

April 10, 2020

Planning Board  
8 Newmarket Road  
Durham, NH 03824

RE: *Continued Public Hearing - **Mill Plaza Redevelopment**. 7 Mill Road. Continued review of formal application for: 1) Site plan and 2) Conditional Use for mixed use redevelopment project and activity within the wetland and shoreland overlay districts. A revised general layout has been submitted for review. Colonial Durham Associates, property owner. Sean McCauley, agent. Joe Persechino, Tighe & Bond, engineer. Ari Pollack, attorney. (Rick Taintor is serving as the Town's Contract Planner.) Central Business District. Map 5, Lot 1-1.*

Greetings,

This letter addresses the **fiscal impact analysis**, dated April 2, 2020, provided by Fougere Planning on behalf of Colonial Durham Associates.

I imagine that many of you have researched, or will be researching, Fougere Planning. As other residents may point out, the Fougere report lacks professionalism, including errors readily noticeable by community readers. Frankly, I would have guessed that would be the case based solely on what I found through a quick Google search.

Those of you who were on the Planning Board for any of the previous student housing development applications—for example, the Cottages of Durham/Capstone, or Madbury Commons, or the Lodges/Peak—may be surprised at the choice of analyst, and the report.

What troubles me is both the lack of a professional Fougere website and the company's apparent lack of expertise in real estate. This gave me pause even before seeing the report.

(As you will find, a web search does not readily identify a Fougere website. This Buzzfile website <<http://www.buzzfile.com/business/Fougere-Planning.And.Development-603-315-1288>> provides a link to the website for Fougere CPA. I would hope you would share my concern about what you find there: <<http://fougerecpa.com>> What are the firm's credentials? What is its client list? Other mentions I found also do not instill confidence.)

Below is a list of Durham student housing projects approved over the past decade that required fiscal impact analyses and the consultants that provided them. I recommend that Board members at least quickly review these previous analyses and compare them with what is provided for the Mill Plaza application. Presumably Karen Edwards could provide the analyses that are no longer posted online.

- 1) Cottages of Durham/Capstone Development—Applied Economic Research (AER), Laconia, NH, January 2011
  - AER website <<http://aernh.com>>, with a long list of clients at <<http://aernh.com/clients.htm>>
  - Cottages analysis is not currently posted online; it consists of three large files.

- 2) Lodges/Peak Campus Development—Applied Economic Research (AER), Laconia, NH, August 2012
  - AER website <<http://aernh.com>>
  - Lodges analysis is not currently posted online; please see attached, or ask Karen Edwards to provide a copy
- 3) Madbury Commons/Golden Goose—Cambridge Economic Research, February 12, 2014
  - CER website at <<https://www.cambridgeecon.com>>
  - Commons analysis is posted online at <[https://www.ci.durham.nh.us/sites/default/files/fileattachments/planning\\_board/page/17721/fiscal\\_impact\\_report\\_final\\_draft-pdf.pdf](https://www.ci.durham.nh.us/sites/default/files/fileattachments/planning_board/page/17721/fiscal_impact_report_final_draft-pdf.pdf)>

*NOTE: The Orion student housing project was not subject to a Conditional Use permit; thus, no fiscal impact analysis was required.*

I also seem to recall that in the case of Madbury Commons the Planning Board requested that Golden Goose—new to developing, let alone managing, student housing, as is Colonial Durham Associates—a second, more thorough fiscal impact analysis. So there is precedent for doing the same here. (Board members may remember this situation more accurately.)

Questions and observations:

- 1) The Oyster River Cooperative School District funding formula is based on two components. One of those is assessed property values. Certainly even without school children attending the ORCSD schools, there will be some cost to Durham as the school funding formula kicks in. (Did I miss this point in the analysis?)
- 2) Adjacent property values, particularly for residential properties, are not addressed (or perhaps I missed it). Why not?
- 3) This project would house a large number of students immediately adjacent to a single-family neighborhood—the only such situation in Durham, as well as immediately adjacent to downtown bars. We cannot know what the impact will be on non-emergency police calls. It is difficult to believe it will be as minimal as assumed. (Will property management extend to outdoor behavior on the full expanse of the site, for example? We have already heard public concerns about likely increased levels of noise due to the change of use to include residents, likely UNH students.)
- 4) Will the Town need to hire an additional Problem Oriented Policing officer? (What is the “tipping point”? If previous student housing projects set an example, it may take a couple of years for “things to settle down.”)
- 5) Contrary to an assumption made in the report, surely car registrations will not increase. The revenue associated with that assumption is not identified and may be minor, but the assumption reveals a lack of understanding of the project. (Doesn’t CDA claim that the residential housing is to be marketed to those who do not want or need cars and onsite parking?)

While the Conditional Use Permit approval criteria require that a fiscal impact analysis be provided to the Planning Board, it is worth noting the following excerpts from “Prospects and Perils of Fiscal Impact Analysis” (source, below):

Results and conclusions: Our survey and interview results show that planners deem FIA an important tool. Our sensitivity analysis allowing plausible variation in a key parameter shows that standard, off-the-shelf FIA can produce relatively large errors and even incorrectly predict whether to expect a fiscal surplus or deficit.

Takeaway for practice: Planners are increasingly expected to project the likely fiscal impacts of various kinds of development. We show that current off-the-shelf FIA models and workbooks do not produce reliable results. Given this, planners and researchers should acknowledge the limitations of FIA, and conduct FIA in ways that reflect the uncertainty involved. Researchers should develop a better theoretical and empirical underpinning for this important planning analysis tool.”

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Some may be surprised to learn that the accuracy with which FIA predicts future municipal costs and revenues associated with new development has not been established in the literature. Although FIA is often used to predict fiscal impacts associated with new development, there is no research on how close these predictions are to the actual outcomes. We do not evaluate all sources of potential inaccuracy in FIA, but we do illustrate the potential error associated with the determination and application of spending and revenue multipliers. Although these multipliers appear precise, they are based on assumptions that have not been verified in the literature.

(“Prospects and Perils of Fiscal Impact Analysis,” by Mary M Edwards, Jack R Huddleston. American Planning Association. *Journal of the American Planning Association*. Chicago: Winter 2010. Vol. 76, Iss. 1; pg. 25)

Surely evaluating the financial impact on Durham of this prominent and complex project requires greater rigor, including addressing uncertainties inherent in the changing economic landscape, the future of university enrollment, and impacts on adjacent residential properties. The project could well have a positive financial impact, but we need an analysis in which the community can have a better degree of confidence.

Sincerely yours,

Robin Mower