



**TOWNSHIP of HOPEWELL
MERCER COUNTY**

**201 WASHINGTON CROSSING – PENNINGTON ROAD
TITUSVILLE, NEW JERSEY 08560-1410**

PROJECT / APPLICATION

BLOCK:

LOT:

ADDRESS:

PROJECT NAME:

**REPORTS AND SUPPORTING
DOCUMENTS**

FISCAL IMPACT STATEMENT

Fiscal Impact Statement

Heritage at Hopewell

Proposed Multi-Family Inclusionary Development

Block 78, Lot 17

Township of Hopewell, Mercer County, New Jersey#

Prepared by:

Phillips Preiss Grygiel Leheny Hughes LLC

Planning and Real Estate Consultants

70 Hudson Street, Suite 5B

Hoboken, NJ 07030

The original of this report was signed and
sealed in accordance with N.J.S.A. 13:41-1.2

PA. Phillips

Paul A. Phillips, P.P., AICP
Professional Planner License #3046

Spach Trahan

Spach Trahan, P.P., AICP
Professional Planner License #6435

May 2023

I. INTRODUCTION

This report provides a fiscal impact analysis for the Heritage at Hopewell project, a proposed 67-unit multi-family inclusionary development at Block 78, Lot 17 along Pennington Way in the Township of Hopewell, New Jersey. The unit mix will consist of 55 market-rate for sale townhouses and 12 affordable family rental apartments.

II. ESTIMATED PROJECT REVENUES

As noted, the market rate component of the development consists of a total of 55 for sale townhouse units, all of which will consist of 3-bedrooms. The average sales price per townhouse dwelling is estimated to be \$675,000. Thus, the total market value of the townhouses is projected at \$37,125,000. This is shown in Table 1.1. The table further provides the estimated annual rental income from the 12 affordable units and converts same to a net present value after deducting estimated operating costs and assuming a cap rate 7.5%. This translates into a market value of over \$1.5 million and brings the total market value of the project to approximately \$38,665,000. Because the current equalization ratio in Hopewell Township 100%, the total assessed value for the project is likewise estimated at over \$38,665,000.

Table 1.1: Residential Development Program – Market Value

Market Rate				
For Sale Townhouses	Units	Sale Price	Market Value	
3BD	55	\$675,000	–	\$37,125,000
Subtotal	55	\$675,000	–	\$37,125,000
Affordable Rental				
Units	Units	Monthly Rental Income	Occupancy	Gross Annual Revenue
Studio/1BD	2	\$1,754	95%	\$19,996
2BD	6	\$7,616	95%	\$86,822
3BD	4	\$6,190	95%	\$70,566
Subtotal	12	\$15,561	95%	\$177,395
NOI				65%
Cap Rate				7.5%
Market Value				\$1,537,426
Total Market Value				\$38,665,426

Sources: Development program, sales prices and average monthly rents provided by applicant; Analysis by Phillips Preiss.

Utilizing 2022 tax rates, the proposed development is expected to generate net annual tax revenues totaling \$233,082 to Hopewell Township and \$663,061 to the school district (see Table 1.2).

Table 1.2: Estimated Annual Tax Revenues Generated by Project

	Tax Rate Per \$100 of Assessed Value	Project Value	Annual Tax Revenue
Municipal	0.577 X	\$38,662,426	\$223,082
School	1.715 X	\$38,662,426	\$663,061
County	0.701 X	\$38,662,426	\$271,023
Total	2.993		\$1,157,166

Source: 2022 Abstract of Ratables, NJ Dept. of Taxation; Analysis by Phillips Preiss.

III. ESTIMATED DEMOGRAPHIC IMPACTS

Multipliers from the 2018 “Who Lives in New Jersey Housing? Updated New Jersey Demographic Multipliers” report published by the Rutgers Center for Urban Policy Research (CUPR) were utilized for this analysis. This report provides State-wide multipliers derived from the U.S. Census Bureau 2012-2016 American Community Survey (ACS) 5-Year Estimate Public Use Microdata sample (PUMS) data. Multipliers for total population and public school children for the market rate townhouses were derived using “newer housing units” (defined as those built between 2000 and 2016) for single family attached dwellings above median housing value. As shown in Table 2 below, the proposed development is estimated to generate approximately 184 total residents, including 24 public school children.

Table 2: Estimated Residents and Public School Children Generated by Project

	Units	Residential Multiplier	Total Residents	Public School Children Multiplier	Total Public School Children
Market Rate For Sale Townhouses					
3BD	55	2.755	151.53	0.318	17.49
Affordable Rental Units					
Studio/1BD	2	1.392	2.784	0.088	0.176
2BD	6	2.511	15.066	0.408	2.448
3BD	4	3.591	<u>14.364</u>	1.087	<u>4.348</u>
	12		32.214		6.972
Total (Rounded)	67		184		24

Sources: Multipliers from 2018 “Who Lives in New Jersey? Updated New Jersey Demographic Multipliers” report by Rutgers CUPR; Analysis by Phillips Preiss.

While the CUPR Report does not provide multipliers specifically for affordable housing, it does provide a separate set of multipliers for low- and moderate-income households living in new multi-family rental housing. This set was used to project total population and school age children for the project's affordable rental units based on bedroom size.

IV. ESTIMATED ANNUAL COSTS

According to 2022 property tax data for Hopewell Township, the residential ratable base consisted of 5,925 parcels (including apartments) valued at \$2,783,574,880, which accounted for 81.43% of total parcels and 71.74% of total assessed valuation of the Township's taxable land and improvements. In other words, approximately 76.59% of the property tax base is attributable to residential uses (see Table 3.1).

Table 3.1: Summary of Real Property Tax Base for Hopewell Township, 2022

Type	# Parcels	% Total Parcels	Assessed Value	% Total Value	% of Tax Base
Residential	5,925	81.43%	\$2,783,574,880	71.74%	76.59%
Non-Residential	201	2.76%	\$806,778,100	20.79%	11.78%
Other	1,150	15.81%	\$289,696,930	7.47%	11.64%

Sources: Monmouth County Open Public Records Search, 2022; Analysis by Phillips Preiss.

According to the adopted budget of Hopewell Township for 2022, the total general appropriations was \$25,242,424.67 and the municipal tax levy was \$17,002,487.34. This fiscal impact analysis conservatively assumes that the municipal costs of the project derive from the full municipal tax levy, including appropriations that would not incur municipal costs stemming from the new residential development (e.g., contingency, capital and debt services, budgets of land use boards, etc.). As the existing residential population is 17,554, the estimated per capita resident cost is \$742 (see Table 3.2).

Table 3.2: Per Capita Municipal Cost for Residents

Total Municipal Tax Levy	% Tax Levy for Residential Uses	Total Residents	Per Capita Cost
\$17,002,487.34	76.59%	17,554	\$742

Sources: Total residents from U.S. Census Bureau, 2021 American Community Survey; Analysis by Phillips Preiss.

On the school district side, per student spending is estimated using data from the N.J. Taxpayer's Guide to Education Spending, and specifically the budgetary per pupil cost for the 2021-2022 school year (latest available). This figure was \$23,000 for the Hopewell Valley Regional School District. The budgetary per pupil cost is a measure of the costs included in a school district's general and special revenue fund budget associated with serving students who are educated within the district's schools. It includes costs

associated with classroom instruction, support services, operations and maintenance facilities, food services, extra-curricular activities, community service and administration. It is a comprehensive measure of all costs associated with instruction, operation and administration. Out of this \$23,000 number, approximately 77.8% was supported by local tax revenues. In other words, the per pupil cost supported by local taxes is approximately \$17,894 (see Table 3.3). Also note that the school district budget includes both fixed and variable costs such that the addition of 24 public school children spread across all grade levels is likely to generate per pupil costs which are less than the figure cited above. This is especially true considering that enrollment at the Hopewell Valley Regional School District has been stable or declining over the last several years and the past 10 years generally, according to district enrollment data. In such cases, use of the so-called classroom instruction per pupil cost may be appropriate. It assumes that the school district has enough capacity to accommodate new school children with minimal impacts to those operations not directly related to classroom instruction. It includes the costs associated with classroom instruction such as salaries and benefits to teachers, substitutes and aides, as well as classroom supplies and equipment. For Hopewell Valley Regional, per pupil classroom instruction costs were \$13,286 for the 2021-2022 school year, or approximately 25 percent less than the local budgetary per pupil costs, according to the Taxpayer's Guide to Education Spending. Notwithstanding the same, to be conservative, the budgetary per pupil costs are being utilized for the purpose of the analysis.

Table 3.3: Per Pupil Cost for Public School Children

Total Budgetary Per Pupil Cost	% Supported by Local Levy	Local Budgetary Per Pupil Cost Supported
\$23,000	77.80%	\$17,894

Sources: N.J. Department of Education, 2021-2022 Taxpayer's Guide to Education Spending; Analysis by Phillips Preiss.

As shown in Table 3.4, based on the demographic estimates and per capita costs, the proposed development is likely to generate \$136,528 in annual municipal service costs and \$429,456 in annual school district costs.

Table 3.4: Estimated Cost of Proposed Development

	Total Population	Per Capita Cost	Annual Service Cost
Municipality	184	\$742	\$136,528
School District	24	\$17,894	\$429,456

Sources: Analysis by Phillips Preiss.

V. ESTIMATED NET FISCAL IMPACTS

Table 4 summarizes the resulting net fiscal impact of the proposed Heritage at Hopewell development comparing annual revenues and costs to the municipality and school district. The Heritage at Hopewell project will have a net positive fiscal impact on the budgets of the municipality and the school district. Hopewell Township is expected to receive an annual surplus of over \$86,000 in tax revenues, and the Hopewell Valley Regional School District is expected to receive a surplus of over \$233,000. As noted previously, these results are based on the current ratable base and public service costs.

Table 4: Net Fiscal Impacts of Proposed Development

	Annual Revenue	Annual Service Costs	Net Fiscal Impacts
Municipality	\$223,082	\$136,528	\$86,554
School District	\$663,061	\$429,456	\$233,605
Total	\$	\$565,984	\$320,159

Source: Analysis by Phillips Preiss.