

Fiscal Impact Analysis Proposed Development at Princeton Nurseries Site

Prepared for Township of Plainsboro

October 31, 2024



Fiscal Impact Analysis

Background

The Princeton Nurseries development proposal includes a mix of uses that covers various residential products, a unique retail concept, and integrated hotel and office space. The concept hinges on a primary street corridor intended to evoke the feel of a downtown main street. Retail will occupy the first floor, with a mix of office and residential above. A boutique hotel will be integrated into the development.

The concept is intended to be built quickly to capture both the design element of the street corridor, and the requisite density of shops and restaurants required to draw people to the site. Following the initial development of the core street, additional office and residential development will be built at a lower density surrounding the core.

The fiscal impact analysis (FIA) evaluates the impact of the proposed mixed-use development on the budgetary finances of the Township of Plainsboro (Township) and the West Windsor-Plainsboro Regional School District (School District).

The FIA, supplemental responses and meetings for the proposed mixed-use development were analyzed for methodology, accuracy and resultant impacts. The FIA is largely based on an average cost approach, also called 'the per capita multiplier method', which attributes costs of new development according to the average cost per unit of existing services, multiplied by the number of units the development is estimated to create, based on the sources cited.

Summary of Findings

The results of the FIA demonstrate positive net benefits for both the Township and the School District. The net surplus to the Township is roughly \$859,000 and \$3.3M for the School district. Summary tables below:

Summary of Estimated Fiscal Impacts - Plainsboro Township	
Revenue	Annual Impact Value
Real Property Tax	\$2,312,282
Hotel Tax	\$130,031
Energy Receipts Tax	\$231,922
Total Revenue	\$2,674,235
Expenses	Annual Impact Value
Expense From Households	\$1,422,253
Expense From Employees	\$369,076
Expense From Hotel Guests	\$23,717
Total Expense	\$1,815,046
Net Impact	\$859,189

West Windsor-Plainsboro School District Fiscal Impact:	
Line Item	Average Multipliers Est. Value
School Tax Revenue	\$10,849,145
Total Expenses	\$7,483,350
Net Impact	\$3,365,794

Princeton Nurseries concept plan layout and densities utilized



As part of the preparation for the report, the following sources were reviewed: Township budget, property tax rates, equalization ratio, breakdown of the property tax base in the Township, State of New Jersey's Taxpayers Guide to Education Spending, Census, School District budget, Demographic Study Update for the School, prepared by Statistical Forecasting, was utilized for the purposes of estimated anticipated school children population in the development. and numerous other sources involved in developing and review of the FIA

In developing the FIA the process included (in addition to the sources listed above), but not limited to; market study of rental rates for both residential and commercial spaces, construction cost evaluation for both residential and commercial spaces, income and expense analysis, commercial allocation of space per employee, residential population multipliers. The FIA assumptions were analyzed for reasonableness and accuracy. As part of that process, alternative methodology approaches were studied, in part, these provide a good cross reference and 'back-check' to the FIA.

Report Findings

Development Program

The overall Princeton Nurseries development spans both Plainsboro and South Brunswick Townships. The site is bounded by U.S. Route 1 to the east, College Road/Seminary Drive to the south, Mapleton Road to the west, and Ridge Road to the north. The municipal boundary line between Plainsboro and South Brunswick, running east-west, bisects the site almost in half. The southern portion of the site located in Plainsboro is roughly 108 acres.

In Plainsboro township a mixed-use development consisting of 950 residential units and 376,656 ft² of non-residential space is proposed. The residential program includes single family homes, town homes, as well as affordable and age restricted apartment units. A total of 96 units would be set aside as affordable for low- and moderate-income households.

The non-residential program includes a mix of retail office and hotel uses. The project will be constructed in 3 phases as outlined in the phasing summary found on the next page. The residential program will take years to be fully built out and will overlap with phases 2 and 3.

Princeton Nurseries Development Program Summary

Building Use	Number of Units	Square Ft	Total Market Value
For-Sale Residential	502	1,142,500	\$274,410,000
Multifamily	448	483,092	\$125,420,529
Retail	N/A	228,648	\$62,614,375
Office	N/A	73,008	\$23,193,149
Hotel	125	75,000	\$30,496,326
Totals		2,002,248	\$516,134,379

Phasing Plan

Analysis of Density Unlocked by Phase - Concept Plan vs. Current Plan
As of 07.17.2024

	Unit Type	Phase I		Phase II		Final Phase		Total	
		Concept Plan Clubhouse	Current Plan Clubhouse	Plan C, D2 & D3	Current Plan C, D2 & D3	Plan E1 & E2	Current Plan E1 & E2	Concept Plan	Current Plan
		Unit Count/ SF	Unit Count/ SF	Unit Count/ SF	Unit Count/ SF	Unit Count/ SF	Unit Count/ SF	Total Units/ Square Footage	Total Units Square Footage
For Sale Residential ⁽¹⁾	Single-family Detached								
	3BR	20	20	0	0	0	0	20	20
	Market Rate Townhomes								
	2BR	98	47	0	0	0	0	98	47
	3BR	229	296	0	0	0	0	229	296
	Condos								
	2BR	0	0	0	0	0	0	0	0
	3BR	0	0	0	0	0	0	0	0
	Affordable Townhomes								
	1BR	0	10	0	0	0	0	0	10
Rental Residential	2BR	16	32	0	0	0	0	16	32
	3BR	36	10	0	0	0	0	36	10
	Age Restricted Townhomes								
	2BR	31	0	0	0	0	0	31	0
	3BR	0	31	0	0	0	0	0	31
	Age Restricted Condos								
	1BR	8	8	0	0	0	0	8	8
	2BR	64	64	0	0	0	0	64	64
	Total For Sale Residential	502	518	0	0	0	0	502	518
	Age Restricted Rental ⁽²⁾								
Non-Residential	1BR	39	39	0	0	0	0	39	39
	2BR	58	58	0	0	0	0	58	58
	Market Rate Multifamily								
	Studio	0	0	0	0	0	0	0	0
	1BR	207	150	0	0	0	0	207	150
	2BR	77	126	0	0	0	0	77	126
	3BR	23	16	0	0	0	0	23	16
	Affordable Multifamily								
	Studio	0	0	0	0	0	0	0	0
	1BR	8	8	0	0	0	0	8	8
	2BR	27	26	0	0	0	0	27	26
	3BR	9	9	0	0	0	0	9	9
	Total Rental Residential	448	432	0	0	0	0	448	432
Non-Residential	Retail ⁽³⁾	105,928	98,465	47,720	49,005	75,000	75,000 - 93,000	228,648	222,470 - 240,470
	Office	73,008	80,080	0	0	0	0	73,008	80,080
	Hotel	0	0	75,000	75,000	0	0	75,000	75,000
	Total Non-Residential	178,936	178,545	122,720	124,005	75,000	75,000 - 93,000	376,656	377,550 - 395,550

Project Demographics

Residential

The FIA derives resident population multipliers by each housing type using American Community Survey's Public Use Microdata Sample (PUMS) data for the Public Use Microdata Area (PUMA) containing Plainsboro.

Because age restricted unit generally do not generate school age children and have smaller household sizes, they yield lower than average demographic multipliers. The FIA uses a study by the National Association of Homebuilders and MetLife Mature Market Institute to produce age restricted multipliers.

<u>Residential Population Multipliers</u>				
Unit Type	Unit Style	Density Multiplier	Number of Units	Total Population
2bdr	TH	2.37	114	270
3bdr	TH	2.97	265	787
3bdr	SF	2.75	20	55
studio	Rental	1.04	0	0
1bdr	Rental	1.79	207	371
2bdr	Rental	2.86	121	346
3bdr	Rental	3.28	23	75
Age Restricted Rental		1.20	97	116
Age Restricted For Sale		1.60	103	165
		2.21	950	2,185

Commercial

The total number of employees generated in the non-residential component of the development utilized several industry sources: US General Services Administration, Workplace Standards Benchmarking; US Green Building Council, Building Area Per Employee by Business Type; Rutgers Center for Urban Policy Research; Who lives in NJ.

Nurseries Employee Generation			
Building Use	Sq. Ft. per Employee	Total Employees	
Retail	228,648	--	--
General	160,054	500	320
Restaurant	68,594	117	586
Hotel	75,000	1000	75
Office	73,008	192	380
Totals	376,656		1,362

Comments:

Additional sources were used to validate the assumptions including US General Services Administration, "Workplace Standards Benchmarking" March, 2012; US Green Building Council, "Building Are Per Employee by Business Type" May, 2008; Urban Policy Research, Rutgers, "New Jersey Demographic Multipliers" August 2006. Restaurant square feet per employee is the average of fine dining and casual. Office square feet per employee is the national average usable square feet per employee.

Public School Children

The public-school children generated was based primarily on a 2018 demographic study done for the School district. The student yields for each general residential unit type (i.e. single-family, condos/townhouse, apartment) are further summarized into “low”, “average” and “high” ranges. The FIA examined utilized the Low and Average multipliers.

Given the style of the town center development, unit types, sizes and complementary items – the average multipliers were deemed most appropriate. The Average multipliers were used in FIA.

WW-P School District Estimated Additional Children

Unit Type	Number of Nusesries Units	Average Estimate
Single Family	20	18
Condo/ Townhouse	761	373
Apartments	0	0
Age Restricted	169	0
Totals	950	390

Per Capita Service Costs

The project assumptions are based on the proportional valuation method, which assumes that the allocation of municipal services is roughly proportional to the share of the total tax base represented by residential and non-residential uses in the community. The estimate also evaluates the number of residential parcels vs non-residential parcels. These factors produce the estimated appropriations by residential and non-residential. The appropriations are divided by total population in each category to derive a per person cost. The calculations result is an estimated Township spending of \$1,497 per household and \$271 per employee.

The applicants per pupil cost were estimated using the State of New Jersey's Taxpayers Guide to Education Spending. The total per pupil spending is projected at \$19,164 per student. BBPC further examined the School budget in order to validate these figures and derive an independent per pupil cost, the findings were in-line with the State figures.

Plainsboro Township - 2024 Adopted Budget

Budget Item	2024 Budget	Percent	Project Allocation
General Government	\$ 3,448,829	9.9%	--
Land-Use Administration	\$ 359,550	1.0%	1.0%
Uniform Construction Code	\$ 1,109,647	3.2%	3.2%
Insurance	\$ 3,922,515	11.3%	--
Public Safety	\$ 6,606,264	19.0%	19.0%
Public Works	\$ 1,784,043	5.1%	5.1%
Health and Human Services	\$ 74,600	0.2%	0.2%
Parks and Recreation	\$ 2,349,120	6.8%	6.8%
Education (Including Library)	\$ 1,950,716	5.6%	5.6%
Unclassified	\$ 39,750	0.1%	0.1%
Utilities and Bulk Purchases	\$ 750,000	2.2%	--
Statutory Expenditures	\$ 3,497,478	10.1%	10.1%
Shared Services	\$ 735,400	2.1%	2.1%
Court and Public Defender	\$ 539,050	1.6%	1.6%
Debt Service, Misc.	\$ 7,574,646	21.8%	--
<i>Subtotal - General Budget</i>	<i>\$ 34,741,608</i>	<i>100.0%</i>	<i>54.8%</i>

Revenues

The total property taxes include the Township general municipal purpose property tax, municipal open space tax, and municipal library tax; the regional school district's tax; and the County's general purpose property tax and open space tax. A breakdown of the Township's 2024 tax rate is shown below. The total tax levy on real property is \$2.550 per \$100 of assessed value, out of which \$0.448 are direct project allocation, \$1.654 is apportioned for the school district with County and reimbursable making up the balance. The Township's equalization ratio is 97.13%. Other potential tax revenue sources include: Hotel and energy receipts.

Type	Tax Rate per \$100 Assessed	Project Applicable Tax Levy	Other Reimbursable Services
County Tax	\$0.364		\$0.364
Regional School Tax	\$1.654		\$1.654
County Open Space Tax	\$0.032		\$0.032
Municipal Tax	\$0.402	\$0.402	
Open Space Local	\$0.010	\$0.010	
Fire District	\$0.052		\$0.052
Municipal Library	\$0.036	\$0.036	
Total Tax	\$2.550	\$0.448	\$2.102

Based on the tax rates and estimated valuations the projects estimated property tax revenue generation:

Plainsboro Township

Princeton Nurseries Annual Plainsboro Property Tax

	Total Market Value	Market Value Property Tax
For-Sale Residential	\$274,410,000	\$1,229,357
Multifamily	\$125,420,529	\$561,884
Residential Total	\$399,830,529	\$1,791,241
Retail	\$62,614,375	\$280,512
Office	\$23,193,149	\$103,905
Hotel	\$30,496,326	\$136,624
Commercial Total	\$116,303,850	\$521,041
Totals	\$516,134,379	\$2,312,282
Equalization rate 97.13%	\$501,321,323	\$2,245,920

*Plainsboro Applicable Property Tax Rate Per \$100** *\$0.448*

West Windsor – Plainsboro School District

West Windsor-Plainsboro School District Fiscal Impact:

Line Item	Average Multipliers Est. Value
School Tax Revenue	\$10,849,145
Total Expenses	\$7,483,350
Net Impact	\$3,365,794

Conclusion

The FIA assumptions were analyzed for reasonableness and accuracy. As part of that process, alternative methodology approaches were studied, in part, these provide a good cross reference and 'back-check' to the FIA. Alternative approaches studied include: derived per pupil costs from the WWP budget (vs State of New Jersey's Taxpayers Guide to Education Spending); and derived municipal cost from the Township budget (vs proportional valuation). The conclusions of the FIA were supported by an examination of the development as well as cross-referencing the findings with alternative approaches. Findings concur that phase one and the addition of each subsequent phase result in positive net impact to the Township and School. The findings demonstrate that the projected revenues are sufficient to cover the additional cost generated by the new development (population, employees, school children, etc.)

Township Of Plainsboro

Summary of Estimated Fiscal Impacts - Plainsboro Township

Revenue	Annual Impact Value
Real Property Tax	\$2,312,282
Hotel Tax	\$130,031
Energy Receipts Tax	\$231,922
Total Revenue	\$2,674,235
Expenses	Annual Impact Value
Expense From Households	\$1,422,253
Expense From Employees	\$369,076
Expense From Hotel Guests	\$23,717
Total Expense	\$1,815,046
Net Impact	\$859,189

West Windsor-Plainsboro Regional School District

Nest Windsor-Plainsboro School District Fiscal Impact:

Line Item	Average Multipliers Est. Value
School Tax Revenue	\$10,849,145
Total Expenses	\$7,483,350
Net Impact	\$3,365,794