
Fiscal Impact Report

33-Unit Residential Project

Mardamer Builders

Submitted to:

New Jersey Meadowlands Commission
Lyndhurst, New Jersey

Prepared for:

Roux Associates
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On behalf of:

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1.0 Introduction

The Louis Berger Group, Inc. was contracted by Roux Associates, Inc. to assess the fiscal, air quality, and noise impacts of a proposed residential development project in Secaucus, New Jersey. Report findings were included in a Project Impact Assessment (PIA) report prepared by Roux Associates.

The project developer, Mardamer Builders, proposes to build 33 owner-occupied three-bedroom townhouses on a 3.5 acre lot along the Hackensack River. The subject site is located within the New Jersey Meadowlands Commission District (NJMC).

The fiscal impact section estimates the public service costs that will be required of the Town of Secaucus and the Secaucus School District as well as the revenues that are anticipated to be generated by the development. After consideration of the expenditures and revenues of the project, the report concludes with a discussion of the net fiscal impact of the development.

The NJMC provided comments regarding the Fiscal section of the PIA Report in August 2006.¹ This revised fiscal impact report addresses the comments offered by the NJMC.

¹ Letter to Mario J. Ferrao, M&M Builders, August 21, 2006 from Brandon Alviano, Staff Planner, New Jersey Meadowlands Commission.



2.0 Demographic Impacts

The town of Secaucus is located on the Hackensack River in Hudson County in the State of New Jersey, five miles from Midtown Manhattan in New York City. For the purposes of analyzing demographic and fiscal impacts, the town of Secaucus, Hudson County, and the State of New Jersey were studied as a basis for comparison for the study area.

2.1 Existing Conditions

2.1.1 Population

According to the 2000 Census, Secaucus has a population of 15,931 people, which is an increase from 1990, when it had a population of 14,061. As can be seen in Table 2-1 below, the state, county, and town all experienced growth from 1990 to 2000. However, Secaucus experienced a higher rate of growth than the county or the state. Between 2000 and 2004 both Secaucus and Hudson County experienced a decrease in population. Secaucus had a greater percentage decrease than Hudson County. In contrast, the population in the State of New Jersey continued to increase.

**Table 2-1
Population Trends in
Secaucus, Hudson County and New Jersey, 1990-2004**

	1990	2000	2004*	Percent Change 1990 to 2000	Percent Change 2000 to 2004
Secaucus	14,061	15,931	15,663	13.3%	-1.7%
Hudson County	553,099	608,975	605,359	10.1%	-0.6%
New Jersey	7,730,188	8,414,350	8,685,166	8.9%	3.2%

*2004 data is an estimate done from the U.S. Census.

Source: U.S. Census, Summary File 1, 1990 and 2000; U.S. Census Estimates, (<http://www.census.gov/popest/estimates.php>)

Just as Secaucus experienced a population increase from 1990 to 2000, it also experienced an increase in the number of households (See Table 2-2). While the household growth rates for the county and state were similar to the population growth rates in the same period, Secaucus experienced a higher percent increase in households than in population.

**Table 2-2
Number of Households
in Secaucus, Hudson County and New Jersey, 1990-2000**

	1990	2000	Percent Change
Secaucus	5,392	6,214	15.2%
Hudson County	208,739	230,546	10.4%
New Jersey	2,794,711	3,064,645	9.7%

Source: U.S. Census, Summary File 1, 1990 and 2000.

2.1.2 Age

In both 1990 and 2000 (See Table 2-3 and 2-4) Secaucus had an older demographic than the county or the state. It also had a smaller percentage of persons under the age of 18 than the county or state in both 1990 and 2000. The share of people under the age of 18 increased from 1990 to 2000 in Secaucus, but it is still



a smaller share than the county or the state. The percentage of people over the age of 65 remained the same over the same time period. As a result of the increase in people under the age of 18 and the constancy of those over 65, the percentage of those in prime working years (18 to 65) decreased from 1990 to 2000 from 67.7 percent to 64.6 percent.

**Table 2-3
Age Distribution of Study Area, 1990**

	Secaucus	Percentage of Total Population	Hudson County	Percentage of Total Population	New Jersey	Percentage of Total Population
Under 18	2,260	16.1%	122,483	22.1%	1,799,462	23.3%
18 to 24	1,375	9.8%	61,325	11.1%	779,184	10.1%
25 to 34	2,491	17.7%	112,732	20.4%	1,360,651	17.6%
35 to 44	2,208	15.7%	79,685	14.4%	1,196,659	15.5%
45 to 54	1,760	12.5%	56,136	10.1%	843,009	10.9%
55 to 65	1,692	12.0%	50,337	9.1%	719,198	9.3%
Older than 65	2,275	16.2%	70,401	12.7%	1,032,025	13.4%
Total	14,061	100.0%	553,099	100.0%	7,730,188	100.0%

Source: U.S. Census, Summary File 1, 1990.

**Table 2-4
Age Distribution of Study Area, 2000**

	Secaucus	Percentage of Total Population	Hudson County	Percentage of Total Population	New Jersey	Percentage of Total Population
under 18	3,065	19.2%	137,498	22.6%	2,087,558	24.8%
18 to 24	1,019	6.4%	63,370	10.4%	676,628	8.0%
25 to 34	2,557	16.1%	119,073	19.6%	1,189,040	14.1%
35 to 44	2,773	17.4%	97,727	16.0%	1,435,106	17.1%
45 to 54	2,319	14.6%	72,379	11.9%	1,158,898	13.8%
55 to 65	1,627	10.2%	49,657	8.2%	753,984	9.0%
older than 65	2,571	16.1%	69,271	11.4%	1,113,136	13.2%
Total	15,931	100.0%	608,975	100.0%	8,414,350	100.0%

Source: U.S. Census, Summary File 1, 2000.

2.1.3 School Age Children

The Secaucus Board of Education (SBOE) maintains four schools—Clarendon Elementary School, Huber Street Elementary School, Secaucus Middle School, and Secaucus High School. School age children of the proposed development will attend Huber Street Elementary School, Secaucus Middle School, and Secaucus High School. The enrollment of the schools as reported by the New Jersey Department of Education for the fall semester 2005 is shown in Table 2-5. Conversations with the Board of Education have revealed that the schools are currently operating under their capacity.



**Table 2-5
Secaucus School Enrollment 2005 - 2006**

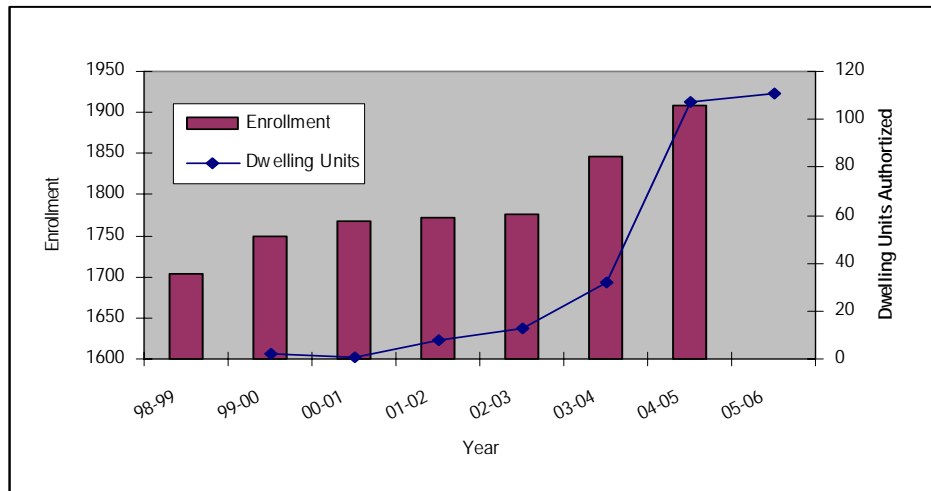
School	Number of Students
Clarendon Elementary School	566
Huber Street Elementary	498
Secaucus Middle School	324
Secaucus High School	536
TOTAL	1,924

Source: NJ Department of Education; Secaucus BOE, 2005.

As shown in Figure 2-1, stable enrollment levels were exhibited in the early portion of the decade (2000-2002). Enrollment levels have risen notably since 2003-2004 along with an increase in registered development activity (i.e., dwelling units authorized by building permits).

According to a demographic study commissioned by the Secaucus Board of Education in September 2005,² the total school population is expected to decrease by 32 students in the next five years when a birth-mortality (i.e., average survival rate) projection methodology is utilized. However, once known future residential developments are taken into account – an additional 209 students are projected – the report concludes that there will be a net increase of 177 students in the school system by 2010. The 2010 enrollment is assumed to be 2,086 students in the District.

**Figure 2-1
Recent Trends in School Enrollment and Dwelling Units Authorized by Building Permits
1998-2006**



Source: New Jersey Department of Education, Town of Secaucus.

2.1.4 Race

In 1990, 91.8 percent of the Secaucus population was White; in comparison, the county and state were 68.8 percent and 79.3 percent White, respectively. The town had a much smaller Black population than the county or state. (See Table 2-6.)

² “Demographic Study,” Commissioned by the Secaucus Board of Education. Whitehall Associates, September 24, 2005.



**Table 2-6
Race in Study Area, 1990**

	Secaucus	Percentage Share	Hudson County	Percentage Share	New Jersey	Percentage Share
White	12,906	91.8%	380,612	68.8%	6,130,465	79.3%
Black	336	2.4%	79,770	14.4%	1,036,825	13.4%
American Indian, Eskimo, or Aleut	13	0.1%	1,460	0.3%	14,970	0.2%
Asian or Pacific Islander	691	4.9%	36,777	6.6%	272,521	3.5%
Other race	115	0.8%	54,480	9.8%	275,407	3.6%
TOTAL	14,061	100.0%	553,099	100.0%	7,730,188	100.0%
Hispanic Origin	1,098	7.8%	183,465	33.2%	739,861	9.6%

Source: U.S. Census, Summary File 1, 1990.

In 2000, Secaucus had a larger White population than the county or the state, but the difference between the two municipalities was smaller than in 1990.³ With the exception of the Asian population, each minority group constitutes a smaller percentage of the total population than the state or the county. Asians make up 11.8 percent of Secaucus' population. (See Table 2-7).

The town is very different than the county in terms of its race and ethnicity composition. Secaucus has 29.9 percent minority population; Hudson County has 64.7 percent minority population. Secaucus' Black or African American population is 4.5 percent of the total while Hudson County's Black or African American population is 13.5 percent. Additionally, 12.3 percent of Secaucus residents claim Hispanic origin; in Hudson County 39.8 percent of residents claim Hispanic origin.

³ Certain comparisons between the 1990 Census and the 2000 Census are difficult due to the different questions asked in 2000. Race comparisons are not directly comparable; for example, in 1990 "Asian and Pacific Islanders" were one category and in 2000 it was broken into two categories: "Asians" and "Native Hawaiian or Pacific Islander." Additionally, in 2000 the Census permitted individuals to declare themselves of more than one race; thus a person could be counted in totals for more than one race, which allows for various combinations yielding a total of 63 race categories, compared to only six categories in the 1990 Census without the option for multi-race respondents. Respondents were also asked if they were of Hispanic origin. Thus in 2000, there were 64 mutually exclusive race/Hispanic categories available for tabulation: 63 race categories tabulated only for non-Hispanics, and a 64th category for all Hispanics.



**Table 2-7
Race in Study Area, 2000**

	Secaucus	Percentage Share	Hudson County	Percentage Share	New Jersey	Percentage Share
White Alone	12,512	78.5%	338,457	55.6%	6,104,705	72.6%
Hispanic White	1,340	8.4%	123,241	20.2%	547,496	6.5%
Non-Hispanic White	11,172	70.1%	215,216	35.3%	5,557,209	66.0%
Non-White Alone	3,419	21.5%	270,518	44.4%	2,309,645	27.4%
Black or African American	709	4.5%	82,098	13.5%	1,141,821	13.6%
American Indian and Alaska Native	18	0.1%	2,547	0.4%	19,492	0.2%
Asian	1,880	11.8%	56,942	9.4%	480,276	5.7%
Native Hawaiian or Other Pacific Islander	7	0.0%	383	0.1%	3,329	0.0%
Other*	805	5.1%	128,548	21.1%	664,727	7.9%
TOTAL	15,931	100.0%	608,975	100.0%	8,414,350	100.0%
Hispanic Origin	1,953	12.3%	242,123	39.8%	1,117,191	13.3%
Minority Population	4,759	29.9%	393,759	64.7%	2,857,141	34.0%

Note: *The Other category includes “some other race alone” and “two or more races.”
Source: U.S. Census, Summary File 1, 2000.

2.1.5 Income

In 1989, the median household income for Secaucus was \$51,814.⁴ (See Table 2-8). This is 67.6 percent higher than the Hudson County median household income and 26.6 percent higher than the state’s median household income.

**Table 2-8
Median Household Income in Study Area, 1989**

	Secaucus	Hudson County	New Jersey
Median Household Income in 1989	\$51,814	\$30,917	\$40,927

Source: U.S. Census, Summary File 3, 1990.

In 1999, the median household income for Secaucus was \$59,800. While this median pay is still higher than the county or state, the difference between the two is smaller than in 1989. The median income in Secaucus was 48.4 percent higher than the County and 8.4 percent higher than the State.

**Table 2-9
Median Household Income in Study Area, 1999**

	Secaucus	Hudson County	New Jersey
Median Household Income in 1999	\$59,800	\$40,293	\$55,146

Source: U.S. Census, Summary File 3, 2000.

2.1.6 Housing Occupancy

In 2000, 39.8 percent of residents rent their homes in Secaucus. While similar to the state rental rate of 34.4 percent, this is very different than Hudson County where close to seventy percent (69.4%) rent.

⁴ Not adjusted for inflation.



**Table 2-10
Tenure of Occupied Housing Units, 2000**

	Secaucus	Hudson County	New Jersey
Owner occupied	60.2%	30.6%	65.6%
Renter occupied	39.8%	69.4%	34.4%

Source: U.S. Census, Summary File 3, 2000.

According to the 2000 Census, Secaucus had a 2.9 percent vacancy rate, which is less than the state rate of 7.4 percent or the county rate of 4.2 percent.

**Table 2-11
Vacancy Rates in Study Area, 2000**

	Secaucus	Hudson County	New Jersey
Vacant	2.9%	4.2%	7.4%
Occupied	97.1%	95.8%	92.6%

Source: U.S. Census, Summary File 3, 2000.

2.1.7 Housing Cost and Size

The median contract rent in Secaucus is higher than the Hudson County median and the New Jersey median contract rent. In 2000, the median rent in Secaucus was \$788 a month. In comparison, the median rent in Hudson County and New Jersey was \$638 and \$672 less than Secaucus' median rent, respectively. Similarly, housing values are higher in Secaucus than in the county or the state. The median value of an owner occupied home in Secaucus is 39.3 percent higher than Hudson County and 22.6 percent higher than New Jersey.

**Table 2-12
Median Contract Rent in Study Area, 2000**

	Secaucus	Hudson County	New Jersey
Median contract rent	\$788	\$638	\$672

Source: U.S. Census, Summary File 3, 2000.

**Table 2-13
Median Value for Owner Occupied Units, 2000**

	Secaucus	Hudson County	New Jersey
Median value	\$209,400	\$150,300	\$170,800

Source: U.S. Census, Summary File 3, 2000.

Contract rent and housing values are higher in Secaucus than in Hudson County, the average size of a housing unit is also larger in Secaucus. New Jersey contract rent and housing values are also less than Secaucus, but the average housing unit in New Jersey is larger than Secaucus. As can be seen in Table 2-15, Secaucus also has a smaller median household size (2.4 persons) than the county (2.6 persons) or the state median (2.7 persons) indicating larger housing units relative to the number of occupants.



**Table 2-14
Median Number of Rooms per Housing Unit in Study Area, 2000**

	Secaucus	Hudson County	New Jersey
Median number of rooms	5.2	4.1	5.6

Source: U.S. Census, Summary File 3, 2000.

**Table 2-15
Average Household Size
in Secaucus, Hudson County, and New Jersey, 2000**

	2000
Secaucus	2.4
Hudson County	2.6
New Jersey	2.7

Source: U.S. Census, Summary File 3, 2000.

2.2 Proposed Development

2.2.1 Future Population of Proposed Development

The development is projected to add about 83 new residents to Secaucus, which represents about a half percent increase to the city’s population. The total number of new residents was estimated with the assumption that, on average, there will be 2.52 persons per household in the 33-unit development. The 2.52 persons per household figure is based on the calculated average household size in Northern New Jersey (NNJ) for owner-occupied, three bedroom townhouses constructed in 1995 or later.⁵

While the development plan is for the units to be 100 percent owner-occupied as reported by the developer, it is possible that some of the units may ultimately be rented by individual unit investor-owners. Table 2-15 shows that the total number of persons generated by the development would rise to about 109 if it were to become one-hundred percent renter-occupied, which is not expected to occur but is shown to provide a broader basis for comparison.⁶

⁵ The household size was calculated using 5 percent Public Use Microdata Sample (PUMS) files for Northern New Jersey, which consists of 13 counties. The specificity of the factors – year built, tenure, building type and number of bedrooms – required the use of PUMS data, which is only available for large geographic units. PUMS contains records representing 5-percent or 1-percent samples of the occupied and vacant housing units in the U.S. and the people in the occupied units. The 13-county region is Ocean, Monmouth, Middlesex, Hunterdon, Somerset, Essex, Hudson, Union, Warren, Sussex, Morris, Bergen and Passaic.

⁶ In their review of the Fiscal section of the PIA Report (August 21, 2006), the New Jersey Meadowlands Commission stated that “The LBG-FIA demographics are reasonable and can be retained in the FIA study” but recommended minor adjustments for the LBG multiplier values presented in Tables 2-16 and 2-17. The following multipliers were suggested by comment from NJMC: 2.44 persons per unit for ownership and 3.42 for rental and .28 school children per unit for owner and .70 rental. The differences between the multipliers are relatively minor, leading under this alternative set of parameters to 2 fewer residents and 1 fewer school child assuming an owner-occupied development. Retaining the current multipliers is generally more conservative for fiscal impact assessment purposes. Additionally, no citations were provided to serve as the basis for the recommended changes. Therefore, the fiscal impact estimates presented in this report remain based upon the PUMS data source and methods as outlined in the table.



Table 2-16
Projected Number of New Residents Added by 33 Unit
Owner-Occupied, Three Bedroom Townhouses Development
NNJ Region Household Size Estimates, 2000

3 Bedroom Townhouses	Owned	Rental
<i>Structures Built Since 1995</i>	2.52	3.31

Projected New Residents Under Each Household Size Scenario

3 Bedroom Townhouses	Owned	Rental
<i>Structures Built Since 1995</i>	83	109

Source: Census, Public Use Microdata Sample (PUMS), Louis Berger, 2000.

2.2.2 School Aged Children of Proposed Development

The development is projected to add about 11 new school-age children to the Town of Secaucus. About 84 percent, or 9, of these children are expected to enroll in the Secaucus public school system. This percentage allocation is based on year 2000 Census data, which states that 84 percent of school age children in Secaucus attend public schools with the remaining 16 percent attending private institutions.⁷

The 9 new public school children would be spread over three schools in the district: Huber Street No. 3 Elementary School, Secaucus Middle School and Secaucus High School. If the 9 new school age children were divided evenly over thirteen grade levels, there would be less than one new student per grade across multiple classrooms.⁸ As of 2004, Huber Street No. 3 Elementary School, Secaucus Middle School and Secaucus High School had a combined average of 99 students per grade level, meaning that the development would increase the number by approximately one percent or less per grade.⁹ There, of course, remains the potential for a less than uniform distribution of students over all grades within the school district, but again the demand on any school or grade would be minimal.

The average of 0.33 school age children per household was calculated based on Public Use Microdata Sample (PUMS) 2000 estimates for owner-occupied, three bedroom, townhouses built in 1995 or later in Northern New Jersey. The number of new students could be higher if a percentage of the units are renter-occupied.

⁷ Source: 2000 Census.

⁸ This number assumes that there will be no redistricting of school boundaries. The site is closest to Huber Street No. 3 elementary school and the School District Office confirmed that the elementary aged school children would attend Huber Street No. 3. Therefore Clarendon No. 4 Elementary School was excluded from the calculation of grade level size.

⁹ Estimate based on a Demographic Study prepared for the Secaucus Board of Education by Whitehall Associates, Inc., Education Planning Consultants, September 24, 2005. A copy of this report was provided by the Secaucus School District office.



Table 2-17
Projected New School Age Children Added by 33 Unit
Owner-Occupied, Three Bedroom Townhouses Development

Household Number of School Age Children Estimates

3 BR Townhouses	Owned	Rental
<i>Structures Built Since 1995</i>	.33	.82

If 100% Public School Attendance

3 BR Townhouses	Owned	Rental
<i>Structures Built Since 1995</i>	11	27

If Public/Private School Split is 84%/16%

	Owned	Rental
3 BR Townhouses	9	23

Source: Census 2000, Public Use Microdata Sample (PUMS) 2000, Louis Berger

2.2.3 *Households in Proposed Development*

The anticipated sales price range for the 33 housing units, according to Mardamer Builders, is \$450,000 to \$650,000. As shown in Table 2-18, if the sales price of the planned units averages \$555,077, the household income requirement would be roughly \$149,948.¹⁰ This household income estimate, shown in Table 2-18, considers the estimated principal, interest, property taxes (local, schools and county combined) and property insurance expenses (PITI).¹¹

The ratio of the implied income requirement to the current median household income of Secaucus (\$74,100) is 2.02, or just over twice the median. The ratios listed in Table 2-18 are based on all households; the estimated median household income would be slightly smaller if one-person households were excluded and the comparison controlled for household sizes of two to three persons in Secaucus.¹² In general terms, the residents of the planned development are expected to have significantly higher income levels than the current median level for Secaucus.

¹⁰ The income requirement estimate is based on affordability guidelines provided by the Council On Affordable Housing (COAH). Table 2-18 estimates are calculated using the PITI method and the following assumptions: 15 percent down payment, 30 year mortgage, 7 percent interest rate and a 33 percent of annual income mortgage payment capacity, annual taxes (municipal, school and county combined) and insurance costs.

¹¹ An insurance cost estimate of \$585 per year is based on published figures from the Insurance Information The Insurance Information Institute report on homeowners insurance premiums can be accessed at <http://www.ii.org>.

¹² The 2006 estimate of median household income is based on U.S. Housing and Urban Development (HUD) Office of Economic Affairs, Economic & Market Analysis Division February 2006 Report, which calculated 24 percent increases in median household income since 1999 for surrounding Metropolitan Statistical Areas Jersey City, Bergen-Passaic and Newark. The Secaucus median household income in 1999 was \$59,800 (see Table 2-8). The 2006 two and three person median household income levels for the region (Bergen, Hudson, Passaic and Sussex Counties) are \$62,114 (two-person household) and \$69,878 (three-person household).



Table 2-18
Anticipated Household Income Requirements for Development

Scenario	Anticipated Sales Price Range	Implied Household Income Requirement	Estimated 2006 Median Household Income for Secaucus	Ratio of Income Requirement to Secaucus Median Income Level
Low	\$ 450,000	\$ 121,550	\$ 74,100	1.64
Average	\$ 555,077	\$ 149,948		2.02
High	\$ 650,000	\$ 175,545		2.37

Source: Census 2000, Council on Affordable Housing (COAH), 2006 Regional Income Limits Report, Louis Berger.



3.0 Fiscal Impacts

3.1 Fiscal Conditions

3.1.1 Tax Base and Employment Base

The Town of Secaucus has an exceptionally strong nonresidential taxable base to support its municipal and school operations. Residential parcels including apartments accounted for 86 percent of the taxable parcels but 29.4 percent of the net taxable base (after exemptions). By comparison, commercial and industrial parcels included only 382 parcels but accounted for more than two-thirds of the Town’s taxable base (67.3 percent). Compared to the average value of a taxable parcel, industrial and commercial land uses are valued respectively at 12 times and 7 times the average value of a taxable parcel. By comparison, residential parcels (excluding apartments) are valued at less than one-third the average value of taxable parcel (see Table 3-1).

To the extent that commercial and industrial activities contribute to the tax base without making concomitant demands for local government services, they tend to reduce the fiscal burden on the local residential tax payer. Existing residents, thus, enjoy benefits from the Township’s strong nonresidential taxable base which is likely to be a desired attribute for newly locating residents.

**Table 3-1
Net Taxable Valuation by Property Classification, 2005 Tax List
Town of Secaucus**

Code	Classification	Number of Parcels	Net Taxable Value	Percentage Distribution	Net Taxable Value Per Parcel	Index to Average
1	Vacant Land	340	\$80,154,800	3.2%	\$235,749	0.49
2	Residential	4,461	\$711,852,250	28.7%	\$159,572	0.33
4A	Commercial	226	\$763,724,600	30.8%	\$3,379,312	7.08
4B	Industrial	156	\$905,737,700	36.5%	\$5,806,011	12.17
4C	Apartment	11	\$16,836,200	0.7%	\$1,530,564	3.21
	Ratable Total	5,194	\$2,478,305,550	100.0%	\$477,148	1.00
	Public Utility	142	\$337,557,450	13.6%	\$2,377,165	4.98

However, industrial and commercial activities draw employees, trucking activity and shoppers from communities outside the Township which require services and place demand upon select infrastructure and facilities. Secaucus has a very noteworthy employment base -- there are an estimated 23,610 employees in 1,185 businesses in 2005 compared with an estimated 15,750 residents, a daytime to nighttime population ratio of 1.5.¹³

¹³ InfoUSA provides an estimate of the number of businesses and employees as well as population for year 2005. Nearly all jurisdictions within the NJMC District reported smaller daytime to nighttime population ratios of less than 0.5 with the exception of Carlstadt (1.85), Moonachie (2.33), Rutherford (1.64) and Teterboro (139.35). For other comparisons, Hudson County averaged .31 and Bergen County averaged .43 daytime to nighttime ratios.



At the time of the Census, approximately 26 percent of Secaucus working residents, or 1,970 residents worked in the Town. Thus, it can be seen that the vast majority of the workforce is not comprised of local residents, but rather persons (i.e., approximately 21,000 persons) who journey to work to report to jobs within the Town. Employees and the activities of the business establishments will generate demand for select municipal services (e.g., police, fire, EMS, roads, general government) as well as contribute to the wear and tear of select infrastructure (e.g., roadways) and facilities. These demands are generated by normal operations during the workday which includes the journey to and from work, customers and others visiting during working hours, and lunchtime or other excursions throughout the day for sales and trucking and distribution activities.

In 2005, retail trade jobs were estimated to account for about 25 percent of the total employment base of the Town (approximately 5,987 jobs) and some 26 percent of its establishments (311 retail establishments). Those in the manufacturing base (nearly 5,000 employees in 49 establishments), wholesale trade (2,000 employees in 118 establishments) and transportation sectors (1,700 employees in 87 establishments) along with the retail trade sector generate considerable demand on the local roadway network to stock inventories and to distribute or supply goods.

The retail trade sector also draws an exceptional base of shoppers into the Town. Secaucus businesses remain open on Sundays -- unlike neighboring Bergen County -- drawing an exceptional volume of unsatisfied regional retail demand from southeastern Bergen County. The Secaucus outlet malls offer many apparel and accessory, home furnishing, sporting goods, and general merchandise stores that bring shoppers in search of bargains not only from Hudson and Bergen Counties but also New York City. In sum, the volume of retail sales (supply) is many times greater than generated by local residential consumer needs (i.e., demand). Thus, the Town draws many shoppers onto the local roadway network to visit and/or purchase goods from these establishments as well as generate trucking movements to supply goods to these facilities. Table 3-2 compares estimated local sales with the consumption needs of local residents for select retail trade sectors. The table identifies the retail trade sectors that draw a significant element of their estimated sales from non-local markets.

These nonresidential activities place demands on local infrastructure and services. Based on Secaucus local employment patterns and trip generation rates from the ITE Trip Generation Handbook, a rough estimate of the split can be made between residential and nonresidential activities in terms of the trip generation activity -- a proxy measure for demand on roadways. Our estimate finds that residential uses accounted for about 40 percent of estimated trips generated. Our estimate of the nonresidential demand share has been adjusted downward (i.e., their share of total demand has been reduced) by assuming 3 shifts of employees for retail activities and by accounting for trip-chaining to nonresidential destinations (e.g., gas stations, convenience stores, child care, etc.).¹⁴ Table 3-3 provides an illustration of the estimated total trips generated by non-residential and residential uses using this method.

¹⁴ A portion of residential-generated trips will overlap with nonresidential-generated trips, leading to the potential for some overcount, although some residential trips will “leak” from Secaucus area businesses.



**Table 3-2
Retail Trade Sectors with Significant Non-Local Markets
Secaucus, 2005**

Industry Summary	Supply (Retail Sales)	Demand (Retail Potential)	Leakage/ Surplus	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$611,413,766	\$222,416,385	-46.7	314
Total Retail Trade (NAICS 44-45)	\$576,329,709	\$186,998,228	-51.0	235
Total Food & Drink (NAICS 722)	\$35,084,057	\$35,418,157	0.5	79
	Supply (Retail Sales)	Demand (Retail Potential)	Leakage/ Surplus	Number of Businesses
NAICS 4482: Shoe Stores	\$72,845,370	\$1,223,131	-96.7	19
NAICS 4422: Home Furnishings Stores	\$40,383,701	\$2,453,079	-88.5	40
NAICS 4511: Sporting Goods/Hobby/Musical Instrument Stores	\$41,425,983	\$2,540,221	-88.4	8
NAICS 4481: Clothing Stores	\$91,557,921	\$7,646,799	-84.6	60
NAICS 4541: Electronic Shopping and Mail-Order Houses	\$70,090,966	\$5,953,961	-84.3	1
NAICS 4521: Department Stores (Excluding Leased Depts.)	\$41,252,673	\$3,641,669	-83.8	5
NAICS 4483: Jewelry, Luggage, and Leather Goods Stores	\$4,423,963	\$860,616	-67.4	12
NAICS 4532: Office Supplies, Stationery, and Gift Stores	\$2,436,563	\$530,575	-64.2	7
NAICS 4529: Other General Merchandise Stores	\$66,853,421	\$14,784,593	-63.8	2
NAICS 4512: Book, Periodical, and Music Stores	\$3,156,698	\$1,216,714	-44.4	5
NAICS 4421: Furniture Stores	\$5,783,252	\$2,839,754	-34.1	3
NAICS 4543: Direct Selling Establishments	\$8,132,145	\$4,010,559	-33.9	1
NAICS 446/NAICS 4461: Health & Personal Care Stores	\$16,794,926	\$8,354,556	-33.6	16
NAICS 447/NAICS 4471: Gasoline Stations	\$29,513,571	\$17,254,635	-26.2	8
NAICS 4533: Used Merchandise Stores	\$173,867	\$103,583	-25.3	3
NAICS 4441: Building Material and Supplies Dealers	\$14,788,307	\$8,863,909	-25.0	4
NAICS 444: Bldg Materials, Garden Equip. & Supply Stores	\$14,788,307	\$8,967,586	-24.5	4
NAICS 7222: Limited-Service Eating Places	\$20,102,020	\$14,999,387	-14.5	68
NAICS 443/NAICS 4431: Electronics & Appliance Stores	\$3,674,432	\$3,515,197	-2.2	11
NAICS 7224: Drinking Places (Alcoholic Beverages)	\$1,694,912	\$1,667,473	-0.8	6

Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) represents the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor is a measure of consumer demand relative to supply, ranging from 100 (total leakage) to -100 (total surplus).

Source: ESRI Business and InfoUSA, 2005.



**Table 3-3
Estimated Trip Generation by Nonresidential and Residential Uses**

	Number of Employees	Average Weekday Trips	Employee Trips per Weekday	Average Weekend Trips	Employee Trips per Weekend Day	% of New Trips	Weekly Total
Agriculture and Mining	26	2.13 per employee	55	.62 per employee	16	70.0%	216
Construction	507	2.13 per employee	1,080	.62 per employee	314	70.0%	4,220
Manufacturing	4,949	2.13 per employee	10,541	.62 per employee	3,068	70.0%	41,191
Transportation	1,739	2.13 per employee	3,704	.62 per employee	1,078	70.0%	14,474
Communication	569	2.13 per employee	1,212	.62 per employee	353	70.0%	4,736
Electric, Gas, Water, Sanitary Services	25	0.76 per employee	53	0	0	70.0%	186
Wholesale Trade	2,049	2.13 per employee	4,364	.62 per employee	1,270	70.0%	17,054
Retail Trade Summary	5,987						
Home Improvement	267	29.80 per 1,000 SF of Gross Floor Area	1,911	33.0 per 1,000 SF of Gross Floor Area	1,911	40.0%	5,350
General Merchandise Stores	1,100	42.94 per 1,000 SF of Gross Floor Area	7,872	37.6 per 1,000 SF of Gross Floor Area	7,872	20.0%	11,021
Food Stores	222	87.82 per employee	6,499	87.82 per employee	6,499	30.0%	13,647
Auto Dealers, Gas Stations, Auto Aftermarket	105	28.1 per employee	984	28.1 per employee	984	20.0%	1,377
Apparel & Accessory Stores	2,336	66.4 per 1,000 SF of Gross Floor Area	25,852	66.4 per 1,000 SF of Gross Floor Area	25,852	60.0%	108,577
Furniture & Home Furnishings	307	26.4 per 1,000 SF of Gross Floor Area	1,351	37.5 per 1,000 SF of Gross Floor Area	1,919	40.0%	4,237
Eating & Drinking Places	872	89.95 per 1,000 SF of Gross Floor Area	13,073	83.26 per 1,000 SF of Gross Floor Area	12,100	45.0%	40,304
Miscellaneous Retail	778	44.32 per 1,000 SF of Gross Floor Area	5,747	31.2 per 1,000 SF of Gross Floor Area	4,046	30.0%	11,048
Finance, Insurance, Real Estate Summary	1,421						
Banks, Savings & Lending Institutions	180	44.47 per employee	2,668	3.13 per employee	188	30.0%	4,115
Securities Brokers	487	2.13 per employee	1,037	3.13 per employee	0	80.0%	4,149
Insurance Carriers & Agents	65	2.13 per employee	138	3.13 per employee	203	70.0%	769
Real Estate, Holding, Other Investment Offices	689	2.13 per employee	1,468	3.13 per employee	2,157	80.0%	9,321
Services Summary	5,714						
Hotels & Lodging	831	14.34 per employee	11,917	10.6 per employee	8,809	40.0%	30,880
Automotive Services	34	1.25 per employee	43	4.79 per employee	163	60.0%	323
Motion Pictures & Amusements	102	26.70 per 1,000 SF of Gross Floor Area	3,009	90.59 per 1,000 SF of Gross Floor Area	10,210	80.0%	28,374
Health Services	1,249	8.91 per employee	11,129	2.33 per employee	2,910	50.0%	30,732
Legal Services	291	2.13 per employee	620	2.33 per employee	678	50.0%	2,228
Education Institutions & Libraries	814	34.3 per employee	27,920	20.12 per employee	16,378	50.0%	86,178
Other Services	2,393	8.91 per employee	21,322	2.33 per employee	5,576	50.0%	58,880
Government	409	11.95 per employee	4,888	0.00	0	50.0%	12,219
Other	215	8.91 per employee	1,916	2.33 per employee	501	50.0%	5,290
Non-Residential Trip Total	23,610		172,371		115,054		551,095
Residential Units	Number of Units	Average Weekday Rate per Unit	Trips per Weekday	Average Weekend Rate per Unit	Trips per Weekend		
Single-Family	2,610	9.57	24,977.70	9.44	24,638.40	100.0%	174,165
Two-Family	1,547	9.57	14,804.79	9.44	14,603.68	100.0%	103,231
Multi-Family - 3 to 19 Units	1,180	5.86	6,914.80	5.26	6,206.80	100.0%	46,988
Multi-Family - 20+ Units	1,112	6.63	7,372.56	5.94	6,605.28	100.0%	50,073
Mobile home	22	4.99	109.78	4.68	102.96	100.0%	755
Residential Trip Total	6,471		54,179.63		52,157		375,21
Total			226,551		167,211		926,307
Residential % of all trips taken			23.9%		31.2%		40.5%

Notes: Retail employees and motion pictures and amusements are assumed to occupy 500 SF and 1,100 SF per employee. Only one-third of retail and bank employees are assumed present per weekend or weekday.

Source: ESRI, 2006; ITE Trip Generation Handbook, 2006; The Louis Berger Group, 2006.



Some implications for fiscal impact assessment purposes can be drawn from these tax base, employment base and trip-generation patterns:

- *Secaucus spends more for municipal purposes relative to other communities in Hudson County on a per capita basis and that difference is largely attributable to the municipality's greater number of workers that draw on municipal services.¹⁵ Care should be exercised to avoid over allocation of fiscal costs to residential uses.*
- *The nonresidential taxable base is highly desired and generally perceived as "profitable" for local governments and schools in Secaucus, but assessing the share of actual costs to local municipal government attributable to nonresidential activities can be an exacting undertaking. Shoppers, truckers, through-traffic travelers are all examples of potential "free rider" segments of the "daytime population" – in addition to the employee work force – that generate demand for local government services. In assessing the demands for local government services required by various land uses and users, it can be challenging to fairly allocate the number of hours of service calls or governmental overhead to residential versus nonresidential activities. Because it is an information gathering challenge and because it is often cited that residential uses are more costly to local governments, there may be a tendency to assign costs by default to local residents or residential uses. The subject residential development project is relatively small in size; the case study research method best suited for disentangling nonresidential costs would entail interviews with department heads and involve a labor-intensive investigation into the availability of relevant documentation of costs by department. Such an approach requires identification of the most useful or (available) metrics for cost and performance assessment of individual budgetary line items (e.g., valuation, parcels, population, service-calls, vehicle trip miles, impervious surface coverage, etc.). Such a research undertaking is perhaps unwarranted in light of the small scale of the residential project and the benefits likely to be yielded in relationship to the costs for all parties of its undertaking.*
- *The nonresidential economic base is a major contributor of taxable revenues for the Town. The potential benefits of living in a community with a strong nonresidential base are accounted for in the home purchase price and considered when making a home purchase decision. This benefit cannot be ignored for the purposes of fiscal impact assessment. Recognition of this taxable base shapes the expectations and service delivery standards set by local municipal and school officials and taxpayers. Existing residents welcome the benefits of being in a community with a strong fiscal base; new residents who occupy existing dwellings seek to enjoy the same benefits and are entitled to equitable treatment. For example, new residents, in considering their ability to make an existing home purchase, will estimate what their monthly home payments will be including their property taxes. Real estate markets and home purchase prices are adjusted to these costs and lenders and insurance underwriters effectively account for these anticipated costs in setting their lending limits for home purchases.*

Local tax assessors are barred from establishing assessment values for properties that would unfairly burden the newly located resident to the benefit of existing residents. It is equally questionable to "assess" a fiscal impact that fully allocates to the new resident in a new unit the burden of municipal payments or school payments that are in fact absorbed by non-local sources of revenue and by non-residential sources of taxable wealth.

¹⁵ The Center for Urban Policy Research identified the significance of the more pronounced nonresidential base in their report, *Fiscal Impact of a Potential Development (Transit Village) in Secaucus, New Jersey*, submitted to the NJMC.



3.1.2 Township Revenues

In 2005, the Township of Secaucus anticipated total general revenues of \$38 million from its tax base, intergovernmental aid and other operations and activities. The local tax for the municipal purposes portion of the budget, including reserves for uncollected taxes, was set at \$25.9 million or 68.4% of the total general revenues budget (see Table 3-4). Besides the property tax, several other sources of revenues support budgetary expenditures, including:

- Surplus Anticipated – The surplus anticipated amount item accounted for 9.9% of revenues budget.
- Local Revenues – Local revenues listed within the miscellaneous revenue item category in the budget include licenses for alcohol beverages, fees and permits, municipal court fines, interest and costs on taxes, parking meters and fees for recreational activities. These revenues sources accounted for \$1.4 million of the Township budget (3.7 percent) and reduced the amounts required from the local property tax.
- Intergovernmental Revenues – Intergovernmental revenues support local spending and sometimes require offsetting appropriations. Examples of State Aid without offsetting appropriations have included Legislative Initiative Municipal Block Grant, Consolidated Municipal Property Tax Relief, Homeland Security Aid and the Energy Receipts Tax, among others (\$2.6 million). Public and private revenues provided in the form of grants that are offset with appropriations include NJ Law and Public Safety Domestic Equipment Grants, Municipal Alliance on Alcoholism and Drug Abuse, NJMC Municipal Assistance Program (MAP), and NJ monies for Kane Stadium (\$0.87 million).
- Uniform Construction Code Fees with Appropriations Offset by Dedicated Revenues – This category includes revenues that are dedicated to meet appropriation costs amount to \$0.4 million.
- Other Miscellaneous Revenues – These other special item revenues include hotel and motel occupancy fees, reimbursements of costs for public libraries and housing authority and fire safety revenues, totaling \$2.4 million.



**Table 3-4
2005 Anticipated Total General Revenues by Item**

Line Item	General Revenue Items	2005 Anticipated Amount	Share
1	Surplus Anticipated	3,770,000	9.9%
2	Miscellaneous Revenues:		
	Local Revenues	1,406,000	3.7%
	State Aid without Offsetting Appropriations	2,624,225	6.9%
	Dedicated Uniform Construction Code Fees Offset with Appropriations	400,000	1.1%
	Special Items of General Revenue Anticipated from DLGS (Section F)	878,165	2.3%
	Special Items of General Revenue Anticipated from DLGS – Other (Section G)	2,439,537	6.4%
	Total - Miscellaneous Revenues	7,747,927	20.4%
3	Receipts from Delinquent Taxes	500,000	1.3%
4=(1+2+3)	Subtotal General Revenues:	12,017,927	31.6%
5	Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	25,994,558	68.4%
6=4+5	Total General Revenues	38,012,485	100.0%

Source: Municipal Budget for Fiscal Year 2005.

3.1.3 Municipal Expenditures

Municipal expenditures were a little over \$38 million in 2005 including reserves for uncollected taxes. Table 3-5 presents the budget by several major governmental categories. Some of these appropriations made by the Town are supported by dedicated revenue streams (e.g., uniform construction code fees) or public and private grants and, as such, avoid placing a burden on the residential or nonresidential tax payer.

As described earlier, cost allocation between residential and nonresidential users can be a complex undertaking that requires comprehensive documentation of service calls regarding how the time and resources of a jurisdiction are expended. The rationale for cost allocation to residential uses versus nonresidential uses is made more complicated in communities with significant numbers of destination visitors for shopping and entertainment, large nonresidential activity generators and large amounts of through-traffic.

In an earlier draft of this report, a proportional valuation approach was taken to estimate the share of municipal cost to be assigned to residential uses (approximately 29 percent). The basis for this residential valuation share was drawn from the net taxable property valuation table (see Table 3-1).

The net fiscal impact analysis also compared property tax revenues with the share of total municipal costs that were supported by the property taxes in recognition that there are other sources than the property tax for supporting local governance. Other costs of municipal government that were supported by non-property tax revenues such as grants and intergovernmental aid were excluded as they were not likely to be significantly affected by the residential development project. Furthermore, the availability of these revenues tend to support a higher standard or level of municipal service expenditures as they are not a burden to existing residents.



In response to this approach, NJMC commented that residential uses were more costly to the Town than set forward by this method and, further, that the costs for allocation purposes should include those that are supported by non-property tax revenues.

In so doing, the NJMC commenter asserted that the residential share of municipal costs is likely 70 to 80 percent of costs. Applying this approach -- without any adjustments -- would result in per capita expenditures for residents in the range of \$1,700 to \$1,900.

In consideration of the NJMC comment, further analysis was undertaken of the Town's appropriations budget (see Table 3-5 for summary). For this alternate cost allocation approach, a proportional valuation method was again employed, but costs were not assigned in aggregate based upon the net taxable base but rather were assigned based upon the assumed benefiting population for each individual expenditure line items. Using this detailed approach, we found that approximately 67 percent of the Town's budget was assigned to residential uses.

Below is a description of the major governmental categories and line items that were considered along with the rationale and assumptions used for the allocation of costs to beneficiary populations based on these governmental services:

- **General Government** – General Government expenditures include such items as administration, tax assessor, tax collection, treasury, audits, legal service, public defender, mayor and council, municipal clerk, planning board, public building and grounds, and engineering services. The basis for allocation of costs to general government, for this analysis, assumes in accordance with NJMC comment that residential activities in Secaucus account for 70 percent of general government costs.
- **Public Safety** – Public Safety includes police, fire, emergency medical services (EMS), communications and security and school crossing guards. NJMC commented that residential uses absorb approximately 70 – 80 percent of the percent of the public safety (e.g., police and fire) costs. Residential uses were assigned 75 percent of the cost allocation for police, fire and EMS services and 100 percent of the costs for school crossing guards.
- **Streets and Roads** -- Streets and Roads includes road repair and maintenance, sewer systems, garbage and trash removal, solid waste management – recycling. The Town's significant nonresidential base brings non-local shoppers, workers and through-traffic. Assuming the employee, trip generation and trip-chaining assumption presented in Table 3-3, residential uses have been assigned 45 percent of the road maintenance portion of the budget. Solid waste carting activities have been assumed to be delivered to residential uses.
- **Health and Welfare** – This category includes the Board of Health, Mosquito Control, Department of Social Services, Environmental Commission, and Community Shuttle Bus Program. These functions are assumed to be largely directed to the benefit of residential uses.
- **Recreation and Education** – This category includes parks and playgrounds, cultural affairs, other recreational activities along with the maintenance of library. Expenditures were assumed to be largely for the benefit of local residents.
- **Uniform Construction Code** – This category of expenditures is offset by revenues received and were not assumed to be an obligation of existing residents.



- Unclassified – The major elements of the unclassified cost category included Hackensack Meadowlands tax sharing, insurance and workmen’s compensation and sharing of utility sewerage authority. The category also included street lighting, fire hydrant, and departmental cost (e.g., postage, electricity and gasoline), among others. These costs were assumed to be borne in accordance with the NJMC comment and were assumed to be 70 percent residential.
- Other – This category included debt service along with statutory expenditures, deferred charges, and the capital improvement fund. These costs were assumed to be borne in accordance with the NJMC comment and were assumed to be 70 percent residential. Public and private programs offset by revenues (e.g., grants) were not assumed to be borne by residences.

**Table 3-5
Municipal Expenditures by Department and Estimated Residential Share of Expenditures**

Category	Total Budget	Estimated Costs Attributable to Residential Uses	Residential Cost Allocation Share
General Gov't.	\$ 3,939,918	\$ 2,757,943	70.0%
Public Safety	\$ 7,376,125	\$ 5,577,719	75.6%
Streets & Roads	\$ 4,102,507	\$ 2,602,495	63.4%
Health & Welfare	\$ 422,091	\$ 422,091	100.0%
Recreation and Education	\$ 2,601,169	\$ 2,104,438	80.9%
UCC	\$ 448,467	\$ -	0.0%
Unclassified	\$ 13,722,433	\$ 9,605,703	70.0%
Deferred Charges	\$ 47,510	\$ 41,166	86.6%
Statutory Expenditures	\$ 992,110	\$ 694,477	70.0%
PPP Offsets	\$ 884,233	\$ -	0.0%
Capital Improvement Fund	\$ 150,000	\$ 105,000	70.0%
Debt Service	\$ 1,900,922	\$ 1,330,645	70.0%
Contingent	\$ 25,000	\$ 7,350	29.4%
Reserve for Uncollected Taxes	\$ 1,400,000	\$ 411,600	29.4%
Total	\$ 38,012,485	\$ 25,660,627	67.5%

Source: Municipal Budget for Fiscal Year 2005; The Louis Berger Group, 2006.

3.2 Fiscal Impacts of Development

This analysis describes the impact of the 33-unit housing development on the Secaucus property tax base and the municipal service and school district expenditures. The development is projected to generate positive net revenues for both government services and the school district.

Mardamer Builders expects to begin construction in 2006 and complete all units by 2009. Given the short duration of the build-out phase, the net property tax revenue impacts are calculated and framed as a one year snapshot using the per capita multiplier method.¹⁶

¹⁶ The per capita multiplier method generates average cost estimates based on per resident and per pupil expenditures. The approach assumes existing service levels are an appropriate indicator of future service levels.



3.2.1 *Future Municipal Revenues*

Based on a range of anticipated sales prices provided by Mardamer Builders, Table 3-6 highlights three potential local property tax revenue scenarios. Sales prices are expected to range from \$450,000 to \$650,000. The anticipated average price for this mix of sales is \$555,077. In each case, the prospective sales price is well above the 2005 average residential sales price in Secaucus of \$357,456.¹⁷ Even in the weakest sales price scenario, the project will make an above average per unit contribution to the property tax base of Secaucus.

In addition to the sales prices, the local property tax revenue from the development will vary depending on the levels of the local tax rate and the assessed-to-true value ratio at the time that the units are built and placed on the tax rolls. The 2005 official assessment ratio is 68.51% according to the Hudson County Abstract of Ratables and was used to make an estimate of the municipal tax revenues of the development over a range of high, average and low sales price levels.

The NJMC suggested in its review comments that an “unofficial ratio” for residential in Secaucus is likely closer to 55%. The effect of applying a lower assessment ratio would be a reduction in the amount of property tax revenues received by the municipality. Applying the unofficial ratio would yield about \$25,000 less in township revenues annually assuming an average sales price of \$555,077. Table 3-6 illustrates the estimated revenues of the development over the various prices ranges and compares the amount of revenues under the two alternate scenarios for the assessment-to-true ratio.

This method is appropriate when the scale of a development and its impacts are expected to be relatively minor - within existing capacity thresholds - and is not expected to trigger non-linear impacts.

¹⁷ 2005 Average Residential Sales Price for Secaucus reported by New Jersey State Treasury (<http://www.state.nj.us/treasury/taxation/pdf/lpt/class2avgsale05.pdf>).



**Table 3-6
Projected Municipal Tax Revenue Generated by Development**

Number of Units	Anticipated Average Price	2005 Local Tax Rate	2005 Assessed to True Ratio	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue
33	\$ 555,077	1.047%	68.51%	\$ 3,982	\$ 131,392
Estimated Range of Annual Tax Revenues with Anticipated Sales Prices					
Scenario	Sales Price	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue		
Low	\$ 450,000	\$ 3,228	\$ 106,519		
Average	\$ 555,077	\$ 3,982	\$ 131,392		
High	\$ 650,000	\$ 4,662	\$ 153,861		
"Unofficial Rate" Scenario:	Sales Price	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue		
Low	\$ 450,000	\$ 2,591	\$ 85,514		
Average	\$ 555,077	\$ 3,196	\$ 105,482		
High	\$ 650,000	\$ 3,743	\$ 123,520		

Source: Mardamer Builders, Hudson County Abstract of Ratables, Secaucus Tax Assessor's Office; The Louis Berger Group, 2006.

In addition to property taxes, new local residents resulting from land development projects can reasonably be anticipated to contribute non-property tax revenues just as existing residents do. For example, Secaucus will gain the opportunity to invest some collected property tax or other taxable revenues and earn interest. Similarly, new residents are a potential source of additional revenue from fees and fines. An estimate of the revenues generated from these sources is shown in Table 3-7.



**Table 3-7
Estimate of Non-Property Tax Revenues Generated by Development**

	2005 Anticipated Amount	Adjusted	Factor	Base	Project Revenue Estimate
Surplus Anticipated	\$3,770,000	\$3,770,000	Valuation	\$2,478,305,550	\$18,994
Miscellaneous Revenues:					
Local Revenues	\$1,406,000				
-Interest		\$100,000	Valuation	\$2,478,305,550	\$504
-Fees and Permits		\$771,000	Valuation	\$2,478,305,550	\$3,884
-Fines		\$480,000	Population	15,663	\$2,530
School District Revenues:					
State and Federal Aid		\$1,391,154	Students	1,924	\$10,442

Source: Municipal Budget for Fiscal Year 2005; The Louis Berger Group, 2006.

3.2.2 Future Municipal Costs and Net Revenue Impact

In 2005 the total municipally-dedicated expenditures for Secaucus were \$38,012,485. Since the Mardamer development is 100 percent residential, a “residentially induced” per capita cost was estimated. The portion of the total municipal budget that is attributable to residential activities was estimated as 67.5 percent (see Table 3-5). Using these assumptions, the net positive revenue impact is estimated to be \$21,337. It is presented in the Column labeled “Method 1” in Table 3-8.

Table 3-8 also compares this estimate with two alternative approaches in order to reflect comments made by the NJMC. The column labeled “Method 2” presents the finding when 75 percent of all budgetary costs are assigned to residential uses. The column labeled “Method 2, Lower Revenue” further assumes a lower assessed value for the subject residential units based upon tax assessor practices.

In comparing the results of these three sets of assumptions, the total revenues exceed expenditures yielding positive but minor positive net revenues under Methods 1 and 2. However, there is a small net revenue loss when higher costs per capita are assigned to residential uses (i.e., Method 2) and the tax assessment is assumed to be lower.



**Table 3-8
Projected Municipal Costs and Net Revenue Impact
Sensitivity of Impacts**

	Steps	Method 1	Impact Sensitivity of Alternative Methods	
			Method 2	Method 2, Lower Tax Assessment
A	2004 Population	15,663	15,663	15,663
B	Net Taxable Value 2005	\$2,478,305,550	\$2,478,305,550	\$2,478,305,550
C	Residential Value	\$728,688,450	\$728,688,450	\$728,688,450
D=C/B	Residential Percentage of Taxable Value	67.50%	75.00%	75.00%
E	Total Municipal Expenditures	\$38,012,485	\$38,012,485	\$38,012,485
F=E*D	Residential Induced Expenditures	\$25,658,427	\$28,509,363	\$28,509,363
G=F/A	Municipal Costs Per Capita	\$1,638	\$1,820	\$1,820
H	Estimated New Residents	83	83	83
I	Estimated New Revenue	\$157,304	\$157,304	\$126,802
J=G*H	Estimated New Municipal Expenditures	\$135,967	\$151,074	\$151,074
	Net Impact	\$21,337	\$6,230	-\$24,273

Source: Town of Secaucus Assessor's Office, 2005 Secaucus Municipal Data Sheet, 2005 Table of Aggregates, New Jersey Department of Community Affairs, Louis Berger.

3.2.3 Future School District Revenues

As shown in Table 3-9, the Mardamer development is expected to generate between \$105,298 and \$152,097 in total school tax revenues, which will contribute to the locally funded portion of the total costs per pupil. The revenue ranges are based on the range of sales price levels provided by Mardamer, and the 2005 School Tax rate (\$1.035 per \$100) and Assessed-to-True Ratio (68.51 percent).

The NJMC suggested in its review comments that an “unofficial ratio” for residential in Secaucus is likely closer to 55%. The effect of applying a lower assessment ratio would be a reduction in the amount of property tax revenues received by the school district. Applying the unofficial ratio would yield about \$25,000 less in school district revenues annually assuming an average sales price of \$555,077.

Table 3-9 provides detailed revenue calculations for the three scenarios over the two alternate scenarios for the assessment-to-true ratio. The revenue levels will vary depending on the actual sales prices and the tax and assessment rates at the time of full build-out in 2009.



**Table 3-9
Projected School Tax Revenue Generated by Development**

Number of Units	Anticipated Average Price	2005 School Tax Rate	2005 Assessed to True Ratio	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue
33	\$ 555,077	1.035%	68.51%	\$ 3,936	\$ 129,886
Estimated Range of Annual Tax Revenues with Anticipated Sales Prices					
Scenario	Sales Price	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue		
Low	\$ 450,000	\$ 3,191	\$ 105,298		
Average	\$ 555,077	\$ 3,936	\$ 129,886		
High	\$ 650,000	\$ 4,609	\$ 152,097		
"Unofficial Rate" Scenario:					
Scenario:	Sales Price	Anticipated Per Unit Tax Revenue	Total Anticipated Annual Tax Revenue		
Low	\$ 450,000	\$ 2,562	\$ 84,534		
Average	\$ 555,077	\$ 3,160	\$ 104,273		
High	\$ 650,000	\$ 3,700	\$ 122,104		

Source: Mardamer Builders, Hudson County Abstract of Ratables, Secaucus Tax Assessors Office, Louis Berger.

3.2.4 Future School District Costs and Net Revenue Impacts

The residential development is expected to generate about 9 new students for the Secaucus Public School District and have a positive net revenue impact of \$3,133, assuming the official assessment to true ratio. This net positive impact turns to a small loss if fewer taxable revenues are gained from a lower assessment ratio.

The total estimated cost of adding these students is calculated by multiplying the total cost per pupil for education by the projected number of new students. In addition to property tax revenues, the estimated new revenues include the contribution of state and federal revenue sources -- relatively small for this District at about \$1,160 per student. This has the practical effect of reducing the effective cost of educating a student from \$15,244 to \$14,083 per student.

Table 3-10 provides a step-by-step breakdown of how the cost of adding the students to the district is calculated.



**Table 3-10
Projected Secaucus School District Costs and Net Revenue Impacts**

Steps		Base	With Lower Assessment
A	2004-2005 Enrollment	1,924	1,924
B	Total Education Cost	\$ 29,329,221	\$ 29,329,221
D=B/A	Total Cost Per Pupil	\$ 15,244	\$ 15,244
E	Estimated New Revenue	\$ 140,328	\$ 114,715
F	New School Children	9	9
G=D*F	Estimated New Municipal Expenditures	\$ 137,195	\$ 137,195
	Total (Pre-Intermunicipal NJMC Tax Sharing Assessed) Cost	\$ 3,133	\$ (22,480)

Source: New Jersey Department of Education, Town of Secaucus School District, New Jersey Department of Community Affairs, The Louis Berger Group, 2006.

3.3 Analysis of Impacts of Intermunicipal Tax Sharing Formula Allocations

The town of Secaucus is located within the New Jersey Meadowlands Commission (NJMC). As a result, it is subject to tax base sharing with other communities in the district. The Intermunicipal Tax Sharing Formula was developed in the 1970s as a fiscal method to allow all communities to benefit from a new development, regardless of a development’s location. Eighty-nine (89.4%) percent of Secaucus’ land is in the Meadowlands District.

The NJMC notes that the principles of the Intermunicipal Tax-Sharing Program were conceived by the municipalities themselves, sitting as the Meadowlands Regional Development Agency:

It was recognized that centralized district-wide authority to prescribe and coordinate land use would have varying effects upon the property tax revenues of individual municipalities. In simplest terms, it was apparent that sites designated for industrial, shopping center and high density residential uses constitutes a valuable property tax revenue potential for the municipality which they are located and those selected for parks, highways and schools do not. Additionally, it was foreseen that there would be a need to have a fund available to encourage individual municipalities to undertake capital improvements that may be of benefit to the District as a whole.

It was, accordingly, deemed desirable -- indeed, imperative -- to include in the Act a program whereby, all the affected municipalities would "equitably share in the new financial benefits and new costs resulting from the development of the Meadowlands District as a whole." The broad purpose is to ensure that each municipality will get a fair share of the property tax generated by new developments, regardless of where it occurs, thus moderating competitions for ratables. The device decided upon was a "common pool," called the Intermunicipal Account. In line with the usual features of a pool arrangement, standards are



prescribed under which the municipalities will "put" into or "take" from the pool, depending primarily, upon annual comparison with 1970 conditions.

Each of the municipalities, under the program, is guaranteed against a loss of existing ratables due to centralized coordination of land use. However, "new" revenues derived from increased property values will accrue to and be distributed back to the constituent Meadowlands area municipalities. All tax monies go back to the fourteen constituent members.

May 2006 Report --

The Berger team submitted to Irfan Bora, Chief Financial Officer of the NJMC, the following inputs for the Intermunicipal Tax Sharing Formula on May 1, 2006:

- Expected number of school children—nine children
- Assessed value of proposed development—\$11,992,500

The number of school children, nine children, was determined as explained in Section 2.2.2. The assessed value for the proposed development at the time of the submission was determined by using 65 percent of the total asking price, as requested by the NJMC. A breakdown of the project's assessed value that was reported is below in Table 3-11.

Table 3-11
Assessed Value of Proposed Development

Number of Units	Sale Price	Total Sales	Assessed Value (65%)
16	\$650,000	\$10,400,000	\$6,760,000
4	\$550,000	\$ 2,200,000	\$1,430,000
13	\$450,000	\$ 5,850,000	\$3,802,500
TOTAL ASSESSED VALUE			\$11,992,500

Source: Mardamer Builders, 2006.

On May 3, 2006, Mr. Bora informed the Berger team that based on NJMC calculations the proposed development will have a positive fiscal impact of \$14,610 for the community.

September 2006 Report --

This report has incorporated the comments of the NJMC provided in a letter of August 21, 2006.