

To: The Planning Board  
From: Diane Chen, 12 Oyster River Rd., Durham  
Date: April 8, 2020  
Re: Fiscal Impact Analysis for Mill Plaza Redevelopment

Before moving to Durham, I worked for 10 years in the commercial real estate business. Writing and assessing Fiscal Impact statements was a part of my job. I have just read the Fiscal Impact Analysis submitted by Colonial Durham Associates (CDA) in connection with its proposed redevelopment of the Mill Plaza. I am shocked by the low quality of this report. It is sloppily written (including many typos and misspellings of names), has key omissions, and glosses over data that would be unfavorable to CDA.

I am sure that Frougere Planning & Development was trying to follow directive to provide the “best possible” analysis for its client’s objectives. Nevertheless, the shallow report, as provided, falls short of minimal professional standards. If I prepared a report such as this, I would have been severely reprimanded.

I will outline just a few of the problems with the report further below. But I am unable to fill in all the omitted information, which requires high-quality third-party research and analysis. Therefore, **I urge the Planning Board to acquire an independent Fiscal Analysis to better assess the overall impact that the proposed redevelopment would have on Durham and to protect the citizens of our town.**

- The word NET fiscal impact is used repeatedly, without it being a Net fiscal impact at all. CDA currently pays \$224,000 and that needs to be deducted from the net figure. Rather than the stated “net fiscal impact” of \$916,822, the net number (even when accepting the report’s questionable low assessment of “municipal costs”) is only \$692,403. Easily corrected, but misleading and sloppy.
- The “net” fiscal impact of a major redevelopment needs to take into account the impact on adjacent and town-wide property values. Otherwise, *every* proposed project would yield a seemingly positive fiscal impact. In an extreme example, building a racing track next to a family neighborhood would show extremely positive fiscal impact unless one considered the negative impact on adjacent property values.
- Student housing is not equivalent to a racing track. But adjacency to student housing tends to depress nearby family home property values. One of the key selling points for houses in the Faculty Neighborhood (and also Cowell Drive area) has been the ability to walk to a shopping plaza that is free from student housing, that has long been expected to be enhanced as an even more vibrant Town center serving primarily permanent town residents, and that serves as a buffer protecting the Faculty Neighborhood from the nighttime and weekend noise on campus and Main Street. CDA has previously granted that there could be some decline in adjacent property values, arguing that they would nevertheless pass Conditional Use criteria by there not being “significant” property-value declines. Yet, even a small decline in the value of each of the hundreds of neighboring downtown homes could add up to a negative fiscal impact of much more than the promised increase in \$692,000 in Town revenue. Those broader property-value calculations must be part of a Fiscal Impact Analysis. (The negative lifestyle declines also need to be assessed, certainly as part of Conditional Use review.)
- A project that will add student housing to Durham needs obviously to assess the fiscal impact on other student housing in Durham. Existing student housing in Durham is already dealing with vacancies and declining rents and is advertising to non-students. Even if CDA is able to rent its apartments because of its proximity to the UNH campus, the likely decreased tax revenue from other student housing units in town needs to be included in a Fiscal Impact Analysis.
- The provided data on UNH Enrollment and Applications and enrollments is suspicious in terms of what is presented and what is omitted. For example, the presented 2009-2019 chart shows Applications have increased, yet both Undergraduate and Graduate levels seemed to remain constant. But what is omitted is the real key. Everyone I know affiliated with universities in the Northeast is talking about the coming “enrollment cliff” in 2025. (Googling that exact phrase in quotes right now, I see 1,680 hits in less than a

second. And I've seen articles about this in many credible publications.) Moreover, neighbors who work at UNH describe how UNH has already been impacted significantly and is likely to be hit worse than other Northeast schools for a variety of reasons. As reported in local papers in January 2020, UNH spent \$600,000 recently to figure how to address the coming crisis through layoffs and reorganization. It is essential that the Planning Board get accurate data on what is already happening at UNH and, especially, about what is expected in terms of sharply declining enrollments within a short time after the proposed project would be completed.

- Contrary to the statement about no ORCSD costs, if indeed CDA succeeds in attracting graduate students to the Plaza housing, at least some of those residents will have school-age children that will add to the Town's school costs. (Indeed, one reason for UNH tearing down graduate-student housing on campus was that UNH did not want to keep paying Durham compensatory school tuition.)
- Digging a bit deeper in the weeds of the provided report: On Figure One – Population Growth -- should not the pink bar figure read 2010-2018 (rather than 2000-2018)? In Figure Three – Median Rent Levels – there is a sharp decline from 2016-2018, yet I don't see that this factors into anywhere in this report. In Figure Four – Area Vacancy Rates -- the figure, although still low, is beginning to increase, yet there is no analysis of how will this affect the project.
- The report fudges on its more fundamental omissions by including lots of Durham data that has little to do with the main fiscal analysis conclusion of the report.

Additionally, the report renames our Town Assessor Jim Rice, as Mr. White. Deputy Police Chief Rene Kelley has his name misspelled. And on p. 8, the report indicates that experience “bows well” for the prospects of the project. This may be a new phrase I am unfamiliar with. But, overall, if this is what qualifies as a good Fiscal Analysis, then something is wrong. A separate analysis should be undertaken that incorporates my points above and the added issues that will no doubt be raised by members of the Planning Board and other residents.