

**FISCAL AND ECONOMIC IMPACT
ANALYSIS:
NORWALK REDEVELOPMENT PROJECTS**

**Prepared For:
The Norwalk Redevelopment Agency**

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AGENDA



- Introduction
- Fiscal Impact Analysis
Conclusions
- Economic Impact Analysis
Conclusions
- Overall Conclusions

STUDY PURPOSE



- Quantify the fiscal and economic impacts on the City of Norwalk from recent Redevelopment Projects.
- Impacts were analyzed from 2005 to 2014.
- Only *direct/induced* fiscal and economic impacts were calculated; no multiplier-effects were calculated as part of the Study.

Has the City benefited from redevelopment initiatives?

DEFINITIONS

Fiscal Impact Analysis:

- Compares the City's costs of providing services to the Redevelopment Projects to the City revenues generated by the Redevelopment Projects.
- Fiscal impacts were measured for each Fiscal Year between 2005 and 2014.



*Only **direct/induced** fiscal and economic impacts were calculated;
no multiplier-effects were calculated as part of the Study.*

DEFINITIONS

Economic Impact Analysis:

- Measures the new City employment and associated compensation derived from the Redevelopment Projects.
- The commercial space in the Redevelopment Projects generates direct employment impacts, while residential uses generate induced economic impacts via household spending.
- This Economic Impact Analysis does not include the construction phase.



*Only **direct/induced** fiscal and economic impacts were calculated;
no multiplier-effects were calculated as part of the Study.*

THE REDEVELOPMENT PROJECTS

The Redevelopment Projects are estimated to contain:

- 1,092 households
- 1,910 people
- 625 employees

The Norwalk Board of Education reports that the Redevelopment Projects referenced contain:

- 25 public school students

Redevelopment Projects			
Project	Yr Built	Dwelling Units	Commercial Sq Ft
Avalon Norwalk	2010	314	0
Ironworks	2013	114	0
Sheffield (Maritime Yards)	2007	141	0
Waypointe	2013	464	60,000
West Ave. Townhouses	2010	5	0
Maritime Yards	2004-2007	71	40,000
SoNo Lofts	2004	40	0
Lock Building	2002	0	100,000
Other	2010-13	0	50,000
Total		1,149	250,000

Excludes the following projects: Waypointe – Quincy Lofts, Berkeley, South Block; Head of Harbor North & South; Wall Street Place; Highpointe East & West; Washington Village; Maritime Village, SoNo Collection & Hotel; Chestnut Street; and the Webster Block.

METHODOLOGY



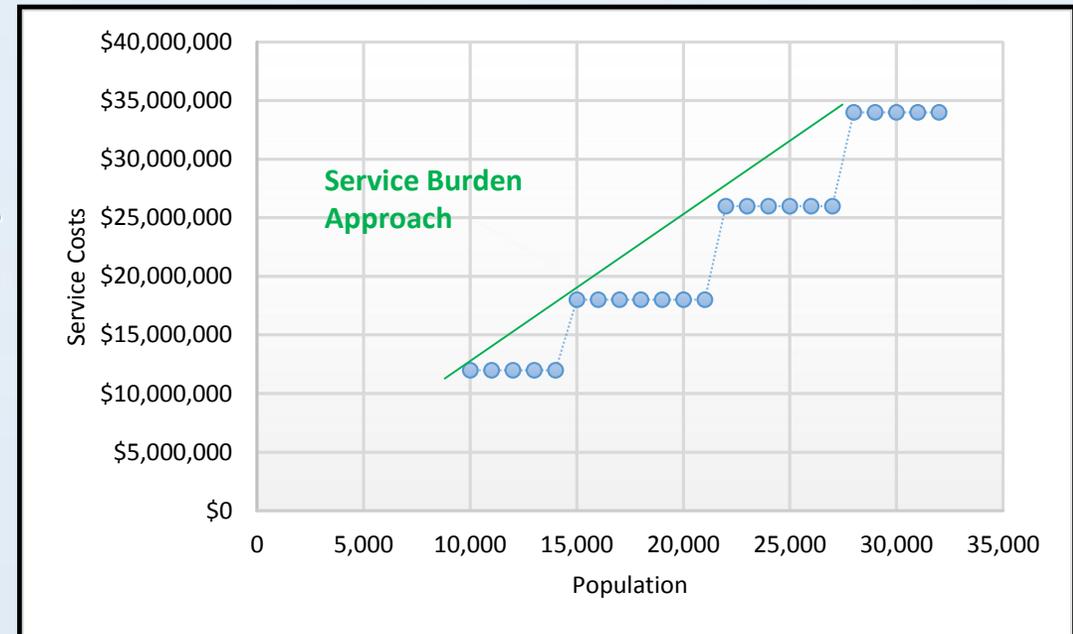
City Revenue Impacts

- New property tax levies are measured by comparing assessed value before and after redevelopment.
- City Revenue is measured by ***new property tax levies only***.
- The City Revenue calculation ***excludes*** revenues from “user fees”, development fees, fines, personal property taxes, conveyance taxes or taxes levied during the construction period.

METHODOLOGY

City Public Service Cost Impacts

- Analyzed 10 years of City budgets and interviewed select City Department heads in order to allocate City costs to the Projects.
- In reality, City public service costs occur in “steps”. Interviews suggest that a new “step” is not likely for the geographic areas within which the Redevelopment Projects are located; there is police, fire, and school capacity.
- To be conservative, the Study adopts a “service burden” approach wherein incremental increases in population and employment are allocated their fair-share of public service cost.



METHODOLOGY



Economic Impacts

- For commercial land use, impacts include the new employment and compensation attributable to commercial tenants.
- For residential land use, impacts include the new employment and compensation generated by Redevelopment Project resident spending.

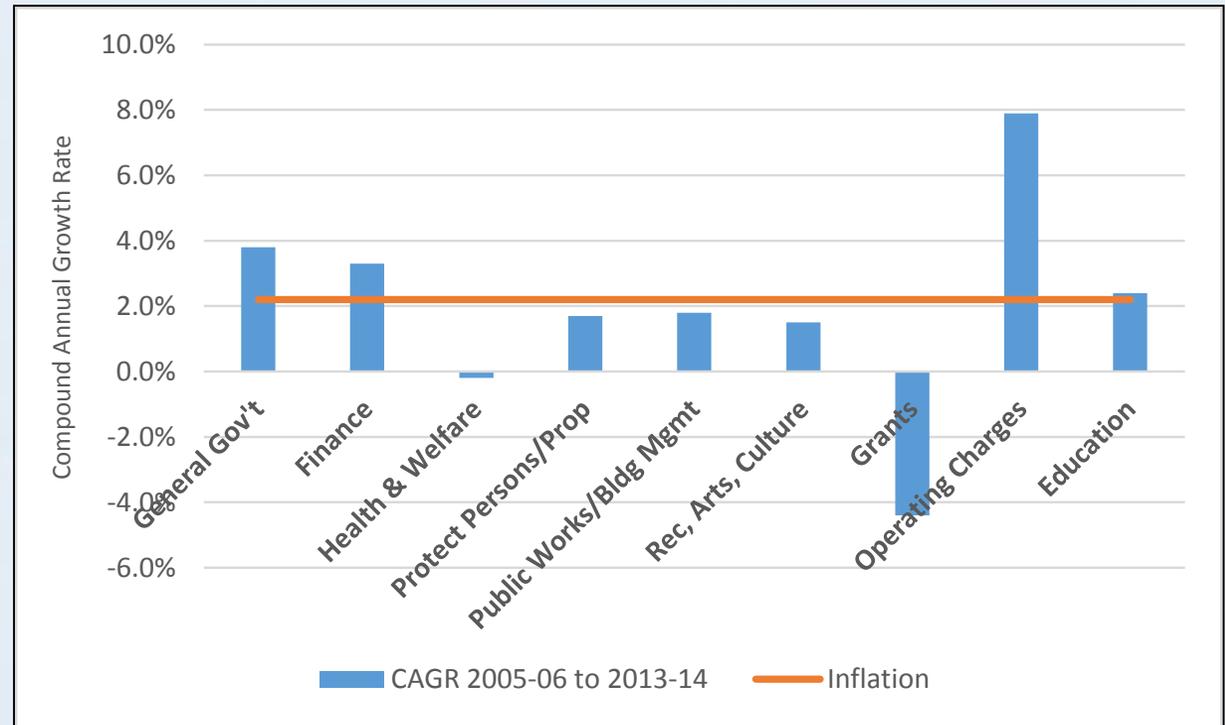
The Economic Impact Analysis does not include the construction phase impacts.

FISCAL IMPACT ANALYSIS

CONTEXT

- The City's budget grew by 3.2% per year between FY 2005-06 and FY 2013-4.
- The highest rates of growth were in Departments that bear little relation to operational burdens imposed by new population.
 - General Government
 - Finance
 - Operating Charges
- Expenses in those Departments that serve the population grew at rates at or below the inflation rate.
 - Protection of Persons & Property
 - Education
- The City's population grew by .04% per year during this same timeframe.

**City Budget Compound Average Annual Growth Rate
By Department, FY 2005-06 - FY 2013-14**



REVENUE IMPACTS

Net New Property Tax Revenue Redevelopment Projects 2014	
Appraised Value 2014	\$284,240,030
Pre-Redevelopment Value (Current \$'s)	\$22,400,223
Net Value Gain	\$261,839,807
Gain in Assessed Value @ 70%	\$183,287,860
Net New Property Tax Revenue 2014	\$4,650,200

Net New Property Tax Revenue Redevelopment Projects 2005 - 2014	
Year	Net New Property Tax Revenue
2005	\$549,942
2006	\$549,942
2007	\$549,942
2008	\$1,954,468
2009	\$1,954,468
2010	\$1,954,468
2011	\$3,091,520
2012	\$3,091,520
2013	\$3,091,520
2014	\$4,650,196
Total	\$21,437,986

COST IMPACTS



Methodology

- Identified variable expense items for the Departments serving the City's residents and employees.

Variable Costs City of Norwalk		
	Variable Costs	Share of Total Cost
Police Department	\$13,872,040	62.7%
Fire Department	\$13,497,770	72.9%
Norwalk Board of Education	\$135,805,840	79.4%
Other Departments /1	\$6,955,620	18.2%

1. Includes variable expenses from General Government; Finance; Health and Welfare; Public Works; Recreation, Arts and Culture.

COST IMPACTS

Methodology

- Allocated expenses to the Redevelopment Projects based on pro rata share of population and employment (1.93%).
- Allocated education expenses to the Redevelopment Projects based on pro rata share of public school children (0.22%)

"Share of Burden" Calculation		
Population and Non-Resident Workers		
	City	Redevelopment Projects
Population	87,776	1,910
Workers	47,137	625
Non-Resident Workers @75.2%	35,447	470
Combined: Resident + Non-Res Workers	123,223	2,380
Project Share of City Population and Employment		1.93%
Public School Students		
	City	Redevelopment Projects
Public School Enrollment	11,294	25
Project Share of Public School Enrollment		0.22%

COST IMPACTS

Cost Impacts Redevelopment Projects			
	Variable Cost	% Attributed to Redevelopment Projects	Costs Attributed to Redevelopment Projects
Police Department	\$13,872,040	1.93%	\$267,956
Fire Department	\$13,497,770	1.93%	\$260,727
Board of Education	\$135,805,840	0.22%	\$300,615
Other Departments /1	\$7,044,650	1.93%	\$136,077
Total			\$965,375

1. Includes variable expenses from General Government; Finance; Health and Welfare; Public Works; Recreation, Arts and Culture.

Cost Estimates Redevelopment Projects 2005 - 2014	
Year	Costs Attributed to Redevelopment Projects
2005	\$42,009
2006	\$42,009
2007	\$42,009
2008	\$211,727
2009	\$211,727
2010	\$211,727
2011	\$479,747
2012	\$479,747
2013	\$479,747
2014	\$965,375
Total	\$3,165,825

FISCAL IMPACT CONCLUSIONS

- As of 2014, approximately \$3.7 million of annual net revenue gain to the City as a result of the Redevelopment Projects.
- Over the 10 year period, a total of \$18.3 million in net revenues to the City as a result of the Redevelopment Projects.

Fiscal Impacts Redevelopment Projects City of Norwalk			
Year	Levies/ Revenue	Services/ Cost	Gain/ (Loss)
2005	\$549,942	\$42,009	\$507,933
2006	\$549,942	\$42,009	\$507,933
2007	\$549,942	\$42,009	\$507,933
2008	\$1,954,468	\$211,727	\$1,742,741
2009	\$1,954,468	\$211,727	\$1,742,741
2010	\$1,954,468	\$211,727	\$1,742,741
2011	\$3,091,520	\$479,747	\$2,611,773
2012	\$3,091,520	\$479,747	\$2,611,773
2013	\$3,091,520	\$479,747	\$2,611,773
2014	\$4,650,196	\$965,375	\$3,684,821
Total			\$18,272,162

ECONOMIC IMPACT

ECONOMIC IMPACT METHODOLOGY

- The **commercial space** in the Redevelopment Projects is occupied by businesses.
- The net new jobs in these businesses was estimated based on:
 - Commercial Space Occupancy
 - Industry Mix via Fieldwork
 - Standards for Commercial Space/Worker by Industry
 - Tenant Types (to Remove Employment in Businesses that Serve a Pre-Existing Market)



ECONOMIC IMPACT METHODOLOGY

- The **residential units** in the Redevelopment Projects are occupied by households that spend locally.
- The net new jobs generated by these households was estimated based on:
 - Estimated household income
 - The Minnesota IMPLAN Econometric Model for the City of Norwalk
- The average compensation for each job in each industry is based on the IMPLAN Model for the City. Average compensation is not just salary, it includes benefits and bonuses.



ECONOMIC IMPACT CONCLUSIONS

- The Redevelopment Projects are estimated to have generated 995 new jobs in Norwalk.
- Total annual compensation for these jobs is estimated to be \$84 million or \$84,560 per job.

Economic Impacts Redevelopment Projects City of Norwalk		
	Jobs	Compensation^{/1}
Commercial Component of Redevelopment Projects: Direct Impacts	625	\$61,647,496
Residential Component of Redevelopment Projects: Induced Impacts	370	\$22,464,385
Total	995	\$84,111,881

1. Compensation includes salary, benefits and bonuses.

CONCLUSIONS

FISCAL AND ECONOMIC ANALYSIS CONCLUSIONS

Fiscal Impact

- \$3.7 million annually in net revenue as a result of Redevelopment Projects.
- \$18 million in net revenue from 2005 to 2014.

Economic Impact

- 995 new jobs generated by the Redevelopment Projects.
- These jobs result in \$84 million of compensation per year.

FISCAL AND ECONOMIC ANALYSIS CONCLUSIONS

- These impacts exclude the *economic development implications* of new mixed-use development in the Core.
- The Redevelopment Projects support Norwalk's economic development potential by:
 - Creating a mix of housing types for a variety of lifestyles
 - Offering walkable mixed-use environments attractive to businesses and residents
 - Leveraging transit to realize transit-oriented development
 - Generating density to achieve an urban live, work, and recreate environment



Redevelopment is benefiting the City and positioning Norwalk for the 21st Century economy.