

EXECUTIVE SUMMARY

FISCAL IMPACT

OF

DEVELOPMENT SCENARIOS

A STUDY FOR A

TRANSIT VILLAGE IN

NORTH BRUNSWICK, NEW JERSEY

STUDY CONDUCTED BY

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Fiscal impact analysis (FIA) is a technique used to measure the potential public costs imposed by a development as opposed to the public revenues it will generate. If public costs exceed public revenues, a fiscal deficit is incurred; if public revenues exceed public costs, a fiscal surplus is realized. FIA is one of many development impact assessments (e.g., traffic and environmental) and provides an estimate of development-induced financial consequences.

The Center for Urban Policy Research (CUPR) at Rutgers University has conducted a fiscal impact analysis of development of a former Johnson & Johnson office/warehouse/manufacturing facility on 212 acres in North Brunswick, New Jersey, under multiple scenarios. These scenarios encompass redevelopment of the site as a *Transit Oriented Development* (TOD) under varying scale, varying mix of uses and residential densities. The mix of uses for the proposed transit village include: office, hotel, retail/restaurant, civic and loft style residential ranging from 2,024 dwelling units to 5,133 dwelling units. The scale varies by height from small (3-4 story) to Medium (4-5 story) and Large (6-9 story). We also examine development of the site under *Existing Zoning*.

The full array of the development scenarios are summarized below.

SUMMARY EXHIBIT 1
Development Composition

Development Component	Proposed TOD				Existing Zoning
Scale (height) of Transit Village	Small-A	Small-B	Medium	Large	
Square feet of Transit Village	4,500	4,500	5,500	6,900	4,500
<u>Residential</u>					
Market Units	1,697	2,735	3,662	4,602	0
Affordable Units	327	342	441	531	270
Total Units	2,024	3,077	4,103	5,133	270
<u>Nonresidential</u>					
Office	1,509	610	720	750	2,650
Retail/Restaurant	350	350	350	350	
Hotel	120	120	200	200	300
Civic	100	100	100	100	
Other					1,050
TOTAL	2,079	1,180	1,370	1,400	4,000
Square Feet (in 000s)					

- The Township of North Brunswick currently contains about 40,000 population, 5,450 public school pupils, and 17,000 workers. The mixed use redevelopment scenarios will add the following populations to that mix at buildout in 7-10 years.

SUMMARY EXHIBIT 2
Development -Induced
New Residents, School-Age Children, and Workers

Population Component	Proposed TOD				Existing Zoning
Scale (height) of Transit Village	Small A	Small B	Medium	Large	
Square feet of Transit Village Sf in 000's	4,500	4,500	5,500	6,900	4,500
Persons (Residents)	3,711	5,548	7,385	9,223	461
School-Age Children	223	295	397	497	46
Workers (On Site)	5,736	3,069	3,478	3,599	10,032

- Property within the Township of North Brunswick currently has a total assessed value of about \$2.47 billion dollars. The former Johnson & Johnson North Brunswick Campus has an assessed value of about \$42 million dollars. At buildout, the redevelopment scenarios of mixed uses will comprise the following property values.

SUMMARY EXHIBIT 3
Development Valuation

Project Value	Proposed TOD				Existing Zoning
Scale (height) of Transit Village	Small A	Small B	Medium	Large	
Square feet of Transit Village	4,500	4,500	5,500	6,900	
TOTAL PROJECT VALUE (in \$ millions)	\$809	\$944	\$1,191	\$1,411	\$422
TOTAL ASSESSED VALUE (in \$ millions)	\$502	\$586	\$739	\$875	\$262

- As is shown below, the redevelopment scenarios' percentage increase in North Brunswick's property valuation (generating revenue) far exceeds the scenarios' percentage increase in North Brunswick's population (inducing costs). That is especially the case with respect to the addition of persons and school-age children where the percentage increase from development is far less than the development's addition to North Brunswick's property tax base. This suggests a desirable fiscal outcome from development (i.e., a fiscal surplus). That outcome is detailed below.

**SUMMARY EXHIBIT 4
Development -Induced**

New Residents, School-Age Children, Workers, and Property Valuation: Percentage Increase to Existing (2006) North Brunswick Conditions

	Proposed TOD				
Scale (height) of Transit Village	Small A	Small B	Medium	Large	Existing Zoning
Square feet of Transit Village (000's sf)	4,500	4,500	5,500	6,900	4,500
<u>Population</u>					
Persons (Residents)	9%	14%	19%	23%	1%
School-Age Children	4%	5 %	7 %	9%	1%
Workers (on-site)	34%	18%	21%	21%	59%
<u>Property Tax Base</u>	20%	24%	30%	35%	11%

- Additional public services and costs (for operating and capital purposes) will be required to meet the needs of the redevelopment scenarios, as is summarized below.

SUMMARY EXHIBIT 5
Development –Induced Annual Public Service Costs

PUBLIC SECTOR AT BUILDOUT					
Government Sector	Proposed TOD (\$ millions)				Existing Zoning (\$ millions)
Scale (height) of Transit Village	Small A	Small B	Medium	Large	Existing Zoning
Square feet of Transit Village (000's sf)	4,500	4,500	5,500	6,900	4,500
<u>NORTH BRUNSWICK</u>					
MUNICIPAL	\$ 4.0	\$ 4.9	\$ 6.4	\$ 7.9	\$ 2.2
SCHOOL	<u>\$ 4.3</u>	<u>\$ 5.7</u>	<u>\$ 7.7</u>	<u>\$ 9.6</u>	<u>\$ 0.9</u>
TOTAL LOCAL	\$8.3	\$10.6	\$14.1	\$17.5	\$3.1

- The redevelopment scenarios at buildout would generate the annual municipal and school revenues shown below.

SUMMARY EXHIBIT 6
Development –Generated Annual Public Service Revenues

PUBLIC SECTOR AT BUILDOUT					
Government Sector	Proposed TOD (\$ millions)				Existing Zoning (\$ millions)
Scale (height) of Transit Village	Small A	Small B	Medium	Large	Existing Zoning
Square feet of Transit Village (000's sf)	4,500	4,500	5,500	6,900	4,500
<u>NORTH BRUNSWICK</u>					
MUNICIPAL	\$ 4.6	\$ 5.4	\$ 6.8	\$ 8.0	\$ 2.4
SCHOOL	<u>\$13.4</u>	<u>\$15.6</u>	<u>\$19.7</u>	<u>\$23.3</u>	<u>\$7.0</u>
TOTAL LOCAL	\$18.0	\$21.0	\$26.5	\$31.3	\$9.4

- The net fiscal impact represents the difference between the development-induced public-generated service costs and development-contributed revenues. These are as follows for the development scenarios at buildout.

SUMMARY EXHIBIT 7
Development Annual Net Fiscal Impact

PUBLIC SECTOR AT BUILDOUT					
	Proposed TOD (\$ millions)				Existing Zoning (\$ millions)
	Small A	Small B	Medium	Large	
Scale (height) of Transit Village					
Square feet of Transit Village (000's sf)	4,500	4,500	5,500	6,900	
Government Sector					
Municipal: North Brunswick					
Costs	\$ 4.0	\$ 4.9	\$ 6.4	\$ 7.9	\$ 2.2
Revenues	<u>\$4.6</u>	<u>\$5.4</u>	<u>\$6.8</u>	<u>\$8.0</u>	<u>\$2.4</u>
Net Fiscal Impact (\$ millions)	+\$0.6	+\$0.5	+\$0.4	+\$0.1	+\$0.2
School District: North Brunswick					
Costs	\$4.3	\$ 5.7	\$7.7	\$ 9.6	\$0.9
Revenues	<u>\$13.4</u>	<u>\$15.6</u>	<u>\$19.7</u>	<u>\$23.3</u>	<u>\$7.0</u>
Net Fiscal Impact (\$ millions)	+\$9.1	+\$9.9	+\$12.0	+\$13.7	+\$6.1
Municipal and School District					
Costs	\$8.3	\$10.6	\$14.1	\$17.5	\$3.1
Revenues	<u>\$17.9</u>	<u>\$21.0</u>	<u>\$26.4</u>	<u>\$31.3</u>	<u>\$9.4</u>
Net Fiscal Impact (\$ millions)	+\$9.6	+\$10.4	+\$12.3	+\$13.8	+\$6.3
Net Fiscal Impact as % of Total Property Tax Levy	8.0%	8.3%	9.4%	10.2%	5.6%

- *In short, all the redevelopment scenarios (TOD under the different densities and Existing Zoning) produce a welcome overall local annual fiscal surplus—that is, total local (municipal and school) public revenues far exceed total local (municipal and school) public costs by the amounts indicated above.*
- *Relative to Existing Zoning, the proposed TOD has an incrementally larger overall fiscal impact surplus. In other words, TOD-induced revenues exceed TOD-generated costs by a larger margin relative to the Existing Zoning scenario.*
- *The TOD's fiscal surplus becomes incrementally larger with greater density. In other words, an incrementally superior fiscal surplus is generated with the TOD as the redevelopment density edges upward from small (3-4 story) to medium (4-5 story) to large (6-9 story).*