

## Draft Report Outline: EDC to Select Board March XX, 2022

The Economic Development Committee (EDC) was constituted in 2020 to provide information and recommendations to the Select Board regarding opportunities for economic development in Lancaster. ~~We offer this first report on our activities.~~

### Background

According to the Mission Statement, the EDC would work with the Town of Lancaster's Planning Director, business, and real estate development communities to promote responsible business and residential development in Lancaster.

One of the designated tasks is to analyze barriers to economic development and support the creation of bylaws, policies, regulations, and zoning to address those barriers, foster economic growth, and strengthen the local economy consistent with the goals of Lancaster's Master Plan.

Until recently, the committee's efforts have focused primarily on the proposed Capital Group development of the parcel behind McGovern Boulevard in North Lancaster. When originally submitted to the Planning Board in 2019, a major element of the project included a large auto auction and storage facility. EDC held open meetings involving the developer. There were a host of environmental concerns and eventually, this element of the project was ruled out.

- The next iteration of the project called for several large warehouses, the largest being approximately 1.2 million square feet, two or three smaller warehouses, assorted commercial and retail facilities, and a 40B housing development that would include approximately 600 residential units. We held several additional open meetings discussing the proposed zoning implications and received many resident comments about the project, including many from the areas that would be most heavily impacted by the development. The majority of these were opposed to the Capital Group project. Following were the most frequently cited concerns:
- Increased traffic – there were many concerns from residents about the accuracy of the traffic impact study and the following peer review. Many believed that the estimates were too low. Especially when considered alongside several other storage and distribution centers planned for Lancaster and the immediate vicinity, it appears that a regional traffic impact study is an absolute necessity.
- Environmental concerns – including noise, light pollution, increased air pollution (especially diesel truck emissions), impact on the ACEC and critical wildlife habitat
- Economic – some expressed the opinion that this development would decrease the value of their homes. The economic analysis done for the town by RKG was unable to comment on this.

**Property Taxes and Service Costs** – Estimated property taxes for the Project’s proposed buildings, prior to any costs or other adjustments, total \$2,875,446.<sup>2</sup> Approximately 71% of those taxes are derived from the industrial component, another 8% from the retail component and the remaining 21% from the residential component.

- Once adjusted for an estimated \$169,169 in Town service costs (not including education), the resulting property tax revenue is \$2,706,277. Approximately 80% of this adjusted tax revenue comes from the non-residential components.
- On the positive side, the development projects tax revenues for the town amounting to two to three million dollars per year. (see figure 2)

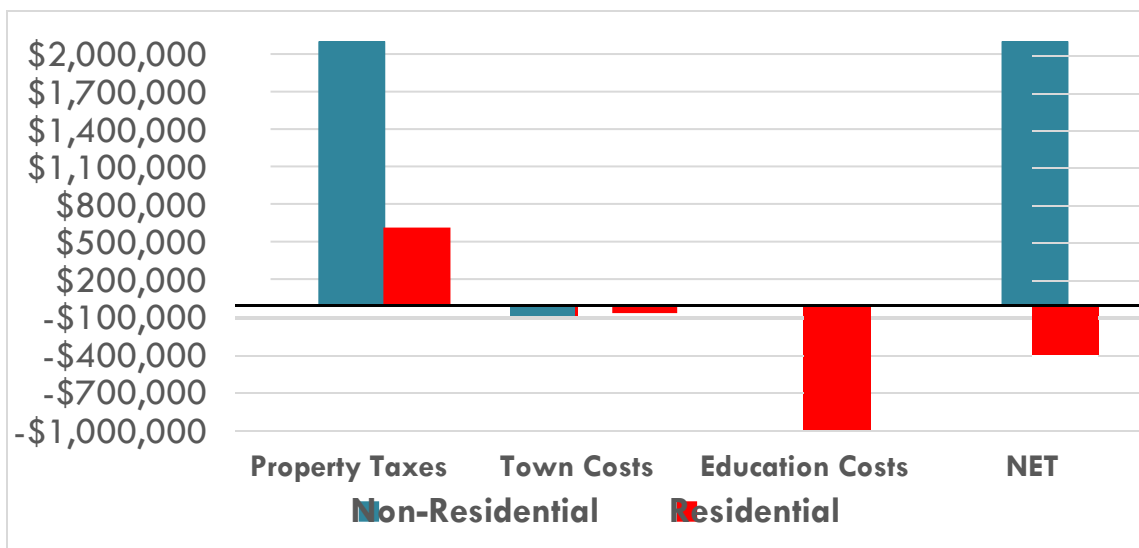
**Table 1 – Proposed Project - Baseline Metrics “as is”**

Proposed Project	Acres	Built SF	FY 2021 Value	Per Acre / SF	FY 2021 Taxes (1)
390 - Vacant land (accessory)	366.95		\$ 2,752,100	\$ 7,500	\$ 54,987
132 - Vacant land (undevelopable)	12.00		\$ 12,000	\$ 1,000	\$ 240
Development		3,010	\$ 215,300	\$ 71.53	\$ 4,302
<b>TOTAL</b>	<b>378.95</b>	<b>3,010</b>	<b>\$ 2,979,400</b>		<b>\$ 59,528</b>

Source : Lancaster, MA Assessor and RKG (2021)

(1) FY 2021 tax rate of \$19.98 per \$1,000

**Figure 2 – Reconciliation of Fiscal Impacts by Use – Phase 1 of Proposed Project**



Source: RKG (2021)

**Table 3 – Estimate of Valuation and Gross Property Tax – the Proposed Project**

Proposed Project (Phase 1)	SF	Units	Costs per SF	Estimated Valuation	FY 2021 Taxes (1)
Distribution/Logistics Warehouse	1,194,779		\$ 85	\$ 101,556,215	\$ 2,029,093
Retail Commercial	101,000		\$ 120	\$ 12,120,000	\$ 242,158
Rental Residential	216,000	150	\$ 140	\$ 30,240,000	\$ 604,195
<b>TOTAL</b>	<b>1,511,779</b>	<b>150</b>	<b>n/a</b>	<b>\$ 143,916,215</b>	<b>\$ 2,875,446</b>

Source :Capital Group Properties LLC, Lancaster, MA Assessor and RKG (2021)

(1) FY 2021 tax rate of \$19.98 per \$1,000

(2) Property Taxes and Service Costs – Estimated property taxes for the Project’s proposed buildings, prior to any costs or other adjustments, total \$2,875,446. 2 Approximately 71% of those taxes are derived from the industrial component, another 8% from the retail component and the remaining 21% from the residential component. (RKG final report, 10/21)

**Affordable Housing: 40B vs 40R**

Massachusetts has an affordable housing regulation which requires every town to provide a percentage of affordable housing. If the town’s affordable housing falls below a “safe harbor” threshold (10% of the housing stock), the town can be forced to accept development plans designed to increase that housing stock. This can be extremely disruptive to a town, and planned affordable housing is a far better idea. However, Lancaster will drop well below the safe harbor threshold this summer unless we come up with plan

The EDC held several meetings in conjunction with the Lancaster Affordable Housing Trust. Instead of a large 40B housing development, they recommended a shift to a 40R status, which would have a more advantageous effect on Lancaster’s housing status. The 40R plan would institute a plan for 150 rental units (both marker price and affordable housing) that would move the town to a “safe harbor” situation viv-s-vis 40B. It also carries financial incentives offered by the state for these programs. For a program creating 150 housing units, the incentives would look like this:

- Xzxzx
- xzxzx
- xzxzx

In addition, there are additional economic advantages. A 40R designation requires that at least 51% of the square footage in the zoned area must be residential, allowing 49% to be commercial and retail. It is expected that the development of retail shops, restaurants and commercial activity would bring additional revenue to the town.

**The EDC has established the following list of projects with a potential for economic impacts for Lancaster:**

1. N Lancaster, Capital Group Status Monitor: Phil E. upcoming Capital group Presentations January 12 and February 9 at 6PM web site: <https://thelandinglancaster.com/>
2. GFI (696 Fort Pond Rd., Chisholm Property) Status Monitor Phil E. FIA Fiscal Impact study (RKG) Authorized by GFI
3. Atlantic Union College sale Status Monitor: Lenay Yorke
4. Lunenburg, 1263 Reservoir Rd. (Traffic Impact) Status Monitor: Rebecca Y. Jones
5. One North Central (26 Town regional study Plan for development, Plan is on the EDC Web page) Status Monitor: George Frantz
6. Possible Regional Traffic study (Funding and study plan) Status Monitor: Phil Eugene
7. DCAM Status Monitor: Joe D'Eramo
8. Unified Packaging (Old Rockport) building Status Monitor: ??
9. Shirley Rd "Thrive" Pot store Status Monitor: ??
10. Old Boy Scout building to a "Jeep Dealer Ship" Status Monitor: ??
11. Powell sand and gravel, Keating trucking traffic Status Monitor: ?? [Type here]  
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12. Kalon Farms Status Monitor: ??
13. Proposed 40B on sterling Rd. "Goodrich" project Status Monitor: ??
14. Maharishi Health Center (George Hill Rd) Status Monitor: Sold, private sale, not currently intended to become a commercial property.

We will begin accumulating information on these projects and will provide updates to the Select Board periodically (probably quarterly).

In addition, a local resident offered some suggestions, including working proactively to encourage businesses to consider operating in Lancaster. (We will discuss this at our next meeting.)

**Real Estate Taxes**

Rezoning the property would transform an open sand & gravel pit into a mixed use development that will generate far more real estate tax revenue for the Town.

- New real estate tax revenue estimated to exceed \$2.5 million per year (at full buildout), all of which goes straight to Lancaster's approximately \$20 million Town budget
- Plus a one-time approximately \$650,000 payment to the Town from the State under 40R & possibly school stabilization funding provided under 40R & 40S.
- Lancaster is facing a fiscal crisis, with critical municipal services expected to be cut without new sources of income