

# **Memorandum 1**

December 19, 2014

To: Stephen Fournier Town Manager and Diane Hardy Town Planner

Fr: John Connery

Re: Memo #1 Economic Development Committee (Committee)

## **Overview**

The following memorandum is intended to commence the land use and zoning discussions with the Committee relative to CCRC, office and recreation uses at initial Town defined locations. To provide a uniformity of terminology this memo provides descriptive definitions of the terms we are most likely employ. The memo also provides my initial findings / comments relative to the broader land use/ zoning issues and recommends an agenda for our initial working session in January of 2015.

## **1.0 Terminology.**

### **Fiscal Impact**

The term fiscal impact is used along with the term fiscal profile to mean the anticipated fiscal impact of a specific project to future annual municipal operating budgets.

Fiscal impact studies are designed to estimate the long term fiscal profile of a specific proposal and identify the key fiscal characteristics. As such, fiscal studies generate an estimated cost to revenue ratio at project stabilization i.e. the relationship between annual municipal service costs and the annual estimated revenue stream. The cost to revenue estimates are expressed as a ratio of cost to revenue and as annual fiscal benefit or loss expressed in terms of current dollars. After the Committee defines a development prototype it wishes to examine, a fiscal study will be prepared for said prototype. The focus of any fiscal report will be answering the question: will the Proposal generate fiscal benefit or loss over the long term?

All specific municipal cost estimates will illustrate the magnitude of fiscal impact on affected municipal departments. The cost estimates are not intended as budget recommendations for an individual department. This report will recognize that the application of current and future municipal revenues and levels of service is the purview of the local officials and Town Meeting.

## **Continuing Care Retirement Community (CCRC)**

A CCRC is a specific type of retirement community; it is defined by its comprehensive nature i.e. it provides for a variety retirement options/needs on one campus or site such as independent elderly living, assisted living, skilled nursing care, memory care and sometimes hospice care. For the purposes of this study it represents only one type of retirement/ senior community. Our discussions should also include stand-alone senior housing, assisted living, skilled nursing, memory care facilities or combinations thereof. Please note that CCRC facilities usually have higher total unit counts than more independent senior development options given the smaller aggregate size of the individual units, but otherwise they have similar operational characteristics.

It is important to note that in my experience all forms for senior housing options have a positive annual fiscal profile. There are differences in the magnitude of the positive fiscal profile, but they are all positive. Senior housing options will vary in terms of traffic implications depending on the nature of the development and location characteristics, but in all instances they generate the lowest daily traffic volume of any residential option, and considerably less than commercial/ industrial options. It is possible that associated traffic issues may need to be mitigated, even for senior housing development, if existing roadway capacity is problematical.

## **Office Use**

It is important to note that for Newmarket the discussion of office use does not include regional office parks; based on my general analysis and the findings of the market study in 2013, the potential for that type of commercial development is minimal. In discussing office use this report is referencing more locally oriented office development such as found on Kent Place in Newmarket.

## **Recreation use.**

For this report recreation use does not include bowling alleys or health clubs but activities that include the seasonal use of land for recreation and/or camping purposes. A recreation land use is usually defined as having low or modest investment in buildings and related infrastructure.

## **General Comments**

All of the uses noted above, with the possible exception of seasonal outdoor recreation possibly due due to seasonal traffic related issues, generate positive fiscal profiles assuming adequate supporting infrastructure i.e. roads, water and sewer; it is simply a matter of magnitude.

However, while the Committee will have a concern relative to fiscal value of any potential new land uses, none of the land uses noted above has the ability to reduce the local tax rate in and by itself in a significant manner. It is useful to reiterate the findings of the 2013 Newmarket

Economic Development Study that indicated that it would require approximately \$46 million of new commercial valuation to reduce the local tax rate by one dollar. None of the development scenarios to be discussed as part of this effort will approach that value; but each can add a long term positive component to the overall tax base.

Long term fiscal stability and improvement requires constant attention to realistic economic development opportunities and an understanding of associated costs. Further, it is appropriate that the Town should focus on economic development options that promote and retains the Town's character and quality of life; as referenced in the 2013 economic development study. Local economic development policies usually cannot overcome regional location factors, on site access, or background market forces but they can recognize and take advantage of the natural strengths of the community.

## **2.0 Traffic Generation by Use**

A final report will include technical appendices regarding the source of traffic data. For the purposes of our initial discussions the following traffic generation data is applied to the uses under discussion. All data derived from the Institute of Traffic Engineers (ITE) studies.

Independent Senior Housing: 6 trips per day per unit

Assisted living: 2 to 3 trips per day per unit including support staff trips.

Skilled Nursing, Memory Care, Hospice: 0.50 to 1 trip per day per unit including staff trips

Office use:: 6 to 10 trips per day per 1000 sq. ft. depending on office type.

Recreation Use: Seasonal; 6 to 10 trips per day per accommodation depending on site amenities facility and location.

## **3.0 General Assessed Valuation by Land Use Type**

As part of our initial discussion it is important to have a general understanding of the assessed value of various land use types. Obviously, a large development will likely have a higher assessed value than a smaller development, but for this report focus is on the average assessed value per square foot. The objective is to provide the reader with a sense of the comparative value of non single family land uses in Newmarket.

**Industrial Uses:** While not part of the analysis industrial uses are included to provide a comprehensive view of assessed values per sq. ft. in Newmarket. The Forbes Road Industrial Park has assessed valuations ranging from \$41 to \$58 per foot

**Office Space:** Office space for the purpose of this study will focus on smaller locally oriented space / buildings traditionally found in a small Town like Newmarket. For example, the office condominiums on Kent Place have a assessed value per foot range between \$40 to \$65 per foot. Office uses in the Town center have a similar range in value. However, stand alone medical offices can exceed \$100 per foot.

**Recreation Use:** For the purpose of this report it is important to consider what's not a recreation use. For example, the Great Bay Athletic Club with an assessed value of \$50 per sq. ft. is not considered recreation use but rather a service business. For this report, recreation uses are considered uses of land for fishing, camping and related outdoor activities. It is difficult to put an average value to a typical recreation use, but since they are usually seasonal and have small total building area, assessed value per sq. ft. rarely exceeds \$25 per sq. ft.

**Senior Housing including CCRC:** Assigning an assessed value to senior housing can be complicated by the fact that "rent" can include services and meals. This characteristic makes it difficult to apply a traditional stabilized income method to determine assessed value. In many instances where service packages are included, assessment takes the form of replacement value. For the purposes of this report, my review of assisted living and CCRC developments in which I have consulted have construction values between \$80 to \$125 per square foot. Accordingly, for our initial discussions I will assume an average value of \$100 per sq. ft.

### **Comments.**

Of the uses to be considered, the senior housing/ CCRC uses obviously have the highest value per sq. ft. and similar to the office and recreation uses they have no impact on school budgets

## 4.0 Study Areas Sites and General Characteristics

Wilson (20.93 acres) and Hamm (8.4 acres) Properties.

- Total 29.33 acres (29 Acres).
- Location: at southern entrance to the Town on the east side of railroad right of way, essentially a secluded location.
- Surrounding land use: Low density single family development on lots of 2 acres or more
- Access: New Road. A paved rural residential roadway with poor pedestrian site lines and “sidewalk” area. Southern access to New Road considerably constricted by a small one lane bridge with a 6 ton load capacity. Northern access is signal controlled at Main St (Rt.108) that also includes an at grade railroad crossing within the intersection box.
- Utility Service: Town Water and Sewer not available for the large majority of the parcels / frontages.
- Zoning Designation: Business 1. A typical small town general business district; the same zoning designation is applied along the North Main Street business corridor (RT.108).
- Ownership: Public

Rt 152 Gravel Pit Area

- Size: 100 plus acres depending on definition of the area under consideration
- Location: West central part of Town along Rt 152 and Ash Swamp Road
- Surrounding land use: Low density single family development on lots of 2 acres or more .
- Access: Rt 152 is a state designated rural roadway that is well paved and marked; has good site lines in the vicinity of the gravel pits.
- Utility Service: Sewer service about a mile away. Town water service about half mile away.
- Zoning Designation: M 3 a limited business designation. The site is also in the water resource area, an area critical to the Town’s water supply. M-3 is unique zoning district that has little or no relationship to surrounding land uses.
- Ownership: Private.

**Rt 108 North Main Street**

- Size: Essentially North Main Street after the Library and Bridge.

- Location: Northern portion of Main Street leading to Durham along Rt. 108. Surrounding land use: a mix of single pad retail, automotive and local business uses along with older single family housing with the exception of one older multi-family development.
- Access: Rt. 108 is a state designated highway, that is well paved and marked; with generally good site lines.
- Utility Service: Town water and sewer service to approximately the Aubuchon hardware site, i.e., majority of subject area has water and sewer services.
- Zoning Designation: primarily B-1 zoning designation, a general business district permitting various retail and office uses.
- Ownership: Private

### **5.0 Initial Comments, Findings**

- Of the land use types, senior housing clearly has the highest assessed value per sq. ft and has no education cost impacts.
- The public parcels (Wilson and Hamm) have access issues that clearly put limitations on use and intensity of use. The current B-1 zoning is incompatible with surrounding uses and general conditions.
- The Rt 152 site/area has good access but redevelopment needs to be at scale/ value to support sewer/water expansion. Further, the current M-3 zoning is inappropriate and a hindrance to any form of site redevelopment in the future.

## Potential Agenda Items

### 1. Zoning

As requested, I reviewed the Newmarket Zoning Bylaw and find it to be a well organized ordinance and that overall is not restrictive relative to business or residential development either in terms of use allowances or dimensional regulations. However, I do find that the M-3 zoning district to be essentially obsolete and therefore restrictive.

### 2 Rt. 108 North Main St

Development on North Main Street (Rt.108) not hindered by the B-1 zoning designation, but rather by traditional factors of parcel assembly and regional market forces.

Water and sewer services are currently available and an upgrade of water service is planned for 2015.

Rt 108 is a viable development area for a variety of uses including CCRC and related uses.

### 3. Wilson and Hamm Property-New Road

Difficult and restrictive roadway access remains the continuing constraint on development intensity. The fact that the site is publically owned provides for some development incentive options.

For the large majority of New Road frontages water and sewer services are not available. Further, the nitrogen loading issue into Great Bay should be seen as another long term development constraint.

The B-1 zoning district in the rear of the R-1 district that fronts on New Road is a problematical location for a general business district that has no direct access to a public right of way. Access via Forbes Rd. is not fiscally feasible.

### 4. Rt. 152 Site

Good roadway access and site lines.

Large parcel size provides for opportunities for a variety of development options.

Meaningful development requires extension of sewer service (about 1 mile away) and extension of water service.

Site location within water resource overlay district will require specific site plan and site design criteria to insure safe development guidelines.

The site can accommodate a moderately intensive CCRC / senior housing development.

The site can also accommodate a community node development program that includes CCRC / senior housing along with locally scaled retail/ office development, i.e, a CCRC oriented mixed use district that can be built-out over a period of time.