

Economic Diversification Plan

NAS JRB Willow Grove – Horsham Township, Pennsylvania



Community Meeting #3, HLRA Goals and Preliminary Economic and Fiscal Impact Findings

Presented by



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Agenda



- Introduction
- HLRA Goals
- Presentation of Findings to Date
 - Refined Description of the Alternatives Being Tested
 - Preliminary findings of Economic and Fiscal Impact
- Open Comment Period
- Closing

HLRA Goals



- Maintaining the quality of life
 - Property values in the region
 - Economic stability
 - Long term job creation
- (Solutions to) constraints of adjacent land uses
- Avoid undue congestion in the streets
- Allow for the harmonious development of:
 - Residences
 - Other uses which are compatible with residential development
 - Shenandoah Woods property compatible with the surrounding area

Evaluation Criteria



I. Financial Feasibility

- **A. Development Costs** (Meeting #4, February)
 - Site preparation
 - Hard Costs
 - Soft costs, as % of hard costs
 - Total
- **B. Operating Statement** (Meeting #4, February)
 - Revenues
 - Expenses
 - Net operating income
- **C. Sources and Uses of Funds** (Meeting #5, March)
 - Total costs (uses)
 - Supportable funds (sources)
 - Availability and sources(s) of any gap funding required

Evaluation Criteria



II. Economic and Fiscal Impacts

- **A. Quantitative** (Meeting #3, tonight)
 - Fiscal
 - Economic
- **B. Qualitative** (Meeting #5, March)
 - Impacts and constraints on adjacent land uses
 - Transportation and related impacts
 - Economic stability: region and communities near sites
 - Growth potential of Reuse Alternative J-1: ATG Learning Academy
 - Mitigation measures required, including any environmental work not covered by Navy
 - Balance Review

Recap: Alternatives Tested



- Shenandoah Woods Housing Area
 - S-2, Approve Warminster NOI (5 bldgs) for park/open space, raze remaining 35 bldgs for **new market rate “for sale” housing**
 - S-3, Approve Warminster NOI (5 bldgs) and **rehab** remaining housing (35 bldgs) for **market rate “for sale” housing** with park/open space
 - S-3b, same as S-3, but **“for sale” as age restricted housing**
 - S-5, Approve Warminster NOI (5 bldgs) and modified Aldie NOI (5 bldgs), and raze remaining housing (30 bldgs) for **new market rate “for sale” housing** with park/open space
 - S-8, Raze all buildings and construct **new market rate “for sale” housing** w/o park/open space
- Jacksonville Road Housing Area
 - J-1, ATG Learning Academy NOI – modest rehab of 6 bldgs for **educational uses**
 - J-2, TRF/BCHG NOI – modest rehab of 6 bldgs for **homeless housing**
 - J-3, Rehab of 6 bldgs for **“for sale” market rate housing**
 - J-5, Raze 6 bldgs and rebuild **new market rate “for sale” housing**
 - J-6, Rehab as **professional offices**
 - J-7, Raze 6 bldgs and rebuild **new office buildings**

Supportable Development



- Shenandoah Woods Housing Area
 - S-2, 77 residential R2 Lots
 - S-3, 175 rehab townhouse units
 - S-3b, 175 rehab townhouse units, age restricted
 - S-5, 68 residential R2 Lots
 - S-8, 100 residential R2 Lots

- Jacksonville Road Housing Area
 - J-1, 6 rehab educational buildings
 - J-2, 6 rehab residential units, (homeless housing)
 - J-3, 6 rehab residential units (for sale)
 - J-5, 4 new R2 Lots
 - J-6, Rehab as professional offices
 - J-7, 2 new office buildings (17,500 SF)

Evaluation Matrix



Evaluation Factors Matrix											
	S-2	S-3	S-3b	S-5	S-8	J-1	J-2	J-3	J-5	J-6	J-7
I. Financial Feasibility											
A. Development Costs											
1. Site preparation costs											
2. Hard Costs											
3. Soft costs, as % of hard costs											
4. Total											
B. Operating Statement											
1. revenues											
2. expenses											
3. net operating income											
C. Sources and Uses of Funds											
1. Total costs (uses)											
2. Supportable funds (sources)											
3. Availability and sources(s) of any gap funding required											

Evaluation Matrix



II. Economic and Fiscal Impacts	S-2	S-3	S-3b	S-5	S-8	J-1	J-2	J-3	J-5	J-6	J-7
A. Quantitative											
1. fiscal											
a. property tax generation											
b. income tax generation											
c. pupil generation and estimated public cost											
d. impact on public services and estimated cost											
2. economic											
a. employment and income projections											
b. household spending in the local economy											
c. direct impacts from new operations											
d. indirect impacts and multiplier effects											
e. development and construction phase impacts, including jobs, wages and salaries											
B. Qualitative											
1. Impacts and constraints on adjacent land uses											
2. Transportation and related impacts											
3. Economic stability: region and communities near sites											
4. Growth potential of Alternative J-1: ATG Learning Academy											
5. Mitigation measures required, including any											
6. Balance Review											

Fiscal and Economic Impacts



- Fiscal Impacts
 - Property tax generation
 - Income tax generation
 - Pupil generation
 - Impact on public services and estimated cost
- Economic Impacts
 - Employment and income projections
 - Household spending in the local economy
 - Direct impacts from new operations (next meeting)
 - Indirect impacts and multiplier effects (next meeting)
 - Development and construction phase impacts, including jobs, wages and salaries (next meeting)

Shenandoah Woods Current Fiscal Conditions



Shenandoah Woods - Current Fiscal Conditions	
Warminster 2009 Budget*	\$19,471,387
Households	11,819
Cost per HH	\$1,647
Shenandoah Woods HH	199
<i>Cost of Govt. Services</i>	\$327,846
Centennial SD 2009 Budget*	\$51,540,125
Pupils	6,200
Cost per Pupil	\$8,313
Estimated Shenandoah Woods Pupils	91
<i>Cost of School Services</i>	\$756,476
<i>Total Cost of Public Services</i>	\$1,084,322
Property Tax Revenue	\$0
Income Tax Revenue	\$61,605
Net Public Cost/Benefit	(\$1,022,716)
<i>*Proportion funded by local taxes</i>	

Shenandoah Woods Property Taxes



- Includes all taxing entities for Warminster Township

Property Tax Generation Shenandoah Woods Redevelopment Scenarios							
Alternative	SFD	Market Value	Total Value	Common Level Ratio	Local Millage	Annual Tax per Unit	Total Annual tax
S-5	68	\$400,000	\$27,200,000	10.31%	136.71	\$5,638	\$383,379
S-2	77	\$400,000	\$30,800,000	10.31%	136.71	\$5,638	\$434,120
S-8	100	\$400,000	\$40,000,000	10.31%	136.71	\$5,638	\$563,792
TH							
S-3 & S-3b	175	\$155,000	\$27,125,000	10.31%	136.71	\$2,185	\$382,321

Shenandoah Woods Income Taxes



- Payment calculated on a 30-year mortgage at 5.5%
- Minimum household income calculated on an annual payment of 30% of income

Calculation of Household Income and Income Tax Shenandoah Woods Redevelopment Scenarios							
Alternative	Use Type	Units	Estimated Value	Estimated Mortgage Payment	Required Minimum Household Income	Total Minimum Household Income	1% Local Income Tax
S-5	SFD	68	\$400,000	\$2,271	\$90,846	\$6,177,544	\$61,775
S-2	SFD	77	\$400,000	\$2,271	\$90,846	\$6,995,160	\$69,952
S-8	SFD	100	\$400,000	\$2,271	\$90,846	\$9,084,624	\$90,846
S-3 & S-3b	Townhomes	175	\$155,000	\$880	\$35,203	\$6,160,511	\$61,605

Shenandoah Woods Pupil Generation



- Findings assume uniform pupil generation proportions among housing types and price points
- Age restricted housing would not typically generate pupils

Pupil Generation Shenandoah Woods Redevelopment Scenarios						
Alternative	Households	Avg. HH Size	Local Population	Population by		Fiscal Costs
				School Enrollment K-12	Pupil Generation	
S-5	68	2.68	182	20.1%	37	\$304,504
S-2	77	2.68	206	20.1%	41	\$344,806
S-8	100	2.68	268	20.1%	54	\$447,801
S-3	175	2.68	469	20.1%	94	\$783,651
S-3b	175	N/A	N/A	N/A	0	\$0

Shenandoah Woods Fiscal Summary



- Findings assume uniform pupil generation proportions among housing types and price points
- Age restricted housing would not typically generate pupils

Shenandoah Woods Fiscal Summary				
Alternative	Households	Fiscal Revenues	Fiscal Costs	Net Cost/Benefit
S-5	68	\$445,154	\$416,532	\$28,622
S-2	77	\$504,071	\$471,661	\$32,410
S-8	100	\$654,638	\$612,547	\$42,091
S-3	175	\$382,321	\$1,071,957	(\$689,636)
S-3b	175	\$382,321	\$288,306	\$94,015

Shenandoah Woods Direct Spending



- Example: 68 single family homes @ \$400,000 average value

Calculation of Local Spending Direct Outlays			
Category	Total Minimum Household Income	HH Income Captured Locally*	Local Spending Direct Outlays
Retail Spending	\$6,177,544	6.3%	\$389,185
Food at Home	\$6,177,544	5.5%	\$339,765
Food Away From Home	\$6,177,544	4.2%	\$259,457
Utilities	\$6,177,544	5.5%	\$339,765
Health Costs	\$6,177,544	2.1%	\$129,728
Entertainment	\$6,177,544	1.8%	\$111,196
Home Maintenance	\$6,177,544	3.9%	\$240,924
Personal Transportation	\$6,177,544	8.7%	\$537,446
Local Spending	\$6,177,544	38.0%	\$2,347,467
<i>*Bureau of Labor Statistics 2007 Consumer Survey</i>			

Shenandoah Woods Direct Spending



- Direct spending from new residents of Shenandoah Woods under four scenarios

Household Spending in the Local Economy Shenandoah Woods Scenarios			
Alternative	Use Type	Total Minimum Household Income	Local Spending Direct Outlays
S-5	68 Single Family	\$6,177,544	\$2,347,467
S-2	77 Single Family	\$6,995,160	\$2,658,161
S-8	100 Single family	\$9,084,624	\$3,452,157
S-3 & S-3b	175 Townhouses	\$6,160,511	\$2,340,994

Jacksonville Road Office Valuation



Jacksonville Road Office 17,500 SF New Calculation of Office Value	
Square Feet	17,500
Class "B" Rent	\$19.84
Annual Income	\$347,200
Annual Expenses	\$121,520
Net Operating Income	\$225,680
Capitaization Rate	0.09
Income Valuation	\$2,507,556

Jacksonville Road 8,140 SF Rehab Calculation of Office Value	
Square Feet	8,140
Class "C" Rent	\$20.43
Annual Income	\$166,300
Annual Expenses	\$58,205
Net Operating Income	\$108,095
Capitaization Rate	0.09
Income Valuation	\$1,201,057

Jacksonville Road Property Taxes



Jacksonville Road New Construction Scenarios			
Alternative	Use Type	Est. Value	Property Taxes
J-1	Educational		Exempt
J-2	Transitional Housing	\$600,000	\$8,457
J-3	Rehab Housing	\$900,000	\$12,685
J-5	4 SFD (\$350K)	\$1,400,000	\$19,733
J-6	8140 SF Office	\$1,201,057	\$16,929
J-7	17,500 SF Office	\$2,507,556	\$35,343

Jacksonville Road Employment and Wages



Employment and Wages: Jacksonville Road General Office - 17,500 sf new							
Job Classification	No. of FTE Jobs ¹	% of Total Employment	Annual Hours	Total Hours	Avg. Hourly Wage ²	Avg. Annual Wage	Total Annual Wages
Managers	7	10%	2,080	14,560	\$44.76	\$93,101	\$651,706
Professional	32	45%	2,080	65,520	\$29.59	\$61,547	\$1,938,737
Administrative Support	32	45%	2,080	65,520	\$15.26	\$31,741	\$999,835
Subtotal	70	100%		145,600			\$3,590,278

¹ Based on one (1) worker per 250 square feet

² Bureau of Labor Statistics Data for Philadelphia MSA Area (May 2008\$)

Employment and Wages: Jacksonville Road General Office - 8140 sf Rehab							
Job Classification	No. of FTE Jobs ¹	% of Total Employment	Annual Hours	Total Hours	Avg. Hourly Wage ²	Avg. Annual Wage	Total Annual Wages
Managers	3	10%	2,080	6,772	\$44.76	\$93,101	\$303,136
Professional	15	45%	2,080	30,476	\$29.59	\$61,547	\$901,790
Administrative Support	15	45%	2,080	30,476	\$15.26	\$31,741	\$465,066
Subtotal	33	100%		67,725			\$1,669,992

¹ Based on one (1) worker per 250 square feet

² Bureau of Labor Statistics Data for Philadelphia MSA Area (May 2008\$)

Jacksonville Road Employment and Wages



Employment and Wages: Jacksonville Road ATG Learning Academy (Net new employees)							
Job Classification	No. of FTE Jobs	% of Total Employment	Annual Hours	Total Hours	Avg. Hourly Wage ¹	Avg. Annual Wage	Total Annual Wages
Special Education Teachers	6	100%	2,080	12,480	\$27.35	\$56,890	\$341,340
Subtotal	6	100%		12,480			\$341,340

¹ Bureau of Labor Statistics Data for Philadelphia MSA Area (May 2008\$)

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February Meeting

February Meeting

March Meeting

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A. Quantitative											
1. fiscal											
a. property tax generation	\$434,120	\$382,321	\$382,321	\$383,379	\$563,792	\$0	\$8,457	\$12,685	\$19,733	\$16,929	\$35,343
b. income tax generation	\$69,952	\$61,605	\$61,605	\$61,755	\$90,846	\$0	\$0	\$2,044	\$3,634		
c. pupil generation and estimated public cost	\$344,806	\$783,651	\$0	\$304,504	\$447,801						
d. impact on public services and estimated cost	\$126,819	\$288,225	\$288,225	\$111,996	\$164,700						
2. economic											
a. employment and income projections											
b. household spending in the local economy	\$2,658,161	\$2,340,994	\$2,340,994	\$2,347,467	\$3,452,157						
c. direct impacts from new operations											
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e. development and construction phase impacts, including jobs, wages and salaries											
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February Meeting

March Meeting

Discussion



Opportunity for Public Comment