

O'TOOLE SCRIVO

ATTORNEYS AT LAW

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April 13, 2021

VIA ELECTRONIC AND OVERNIGHT MAIL

Ms. Brittany Heun
Deputy Clerk
Borough of Caldwell
1 Provost Square
Caldwell, New Jersey 07006
bheun@caldwell-nj.com

**Re: Redevelopment Plan
 S&S Caldwell Village, LLC
 Block 41, Lot 2, 3, 3.01 & 4 (the "Properties")**

Dear Ms. Heun:

This firm represents S&S Caldwell Village, LLC, which was designated redeveloper of the Properties by Resolution dated March 9, 2021. Pursuant to Section 7.5(B)(22), -(23) of the Redevelopment Plan adopted December 15, 2020, enclosed please find the following:

- Fiscal Impact Statement prepared by Jeffrey D. Stiles, AICP/PP, dated April 12, 2021; and
- Correspondence from Patrick D. McClellan, P.E., dated April 13, 2021, listing outside agency approvals.

Please feel free to communicate with me or my colleague, Lawrence S. Cutalo, Esq. regarding this matter. Thank you.

Very truly yours,



Thomas P. Scrivo

Encl.
cc: S&S Caldwell Village, LLC



MCB ENGINEERING ASSOCIATES, L.L.C.

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April 13, 2021

**The Honorable Mayor and Council
Of The Borough of Caldwell
Borough of Caldwell Municipal Building
1 Provost Square
Caldwell, New Jersey 07006**

**Re: Caldwell Village
4, 12, 14 and 18 Lane Avenue
Block 41, Lots 2, 3.01, 3 and 4
Borough of Caldwell, Essex County
MCBEA FILE NUMBER 4226**

Dear Honorable Mayor Kelley and the Borough Council,

On behalf of our Client regarding the above referenced development project, this letter is intended to supplement the most recent submission of documents by providing a list of the anticipated approvals needed for the Caldwell Village development project.

Agency	Comments
• Borough of Caldwell Planning Board	
• Borough Police Department	Borough Police Department comments will be addressed through compliance with the resolution.
• Borough Fire Department	Borough Fire Department comments will be addressed through compliance with the resolution.
• Borough Health Department	Borough Health Department comments will be addressed through compliance with the resolution.
• Borough Water Department	Water Department approval will be sought during the NJDEP application to the Bureau of Safe Drinking Water.
• Borough Sewer Department	Sewer Department approval will be sought during the NJDEP application for Treatment Works Approval.
• Essex County Planning Department	
• Hudson Essex Passaic Soil Conservation District	
• NJDEP – Treatment Works Approval	
• NJDEP – Bureau of Safe Drinking Water	

Thank you for your continued time and assistance in this matter.

Very truly yours,
MCB ENGINEERING ASSOCIATES, LLC

Patrick D. McClellan, P.E.
For the firm

**The Caldwell Village
Fiscal Impact Statement**

Block 41, Lots 2, 3.01, 3 and 4

Borough of Caldwell

Essex County, New Jersey

Prepared for:

S&S Caldwell Village, LLC

57 East Centre Street

Building 3, Unit 1

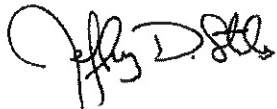
Nutley, New Jersey

Prepared by;

Jeffrey D Stiles, AICP/PP

Headquarters Plaza

Morristown, New Jersey



Date: April 12, 2021

NJ Professional Planners License Number 4004

INTRODUCTION

This Fiscal Impact Statement has been prepared in connection with an application for redevelopment of certain properties located on Lane Avenue in accordance with Borough of Caldwell ("Borough") Redevelopment Plan dated December 2020. The specific properties subject of this evaluation are commonly known as Block 41, Lots 2, 3.01, 3 and 4, on the Borough's tax maps. The street addresses of the subject properties are 4, 12, 14, and 18 Lane Avenue.

The proposed development of the properties includes retaining the existing building on lot 2 which currently houses 12 residential units, interior modifications to the existing building on lot 3.01 to accommodate 4 residential units, to raze the existing residential buildings on lots 3 and 4, and construct a new residential building comprising 98 residential units. The overall change in the number of units would be an increase of 96 residences for this proposed redevelopment in accordance with the Redevelopment Plan adopted by the Borough as previously noted.

All new development brings with it increased demands on local governmental services including the receiving school system. Redevelopment also generates new revenues to be realized by the County, the municipality, and the school district through additional taxes and fees. This Fiscal Impact Statement has been prepared to provide the Borough with an analysis of these increased expenditures and revenues to inform the question of whether the proposed redevelopment would have a significant impact upon the Borough's budget.

SUMMARY

Based on the analysis set forth herein, it is projected the proposed development will generate upwards of \$633,021 in new tax revenue for the Borough and the receiving school district while costing an additional \$480,158 for services in current 2020 dollars. It should be noted that this analysis looked at only real estate taxes as the sole source of revenue and did not include user fees and or one-time payments.

SCOPE AND METHODOLOGY

Fiscal impacts arising from a land development plan can be broadly categorized as one of two types: one-time impacts or recurring impacts. Each of these broad types may, in turn, be divided into a revenue component and cost component. This evaluation assumes that one-time revenues would directly offset one-time costs; thus, this Fiscal Impact Statement will focus on ongoing, or reoccurring, fiscal impacts of the project on the Borough and the School Districts budgets. The fiscal impacts projected for this Fiscal Impact Statement are based generally on a combination of the *Per Capita Multiplier Method*. This method is a widely accepted method for projecting the costs and revenues associated with new development. The methodology is taken from a practitioner's guide known as *The Fiscal Impact Handbook, Estimating Local Costs and Revenues of Land Development* prepared by the Center for Urban Policy Research.

For the purposes of this Fiscal Impact Statement, we have chosen to employ a simplified application method of the *Per Capita Multiplier Method* understanding the incremental increase in resident population and school age children attributable to this development is relatively small. If, for example, a development proposal was presented that had the potential of increasing both resident population and school age children by upwards of 10% a more detailed specific marginal cost analysis would be warranted.

This analysis will focus on the costs to be borne by the Borough resulting from an increase in resident population and to the school district because of additional school-age children being generated by the new

development. The revenues from property taxes will be estimated using current tax rates as they are a primary source of revenue for the Borough's General Fund as well as for the school district.

PROJECTED RESIDENT POPULATION

To evaluate the potential impact upon the Borough it is necessary to first project the anticipated resident population that will result from the development of the additional 98 apartment units proposed in accordance with the adopted Redevelopment Plan. To perform these projections, we have used a series of household size multipliers developed and published within the handbook developed by the Center for Urban Policy Research. These multipliers were developed through extensive research and have been widely accepted as the most reliable source of projecting total household size. They are represented by housing type as well as geographic location and are periodically updated through new research and analytics. Table 1 below presents the projected total household size for the proposed development subject of this Fiscal Impact Statement:

Table 1: Total Household Size

Unit Type	Number of Units	Multiplier	Total Population
1 - Bedroom	64	1.719	110
2 - Bedroom	31	2.576	80
3 - Bedroom	3	4.129 *	13
			203

Based upon number and breakdown of unit types, it is projected that this development plan will add 203 residents to the Borough when completely occupied. The multipliers utilized above are for apartment rental units apart from the 3-bedroom multiplier* which represents a townhouse style unit as a 3-bedroom apartment style unit multiplier was not available. It is noted that all the townhome multipliers are higher than apartment uses and therefore represents a conservative figure. All population numbers were rounded upward to represent a conservative approach.

The increase of 203 residents represents approximately a 2.6% increase over the 2019 U.S. Census Bureau estimate of the total resident population of 7,941 for the Borough.

PROJECTED NUMBER OF SCHOOL AGE CHILDREN

To evaluate fiscal implications on the local school district, it is first necessary to project the number of school age children that will reside within the development as we did above for total household size. In a similar fashion, the school-age children's multiplier was utilized along with the unit mix to determine the total number of projected school-age children. Table 2 below depicts the calculations and results:

Table 2: Total School Age Children

Unit Type	Number of Units	Multiplier	Total School Age Children
1 - Bedroom	64	0.036	3
2 - Bedroom	31	0.232	8
3 - Bedroom	3	1.371	5
			16

Based on the table above it is projected that an additional 16 school age children will be generated by the proposed development when fully occupied. This represents an increase of 0.7% over the reported student population of 2,624 for the Caldwell-West Caldwell School District.

PROJECTED COSTS

Based on the per capita multipliers and population and school age children presented in tables 1 and 2 above the costs of the development proposal to the Borough and the school district can be estimated. To understand the costs associated with the increase in population and school age children, it is necessary to determine current expenditures on a per resident and per pupil. For this analysis, the following per resident and per pupil costs were obtained from the Borough and the school district.

To derive a per capita cost, it is necessary to obtain budget information from the municipality as well as to determine the resident population. Utilizing the 2020 Borough of Caldwell budget, it was determined that the adopted budget included a total appropriation of \$12,966,614.76. In order to accurately reflect the portion of the municipal budget that is attributable to residential land uses, it is necessary to break down the total equalized value of all properties in the Borough between residential and nonresidential. Once that break down is developed, the actual share of the general fund that is attributed to residential uses can be derived, which in this instance is \$8,845,824. Using the U.S. Census Bureau's 2019 population estimate of 7,941 total Borough residents, this equates to a cost of \$1,114 per resident rounded to the nearest dollar as shown in Table 4 below.

To develop projected costs related to school-age children, per pupil costs were obtained from the Caldwell – West Caldwell School District. The reported costs are depicted in the table below:

Table 3: 2020 Per Pupil Cost

Grades K-5	Grades 6-8	Grades 9-12	Average
\$15,049	\$15,545	\$17,034	\$15,876

Projecting the age of the school-age children residing in a proposed new development is difficult and, as such, we have chosen to use an average of the per pupil cost for this analysis.

Based upon the information presented above, we have projected the likely costs associated with the new development being proposed as outlined in the Introduction. Table 4 depicts those projected costs.

Table 4: Project Development Induced Costs

Cost Category	2019 Municipal Population	Projected Additional Population	Average Cost Per Capita	Total Additional Municipal Costs	2020 Total Pupils	Projected Additional Pupils	Average Per Pupil Cost	Total Additional School District Costs
Municipal	7941	203	\$1114	\$226,142				
School District					2624	16	\$15,876	\$ 254,016

PROJECTED REVENUES

Real estate taxes are the largest source of revenue to the Borough and the school district. In order to determine the amount of revenue a proposed development generates to the municipality and the school district, an assessed value of the proposed development needs to be fixed. The market value of the proposed 98 apartment unit development is estimated to be \$32,950,000, which equals an assessed value of \$28,047,040. Table 5 below projects the revenue to be derived to the Borough and school district utilizing the 2020 municipal tax rate.

Table 5: Revenue Generated

Tax	Tax Rate*	Assessed Value	Tax to be Generated
Municipal	0.804	\$28,047,040	\$225,498
School District	1.453	\$28,047,040	\$407,523
Total			\$633,021

CONCLUSION

Based on the foregoing, it is projected that the proposed development will generate approximately \$633,021 in new tax revenue for the Borough and the receiving school district while costing an additional \$480,158 for services in current 2020 dollars.