

Fiscal Impact Statement

Proposed Residential Development
Old State Road and Black Rock Road
Upper Providence Township
Montgomery County, Pennsylvania

Date: October 14, 2024

Prepared for:
Royersford Holdings, LLC
P.O. Box 222
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Prepared by:
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Introduction

Royersford Holdings, LLC is proposing a mixed-product residential development on the former County-owned Parkhouse property located at Old State Road and Black Rock Road in Upper Providence Township, Montgomery County, PA. EH Creative Services LLC was retained to prepare this Fiscal Impact Statement in accordance with the Upper Providence Township zoning ordinance section 300-310.C. Fiscal impacts presented in this analysis were estimated using a methodology developed by the Rutgers University Center for Urban Policy Research, as originally described in The New Practitioner's Guide to Fiscal Analysis¹ and further developed in a later publication by the same authors entitled Development Impact Assessment Handbook².

It is projected that the proposed development will result in beneficial, net-positive annual fiscal impacts to Upper Providence Township, the Spring-Ford Area School District, and Montgomery County, as described in the following table. A detailed summary of fiscal impacts is presented in a table on the last page of this report.

Summary of Annual Fiscal Impacts Parkhouse Property Residential Development

	Annual Revenues	Annual Expenditures	Net Fiscal Impact
Upper Providence Township	\$ 1,153,999	\$ (562,317)	\$ 591,683
Spring-Ford Area School District	\$ 6,750,700	\$ (4,591,799)	\$ 2,158,900
Montgomery County	\$ 700,245	\$ (263,376)	\$ 436,869
TOTAL	\$ 8,604,944	\$ (5,417,492)	\$ 3,187,452

Project Valuation

The proposed development is expected to have a market value of approximately \$444.6 million, which translates to a total assessed value of \$146.25 million. This assessment calculation is based on the current (2024-2025) Montgomery County common-level ratio of 3.04, which estimates assessed value at approximately 32.89% of market value. In contrast, the property's

¹ Burchell, Robert W., David Listokin, et al. *The New Practitioner's Guide to Fiscal Impact Analysis*, New Brunswick, NJ: Rutgers, The State University of New Jersey, 1985.

² Burchell, Robert W., David Listokin, et al. *Development Impact Assessment Handbook*. Washington, D.C.: ULI-the Urban Land Institute, 1994.

current assessed value of \$4,279,140 value yields significantly lower revenue in terms of real estate taxes to the Township, School District, and County.

Revenue Impacts from Taxes and Other Sources

The proposed development, with a total assessed value of \$146,250,000, will generate ongoing real estate tax revenue to the local taxing authorities, with an estimated \$365,625 going to the Township, \$4,755,041 to the School District, and \$700,245 to the County annually. Some residents of the residential units will also pay the Earned Income Tax (EIT) to both the Township and the School District, which is levied at the rate of 0.5% by each taxing authority. For the EIT calculation, it was assumed that 50% of the “active adult” residential units and 100% of the remaining units represent households with residents who are working (i.e., not retired households) and will be paying the EIT. Annual household income for the EIT calculations is based on an affordability analysis where housing costs equal 28% of median income. Under these assumptions, the Township and School District would each receive revenues from the EIT estimated at \$547,839 annually.

In addition to the aforementioned real estate tax and EIT revenues, the proposed development is expected to generate approximately \$240,536 in Township revenues from other sources, as anticipated in the Township General Fund Budget. These sources include the Real Estate Transfer Tax, Local Services Tax (LST), and miscellaneous permits and fees. Similarly, the School District will realize additional revenues totaling over \$1.4 million from miscellaneous sources including transfer taxes, the LST, and intergovernmental sources.

Population Impacts

An estimated 1,240 residents will be living in the proposed development, including 230 public school-aged children spread across grades K through 12. The residential population estimates for total persons are based on demographic multipliers published by the Rutgers University Center for Urban Policy Research. This source uses information from the U.S. Census to derive population multipliers specific to the Commonwealth of Pennsylvania, categorized by household type (i.e., single-family detached, single-family attached, apartments, etc.), and by the number of bedrooms per household.³ The projection of 230 public school-aged children was estimated using the same residential demographic multipliers employed by the Spring-Ford Area

³ Burchell, Robert W., David Listokin, et al. *Residential Demographic Multipliers (Pennsylvania)*. New Brunswick, New Jersey: Center for Urban Policy Research, Edward J. Bloustein School of Planning and Public Policy - Rutgers, the State University of New Jersey (2006).

School District in their enrollment projections, as published in a report by Sundance Associates in 2022⁴. According to that publication, “multipliers for Public School Attendees are a custom analysis of the most recent 4 years of the American Community Survey at a local level including Montgomery County and parts of Berks and Chester County with similar characteristics of the SFASD.”

Cost Analysis

Annual Borough and School District expenditures attributable to the proposed development were projected using the Per Capita Multiplier Method described in the Development Impact Assessment Handbook. In calculating the per capita expenditure value for the Township, the methodology uses information from the current (2024) Township budget and accounts for the fact that costs are divided differently among serving both residential and non-residential portions of the Borough, based on the actual mix of land uses obtained from the Montgomery County Board of Assessment. Overall, it is estimated that the proposed development will result in Township costs totaling approximately \$562,317 annually, which would be more than offset by revenues estimated at \$1,153,999 annually from the tax and non-tax sources described previously.

A similar per capita cost calculation is used for the Spring-Ford Area School District. Based on 2024 enrollment estimates and budget information obtained from the School District, projected annual cost to the School District is estimated at \$4,591,799, which is offset by projected revenues from taxes and other sources totaling \$6,750,700 annually.

The summary table on the next page compares the recurring annual fiscal impacts in 2024 dollars between the existing property condition (vacant, undeveloped land) and the proposed residential development.

⁴ Sundance Associates, *Demographic Study: Public School Enrollments for Spring-Ford Area School District*. (2022).

Summary of Annual Fiscal Impacts
Parkhouse Property Residential Development

	Existing Use	Proposed Use - 585 Residential Units				
		Vacant Land	Single Family Detached	Towns 28' Wide Front Access	Towns 20' Wide Rear Access	Active Adult Carriage Home Villas
Residential Units	0	49	159	230	147	585
Non-Residential Square Feet	0	0	0	0	0	0
Total Market Value	n/a	\$49,000,000	\$123,225,000	\$143,750,000	\$128,625,000	\$444,600,000
Equivalent value per Unit	n/a	\$1,000,000	\$775,000	\$625,000	\$875,000	-
Assessed Value (approx. 32.89% of market value)	\$4,279,140	\$16,118,421	\$40,534,539	\$47,286,184	\$42,310,855	\$146,250,000
Residential Population	0	172	353	511	204	1,240
Total School-Aged Children	0	35	80	115	0	230
Upper Providence Township						
Real Estate Tax Revenue (2.5 mills)	\$ 10,698	\$ 40,296	\$ 101,336	\$ 118,215	\$ 105,777	\$ 365,625
Non-Property Tax Revenue	\$ -	\$ 2,480	\$ 7,779	\$ 11,252	\$ 7,031	\$ 28,542
Earned Income Tax Revenue (0.5%)	\$ -	\$ 73,045	\$ 185,225	\$ 217,986	\$ 71,582	\$ 547,839
Real Estate Transfer Tax (0.5%)	\$ -	\$ 22,727	\$ 57,154	\$ 66,674	\$ 59,658	\$ 206,213
Local Services Tax (\$47 per resident worker)	\$ -	\$ 799	\$ 1,645	\$ 2,397	\$ 940	\$ 5,781
Total Township Revenues	\$ 10,698	\$ 139,347	\$ 353,139	\$ 416,524	\$ 244,989	\$ 1,153,999
Total Township Expenditures	\$ -	\$ (78,001)	\$ (160,083)	\$ (231,566)	\$ (92,667)	\$ (562,317)
Net Township Fiscal Impact	\$ 10,698	\$ 61,347	\$ 193,056	\$ 184,958	\$ 152,322	\$ 591,683
Spring-Ford Area School District						
Real Estate Tax Revenue (32.5131 mills)	\$ 139,128	\$ 524,060	\$ 1,317,904	\$ 1,537,420	\$ 1,375,657	\$ 4,755,041
Non-Property Tax Revenue	\$ -	\$ 6,128	\$ 15,411	\$ 17,978	\$ 16,086	\$ 55,602
Intergovernmental Revenue	\$ -	\$ 182,003	\$ 410,376	\$ 593,626	\$ -	\$ 1,186,005
Earned Income Tax Revenue (0.5%)	\$ -	\$ 73,045	\$ 185,225	\$ 217,986	\$ 71,582	\$ 547,839
Real Estate Transfer Tax (0.5%)	\$ -	\$ 22,727	\$ 57,154	\$ 66,674	\$ 59,658	\$ 206,213
Local Services Tax (\$5 per resident worker)	\$ -	\$ 85	\$ 175	\$ 255	\$ 100	\$ 615
Total School District Revenues	\$ 139,128	\$ 807,963	\$ 1,986,070	\$ 2,433,684	\$ 1,522,984	\$ 6,750,700
Total School District Expenditures	\$ -	\$ (704,652)	\$ (1,588,834)	\$ (2,298,313)	\$ -	\$ (4,591,799)
Net School District Fiscal Impact	\$ 139,128	\$ 103,310	\$ 397,236	\$ 135,370	\$ 1,522,984	\$ 2,158,900
Montgomery County						
Real Estate Tax Revenue (4.788 mills)	\$ 20,489	\$ 77,175	\$ 194,079	\$ 226,406	\$ 202,584	\$ 700,245
Total County Expenditures	\$ -	\$ (36,534)	\$ (74,979)	\$ (108,460)	\$ (43,403)	\$ (263,376)
Net County Fiscal Impact	\$ 20,489	\$ 40,641	\$ 119,100	\$ 117,946	\$ 159,181	\$ 436,869
Total Development-Generated Revenues (Township + School District + County)	\$ 170,315	\$ 1,024,485	\$ 2,533,288	\$ 3,076,614	\$ 1,970,557	\$ 8,604,944
Total Development-Generated Expenditures (Township + School District + County)	\$ -	\$ (819,187)	\$ (1,823,896)	\$ (2,638,340)	\$ (136,071)	\$ (5,417,492)
Total Net Annual Fiscal Impact	\$ 170,315	\$ 205,298	\$ 709,393	\$ 438,274	\$ 1,834,486	\$ 3,187,452

Erik W. Hetzel, AICP/PP, LEED AP

Education

1993: B.A. Geography and Planning,
West Chester University

2000: Master of Regional Planning,
University of Pennsylvania

Professional Certifications

American Institute of Certified Planners

Professional Planner, State of New Jersey

Professional Affiliations

American Planning Association

Pennsylvania Planning Association

Mr. Hetzel provides professional consulting services to public and private sector clients seeking a wide range of land planning expertise. He has a diverse background in geography, land planning, community/fiscal/environmental impact analysis, technical management, project management, and in the application of geospatial technologies to planning and engineering projects. He has been qualified as an expert to testify before numerous municipal zoning, planning, and elected boards and commissions; prepared community fiscal and environmental impact analyses; coordinated the development and adoption of local and multi-municipal comprehensive plans; applied land planning and fiscal analysis expertise to complex tax appeal assessment cases; analyzed and drafted zoning ordinances; and managed the preparation of site designs and site plans. He maintains a high proficiency using Geographic Information Systems (GIS) for mapping projects and land planning analyses.

Mr. Hetzel's professional experience spans more than twenty-five years working at principal and senior-level positions in private-sector and non-profit organizations. In 2014, Mr. Hetzel established EH Creative Services, a professional land planning consulting practice. Previously, he spent eleven years working at Glackin Thomas Panzak Inc., a land planning and landscape architecture firm located in Paoli, PA. Before that, he held a position at Environmental Systems Research Institute (ESRI), where he used his extensive GIS and planning experience leading enterprise GIS solutions for county and local governments. Prior to his tenure at ESRI, Mr. Hetzel spent twelve years at Weston Solutions, Inc. as a Technical Manager, working on projects that ranged from planning and engineering consulting for municipal governments, to complex environmental analyses and assessments on large projects of regional scope.

Mr. Hetzel resides in Paoli, Pennsylvania, and has served on numerous municipal boards and commissions. He is a past member of the East Whiteland Township Planning Commission, where he served as Chairman for three years. In that role, he was the liaison between the Township Environmental Advisory Council and the township's Planning Commission. Mr. Hetzel also served on the West Whiteland Township Planning Commission and spent two years as West Whiteland's delegate to the West Chester Regional Planning Commission. Mr. Hetzel currently serves on the Willistown Township Open Space Review Board.