0%	\$938

HIGH TAX REVENUE (36 CENTRAL)

Revenue \$k (Milton Condos)	3BR %	Net Benefit/ (Cost) \$k
\$4,805	10%	\$2,940
\$4,805	5%	\$3,368
\$4,805	0%	\$3,765

Extra Space Storage

0%, 5% or 10% 3 BR

3 tax possibilities

MEDIUM TAX REVENUE (50 ELIOT)

Revenue \$k	3BR %	Kids in School	Cost \$k	Lost Revenue \$k	Net Benefit/ (Cost) \$k
\$619	10%	18	\$492	\$379	(\$252)
\$619	5%	11	\$381	\$379	(\$141)
\$619	0%	5	\$286	\$379	(\$45)

LOW TAX REVENUE (THE Q)

Revenue \$k (The Q Apts)	3BR %	Net Benefit/ (Cost) \$k
\$530	10%	(\$341)
\$530	5%	(\$230)
\$530	0%	(\$135)

HIGH TAX REVENUE (36 CENTRAL)

Revenue \$k (Milton Condos)	3BR %	Net Benefit/ (Cost) \$k
\$1,287	10%	\$416
\$1,287	5%	\$527
\$1,287	0%	\$623

Total Granite Ave locations & Extra Space

**LOW TAX
REVENUE
(THE Q)**

**MEDIUM TAX
REVENUE
(50 ELIOT)**

**HIGH TAX
REVENUE
(36 CENTRAL)**

	Net Benefit/ (Cost) Quincy Apartment Value \$k	Net Benefit/ (Cost) Milton Apartment Value \$k	Net Benefit/ (Cost) Milton Condo Value \$k
10% 3 BR	(\$385)	\$145	\$4,110
5% 3 BR	\$281	\$811	\$4,777
0% 3 BR	\$900	\$1,430	\$5,396

Other Apartments: Mattapan Station and 36 Eliot

- ❖ Mattapan Station: A larger building could be built to replace Unquity House.
 - ❖ Assume the replacement building will also be age restricted and no school children
 - ❖ Each unit added brings in \$4,347 in revenue and adds \$1,454 in cost
- ❖ 36 Eliot: Larger replacement building
 - ❖ Adding 24 units would add about 2 kids to the schools
 - ❖ Finances like Unquity House plus \$31,700 for 2 kids

Possibilities for Eliot St and Blue Hill Ave triplexes

- ❖ In a survey, 14% of residents expressed willingness to redevelop property
 - ❖ If 14% of the homes in these two areas converted a single family house into a triplex, we would add 25 townhouses.
- ❖ Townhouse, average value \$640k:
 - ❖ Revenue – Municipal cost – school cost (1/2 a kid) =
 - ❖ \$7,679 - \$1,454 - \$6,822 =
 - ❖ \$598 net cost per townhouse

Overall Benefit / (Cost)

District / Site	Development Likelihood	Added Units	Added School Kids	Benefit/ (Cost)
Granite Ave S	100%	530	42	\$874,884
Granite Ave N	50%	86	7	\$38,526
Milton Station E – Extra Space Storage	50%	68	6	(\$70,293)
Mattapan Station	25%	21	0	\$60,342
Milton Station Bridge 36 Eliot	25%	24	1	\$36,607
Milton Station Bridge 50 Eliot	0%	0	0	\$0
Milton Station W	0%	0	0	\$0
Milton Station E – Other	0%	0	0	\$0
East Milton Square	0%	0	0	\$0
Elliot St (T.A. Tri)	14%	42	18	(\$24,595)
Blue Hills Pkway	14%	15	6	(\$9,119)
Total			80	\$906,352

Assume 5% 3 BR in new apartments, Apt taxable value similar to 50 Eliot

Google Spreadsheet

<https://home.fundling.net/mbta-zoning-finances>

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	For discussion only, estimates not precise, calculations not endorsed by Town of Milton, consultants, Warrant Committee or anyone else													
2	blue cells, input													
3	Inputs													
4	Location													
5		Granite Ave N												
6														
7														
8														
9	Number of Units		120	Maximum:	171									
10														
11	percentage of unit types													
12	1BR		2BR		3BR									
13	45%		50%		5%									
14														
15	Average Taxable value per unit													
16	\$350,000		Reference Average values											
17			\$295,669		The Q at Quarry Hills - Quincy									
18			\$350,867		50 Eliot Apartments									
19			\$953,826		88 Wharf									
20														
21	Assumption of number of School Children per apartment													
22	Standard													
23														

Results Granite Ave N: 120 Units		
Costs	Municipal costs	\$174,475
	Kids in School	9
	School Costs	\$142,795
	Lost Tax Revenue from prior land use	\$198,097
	Total	\$515,368
Benefits	Property Taxes	\$478,800
	Auto Tax	\$30,480
	CPA	\$3,591
	Water/Sewer	\$8,210
	Municipal cost to serve prior land use	\$0
	Total	\$521,081
Net Cost or Benefit		\$5,713 Benefit

Will be made publicly available to let people do their own calculations

Benefit/(Cost) of Proposed 40b Projects

Project	Units	Kids	Cost	Taxes and other benefits	Benefit/(Cost)
16 Amor	16	2.7	\$65,942	\$75,232	\$9,291
Ice House	52	7.7	\$197,318	\$244,505	\$47,187
582 Blue Hill Ave	84	11.1	\$296,797	\$394,970	\$98,172
648 Canton	116	36.0	\$737,703	\$592,231	(\$145,472)
728 Randolph	40	5.6	\$146,676	\$188,081	\$41,405
936 Brush Hill Road	20	4.4	\$98,629	\$94,040	(\$4,589)
East Milton Residences	92	11.5	\$315,542	\$432,586	\$117,044
Totals	420	79.0			\$163,038

Assume taxable value same per unit as 50 Eliot

Not considered in this analysis

- Financial benefits or costs of commercial development in the mixed use areas
 - Would increase benefits / reduce costs
- Current cost to town to provide municipal benefits to current buildings
 - Would reduce costs
- Stormwater revenue collected
 - Would almost certainly reduce costs
- Salary, Health Insurance and Retirement costs for new employees are on average lower than the average current employee
 - Would reduce costs

Appendix: Healthcare Costs

- FY2024 healthcare cost for pre-65 participants: \$16k
 - This includes active employees and pre-65 retirees
 - Because active employees cost less than retirees - mostly due to age – there is an Implicit Subsidy from actives to retirees
- The town paid \$1.6M for pre-65 retirees (per FY24 renewal), plus the Implicit Subsidy of \$1.5M (per most recent OPEB actuarial report).
 - This means the 609 Active Employees with health insurance cost the town \$8.1M,
 - Therefore, Actives with health insurance cost the town \$13.3k each
- To simplify calculations, I wanted an average cost per all employees, not just the employees with health coverage from the town.
- The town has 872 employees and 609 have health insurance, so the cost per employee = $\$13.3k \times (609/872) = \$9,300$

Appendix: Details on Apartment Revenue Calculations

Units - 2 Granite Ave	1 BR	2 BR	3BR	Kids in School	Taxes \$k	Muni Cost \$k	School Cost \$k	Lost Tax Revenue \$k	Net Benefit/ (Cost) \$k	Net Benefit/ (Cost) per unit \$
171	30%	60%	10%	22	\$746	\$249	\$349	\$198	(\$50)	(\$292)
171	25%	60%	5%	14	\$746	\$249	\$222	\$198	\$77	\$451
171	35%	65%	0%	6	\$746	\$249	\$95	\$198	\$204	\$1,193

Units - Granite Ave S	1 BR	2 BR	3BR	Kids in School	Taxes \$k	Muni Cost \$k	School Cost \$k	Lost Tax Revenue \$k	Net Benefit/ (Cost) \$k	Net Benefit/ (Cost) per unit \$
530	30%	60%	10%	69	\$2,312	\$771	\$1,095	\$0	\$446	\$842
530	25%	60%	5%	42	\$2,312	\$771	\$666	\$0	\$875	\$1,651
530	35%	65%	0%	17	\$2,312	\$771	\$270	\$0	\$1,272	\$2,399

Units - Extra Space Storage	1 BR	2 BR	3BR	Kids in School	Taxes \$k	Muni Cost \$k	School Cost \$k	Lost Tax Revenue \$k	Net Benefit/ (Cost) \$k	Net Benefit/ (Cost) per unit \$
142	30%	60%	10%	18	\$619	\$206	\$286	\$379	(\$252)	(\$1,772)
142	25%	60%	5%	11	\$619	\$206	\$175	\$379	(\$141)	(\$990)
142	35%	65%	0%	5	\$619	\$206	\$79	\$379	(\$45)	(\$320)