FISCAL IMPACT ANALYSIS
321 Norristown Road Development
Lower Gwynedd Township, Montgomery County

January 29, 2025

Prepared for:
BET Investments

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This report examines the annual revenue impact to Lower Gwynedd Township and the Wissahickon School District (WSD) of the 321 Norristown Road Development proposed by BET Investments. The report projects the revenue to the Township and School District during any given year after the completion of the proposed project and full occupancy, based on 2025 levels of revenue and taxation. It is an updated and revised version of a more limited revenue analysis for the same proposed development, dated March 25, 2024.

The revised proposed development consists of the following elements:

- 126 one bedroom standard apartments, to be rented for an average of $2,500 per month.
- 14 one bedroom workforce apartments, to be rented for an average of $2,151 per month.
- 189 two bedroom standard apartments, to be rented for an average of $3,000 per month.
- 21 two bedroom workforce apartments, to be rented for an average of $2,583 per month.
- 46,000 square feet of retail commercial development.
- 550 structured parking spaces. The remaining parking is proposed to be surface parking.

The proposed development scenario of 350 rental apartments, 46,000 square feet of retail commercial development, and 550 structured parking spaces will be measured against the impact of the existing vacant 62,400 square feet of office development to be removed. Please note that approximately 75,000 square feet of office development is to remain, and is not included in this analysis.

The revisions from the previous version of this report include the 2025 Township budget, the 2024-2025 School District budget, updated demographics, and a slightly revised development scenario.

At buildout, the proposed development is projected to generate $42,665,402 of assessed value, based on existing assessments of comparable properties for each proposed use. At full occupancy, the proposed development is projected to house 558 residents, including 26 school age children (ages 5-17) of whom 21 are projected to attend public (WSD) schools. The proposed retail commercial development is projected to have 184 workers with annual incomes averaging $38,159.

The table below shows the annual net impact (revenue minus expenditures) to the Township and School District of each element of the proposed development and the existing vacant office development.

Proposed Dwelling Type/ Use	Number of Units/ SF/ Spaces	Annual Township Impact	Annual School District Impact	**Annual Combined Impact**	Annual Combined Impact per Unit/ 1K SF / Space
1 BR Std. Apartment	126	$32,728	$279,239	**$311,967**	$2,476
1 BR WF Apartment	14	$928	$23,964	**$24,892**	$1,778
2 BR Std. Apartment	189	$43,718	$350,681	**$394,400**	$2,087
2 BR WF Apartment	21	$47	$27,226	**$27,273**	$1,299
Retail Commercial	46,000	$12,034	$78,456	**$90,490**	$1,967
Structured Parking	550	$7,332	$119,473	**$126,805**	$231
Total Proposed	**350/46,000/550**	**$96,788**	**$879,039**	**$975,828**	
Existing Vacant Office	62,400	$-3,489	$81,825	**$78,335**	$1,255
Difference		***$100,278***	***$797,215***	***$897,492***	

The annual net impact from the proposed development is projected to be highly favorable for Lower Gwynedd Township and the Wissahickon School District. **The annual impact for the proposed 321 Norristown Road Development is projected to total positive (or surplus) $975,828.** By contrast, the annual net impact from the existing vacant office development is projected to total only positive $78,335, for a difference of $897,492. In other words, the annual surplus from the proposed development is projected to be more than 12 times that of the existing office building.

There are three important reasons for the positive annual net fiscal impacts projected for the proposed development:

- First, the proposed development is comprised of smaller apartment units, which house fewer persons and far fewer school age children than single family detached dwellings, the predominant dwelling type in the Township. The lower number of persons and school age children result in lower expenditures for the Township and School District, which lead to annual surpluses for each entity.

- Second, the proposed apartments are proposed to be high end and will generate higher revenue in the real estate tax and earned income tax categories than many of the existing apartments in the Township.

- Third, the proposed retail commercial development and structured parking add very low Township expenditures and no School District expenditures at all, but generate considerable revenue to both entities.

The combination of lower expenditures and higher revenue results in annual surpluses to the Township and School District from the proposed development.

Assessments

The projected assessed value of the proposed rental apartments is based on six comparable apartment complexes constructed since 2004, as shown in the table below with data from the Montgomery County

Board of Assessment database.

Name	Municipality	Built	Assessment	Units	per Unit
Court at Spring Mill	Whitemarsh	2014	$46,221,840	385	$120,057
Parc Plymouth Meeting	Plymouth	2015	$38,137,200	398	$95,822
Willow Pointe	Upper Moreland	2019	$21,384,000	246	$86,927
Willow Grove Station	Upper Moreland	2019	$23,711,580	275	$86,224
Bridgeview Apartments	Towamencin	2013	$20,700,000	180	$115,000
Avenel	Montgomery	2004	$23,668,500	256	$92,455
TOTALS			**$173,823,120**	**1,740**	**$99,898**

The average assessment of these 1,740 units is $99,898. The proposed one bedroom standard units are projected to average $96,898 (cell C6), which is the average assessment minus $3,000. The proposed two bedroom standard units are projected to average $102,898 (cell C8), which is the average assessment plus $3,000. The assessed value of the one bedroom and two bedroom workforce units are projected to be 13.93 percent below the corresponding standard units, reflecting the reduction in the projected monthly rents for each dwelling type (see the introduction, above). The assessed values are projected to be $83,400 for the one bedroom workforce apartments and $88,565 for the two bedroom workforce apartments (cells C7 and C9). The assessed value of the proposed development is determined by multiplying the number of units (totaling 350, cells B6-B9) by the assessed value for each dwelling type (cells C6-C9). The assessed value of the proposed apartments is projected to total $34,684,441 (cells D6-D10).

The projected assessment for the proposed retail commercial development is $68.77 per square foot (cell C10), based on the existing building assessment of the Spring House Village Center in Lower Gwynedd Township, built in 2017-2018 ($7,251,020of building assessment in 105,435 square feet). The building assessment is used (as opposed to the total assessment, which includes the land value) based on the assumption that the land value for the proposed development is reflected in the total assessments for the proposed apartments, above. The total assessment for the proposed retail commercial development is projected to be $3,163,531 (cell D10).

The projected assessed value of the proposed structured parking is based on two comparable structured parking garages constructed since 2008, as shown in the table below with data from the County Board of Assessment database. Both garages are in Norristown Borough, and the assessed value reflects the buildings only, and excludes the land value.

Name	Address	Built	Bldg. Assmnt.	Spaces	per Space
SEPTA Transportation Center	40 E. Lafayette Street	2008	$4,329,570	500	$8,659
Cherry Street Garage	101 W. Main Street	2008	$4,280,490	483	$8,862
TOTALS			**$8,610,060**	**983**	**$8,759**

The assessed value (for the buildings only) of these two existing structured parking garages averages $8,759 per space (cell C11). The assessed value of the proposed structured parking is determined by multiplying the number of spaces (550, cell B11) by the assessed value per space ($8,759, cell C11). The assessed value of the proposed structured parking is projected to total $4,817,429 (cell D11).

The assessed value of the entire proposed development is projected to total $42,665,402 (cells D6-D12).

This projected assessed value represents 2.7 percent of the total assessed value of all properties in the Township ($1,561,530,130, according to the Montgomery County Board of Assessment *Land Use Classification Report* of January 4, 2024, the most recent available), and 1.1 percent of the total assessed value of all properties in the School District ($3,800,696,680, according to the 2024-2025 WSD budget).

By comparison, the assessed value of the existing office development to be removed is $52.87 per square foot (cell C13), calculated by dividing the existing property assessed value of $7,242,000 by the total 136,966 square feet of development on the property. The assessed value of the existing office development is determined by applying the $52.87 assessment per square foot (cell C13) to the 62,400 square feet of office development to be removed (cell B61). The assessed value of the existing office development to be removed is $3,299,365 (cell D13). Please note that the existing office development to remain has an existing assessed value of $3,942,635, which is not included in this analysis.

The difference in assessed value between the proposed development and the existing vacant office building is projected to be $39,366,037 (cell D14). Please note that the actual assessments will be applied by the Montgomery County Board of Assessment only after the proposed development is constructed and inspected.

Demographics

The number of persons per unit is projected to be 1.36 for all one bedroom apartments and 1.75 for all two bedroom apartments, both standard and workforce units (cells E6-E9). These demographic multipliers are from *Residential Demographic Multipliers – Estimates of the Occupants of New Housing*, by Robert W. Burchell, David Listokin, and William Dolphin of the Rutgers University Center for Urban Policy Research (CUPR), published in June, 2006. These multipliers are based on the U.S. Bureau of the Census 2000 Public Use Microdata Sample, and are specific to each dwelling type, size, rent and state. The Rutgers CUPR (the group that developed the fiscal impact analysis methodology) examined housing built between 1990 and 2000 specifically in Pennsylvania, and determined the demographic multipliers for a variety of dwelling types (detached, attached, multifamily, etc.), size (in number of bedrooms), and value or monthly rent. The multipliers in this analysis are for the highest rent level for each dwelling type. The number of persons projected to reside in the proposed development is determined by multiplying the number of units (totaling 350, cells B6-B9) by the number of persons per unit for each dwelling type (cells E6-E9). The number of persons projected to reside in the proposed development at buildout and full occupancy totals 558 (cells F6-F9).

The number of workers per thousand square feet at the proposed retail commercial development is projected to be 4.00 (cell E10). This figure is based on *Who Lives in New Jersey Housing? New Jersey Demographic Multipliers*, by the CUPR, published in November, 2006. In addition to the residential demographic multipliers specific to New Jersey (which were not used in this analysis – see above for the source of the Pennsylvania multipliers used in this analysis), this CUPR document also includes nonresidential multipliers from nationwide studies. The figure of 4.00 per thousand square feet reflects the smaller retail entities in the proposed development. Larger stores (including "big box" stores) tend to have fewer workers per thousand square feet. The number of workers projected to work in the proposed retail commercial development is determined by multiplying the number of square feet (46,000, cell B10) by the number of workers per thousand square feet (4.00, cell E10). The number of workers projected to work in the proposed retail commercial development at buildout and full occupancy totals 184 (cell F10). Please note that this figure represents the number of full time equivalent positions, not the number of employees. Given part time positions and turnover within positions, the number of employees is likely to be higher. No workers are projected for the proposed structured parking, and the existing vacant office building has 0 workers (cells F11 and F13).

The prospective workers at the proposed retail commercial development are projected to be engaged in the following positions, shown in the table below with their respective average annual salaries.

Position	% of Workers	Average Annual Salary
Retail Sales Workers	90%	$36,330
First Line Supervisors of Retail Sales Workers	10%	$54,620
TOTALS	**100%**	**$38,159**

The source of the average annual salaries is the *Pennsylvania Metropolitan Area Employment and Wage Estimates*, prepared by the Bureau of Labor Statistics, U. S. Department of Labor, in May, 2023 (the most recent data available). The weighted average annual salary of all positions is projected to be $38,159 (cell I43).

The number of school age children per unit is projected to be 0.05 for all one bedroom apartments and 0.09 for all two bedroom apartments, both standard and workforce units (cells E54-E57 of the School District spreadsheet). These demographic multipliers are also for the highest rent level for each dwelling type, and are from the Rutgers CUPR study for Pennsylvania. The number of public school students is determined by multiplying the number of units (totaling 350, cells B54-B57) by the number of school age children per unit in each category (cells E54-E57), and by 82.7 percent (cell D90), which is the percentage of school age children in Lower Gwynedd Township attending public schools, according to the 2023 American Community Survey, a function of the U.S. Census Bureau, which reported 1,852 public school students out of 2,240 school age children. The remaining school age children are projected to attend private school or be schooled at home. The number of public school students projected to reside in the proposed development at buildout and full occupancy totals 21 (cells F54-F57).

No school age children or public school students are projected to be generated by the proposed retail commercial development or structured parking, or the existing vacant office development (cells F58-F59 and F61).

Annual Township Expenditures

Annual Township expenditures are determined in two ways. The residential expenditures are determined using the per capita multiplier method, by multiplying the projected number of residents in the proposed development (totaling 558, cells F6-F9) by the existing Township per capita operating expenditures of $433.52 (cell D48). The per capita operating expenditures are determined by estimating the proportion of existing Township operating expenditures applied to existing Township residential development, and dividing by the existing Township population. The nonresidential expenditures are determined using the proportional valuation method, based on the assessed value of the proposed retail commercial development and existing vacant office building.

The Township's adopted 2025 budget includes the following eleven funds, shown in the table below with their respective expenditures:

Fund	Budgeted Expenditure
General Fund	$9,902,956
Street Light Fund	$9,970

Fund	Budgeted Expenditure
Fire Protection Fund	$371,500
Fire Hydrant Fund	$62,000
Recreation Fund	$269,652
Sewer Operating Fund	$2,734,863
Sewer Capital Reserve Fund	$259,000
Capital Reserve/Open Space Fund	$3,613,000
Stormwater Management Fund	$872,000
Traffic Impact Fund	$0
Highway Aid Fund	$420,000
Total	**$18,514,941**

The total Township budgeted expenditures in 2025 are $18,514,941. However, this analysis focuses on annual operating expenditures only, and therefore includes only the following five operating funds, totaling $11,026,108 (cell D42) and shown in the table below with their respective sums in the 2025 budget:

Fund	Budgeted Expenditure
General Fund	$9,902,956
Fire Protection Fund	$371,500
Fire Hydrant Fund	$62,000
Recreation Fund	$269,652
Highway Aid Fund	$420,000
Total	**$11,026,108**

The other funds are excluded from this analysis, for the following reasons. The Street Light Fund and Sewer Operating Fund are proprietary funds, using fees (such as assessments for street lights in certain neighborhoods, and sewer rents and connection fees) to fund operations. The Sewer Capital Reserve Fund, Capital Reserve/Open Space Fund, and Stormwater Management Fund use revenue from state grants, transfers from other funds, and forwarded fund balances from previous years to fund capital expenditures such as building improvements, infrastructure, and stormwater management projects, not operating expenditures. The Traffic Impact Fund is another capital fund to distribute transportation impact fees, and has no expenditures for 2025.

Four categories of funds are subtracted from the total expenditures of $11,026,108 (cell D42) in order to find a more accurate measure of the average annual expenditures for the proposed development and existing vacant office building. The first category is pass-through funds, which are excluded because the proposed development will have no net impact on these funds, since revenue always equals expenditures. Pass-through funds that are excluded are as follows, shown here with their respective sums in the Township's 2025 budget:

Pass-Through Fund	Fund	Budgeted Amount
Sewer Department Revenue	General Fund	$135,000
Bank Lease	General Fund	$155,633
PURTA	General Fund	$8,850
State Pension Aid	General Fund	$377,493
Volunteer Fire Relief Aid	General Fund	$137,086
Liquor Licenses	General Fund	$1,400
State Recycling Grant	General Fund	$15,000
Recreation Impact Fees	General Fund	$15,000
Administrative Fee	General Fund	$8,000
Escrow Administrative Fee	General Fund	$4,000
Special Police Details	General Fund	$10,000
Wissahickon School Dist. Reimbursement	General Fund	$164,875
Crossing Guard Reimbursement	General Fund	$8,800
Brandywine Traffic Signal Reimbursement	General Fund	$4,170
Workers Defined Contributions	General Fund	$13,067
Safety Grant	Recreation Fund	$1,000
Park Reservations	Recreation Fund	$5,000
Program Fees	Recreation Fund	$3,000
Fall Fest	Recreation Fund	$20,000
Grants Liquid Fuels	Highway Aid Fund	$368,214
Total		**$1,455,588**

The excluded 2025 pass-through funds total $1,455,588. Please note that just as the expenditures for the above pass-through funds are not included in the per capita expenditure calculations of this section, the revenue from these sources is also not included in the revenue analysis, below.

Another pass-through category is charges related to the processing and administration of proposed subdivisions and land developments in the Township, shown in the table below with their respective sums in the Township's 2025 budget, all in the General Fund.

Development Related Expenditures	Budgeted Amount
Application Fees	$4,000
ZHB Fees	$30,000
Conditional Use Fees	$6,000
Building Permits	$300,000
Electrical Permits	$30,000
Plumbing Permits	$75,000
Total	**$445,000**

Such charges for services and departmental earnings are excluded because they are in essence one-time pass-through funds for specific functions normally associated with new development. For example, the Township is budgeted to receive $300,000 in building permit fees, which will be expended on the building inspections and the administration of those permits while a development is under construction, not on other functions associated with the time after a development is completed. Once a development is completed, the revenue and expenditures for such permits and application fees decreases significantly, but not completely.

The development related expenditures total $445,000. Only 90 percent of the development related funds (or $400,500) is excluded from the expenditure analysis, in acknowledgment that there will still be some expenditures on buildings once they are complete, for building additions, inspections for violations, ongoing permits, etc. Please note that in the revenue analysis, below, only 10 percent of the revenue from development related funds (or $44,500) is included in the category of miscellaneous revenue.

The third category of excluded funds includes $1,354,308 in expenditures for road maintenance, based on the assumption that the Township will not incur any new road maintenance expenditures because no new Township roads will be created as part of the proposed development or the existing vacant office building. Norristown Road, which provides all access to the existing and proposed development, with the Route 309 Expressway adjacent to the subject site. Both are state roads, and both have existed for many years. The proposed development is not anticipated to generate road maintenance expenditures beyond what the Township has already been spending for this property for the last several decades.

The final category of excluded funds is interfund transfers, for two reasons. The interfund transfers between two funds that are both included in this analysis are excluded in order to avoid double counting the same money as expenditures in both funds. Such interfund transfers include $165,000 from the General Fund to the Fire Fund, which are both operating funds included in this analysis. And the General Fund transfer of $500,000 to the Capital Reserve Fund is excluded because it is for capital and not operating expenditures.

The excluded funds, including pass-through funds, excluded development related funds, road maintenance expenditures, and interfund transfers, total $3,375,396 (cell D43). The 2025 Township operating expenditures minus the pass-through funds, development related expenditures, road maintenance expenditures and excluded interfund transfers total $7,650,712 (cell D44).

Then, the Township expenditures associated with existing nonresidential development are subtracted from the net operating expenditures using the "proportional valuation method" of *The New Practitioner's Guide to Fiscal Impact Analysis,* also by Robert W. Burchell, David Listokin, and William Dolphin of the Rutgers University Center for Urban Policy Research (1985). First, a portion of the total Township expenditures is assigned to existing nonresidential development, based on the average value of property. According to the Montgomery County Board of Assessment *Land Use Classification Report* as of January 4, 2024, the total assessed value of the 4,279 properties in Lower Gwynedd Township is $1,561,530,130, yielding an average assessed value of $364,929. Of those properties, 272 are nonresidential (commercial, industrial, institutional, utility, etc., whether taxable or exempt), with a total assessed value of $375,973,140 (representing 24.1 percent of the Township total), and an average assessed value of $1,382,254. The proportion of average nonresidential assessed value to average Township assessed value (residential and nonresidential combined) is 3.79, which is then used to determine the refinement coefficient of 1.30 from a graph in the *New Practitioner's Guide to Fiscal Impact Analysis*. The refinement coefficient is based on empirical research by the Rutgers University CUPR, and is necessary to adjust the costs of existing nonresidential development in communities without extensive nonresidential development of very high <u>average</u> assessed value, such as Lower Gwynedd Township. By comparison, in communities where the ratio between the average nonresidential assessment and the average overall assessment is above 6, an economy of scale reduces the nonresidential expenditures on a per square foot basis, and the refinement coefficient is below 1.00.

The proportion of Township assessed value in nonresidential uses (24.1 percent) is then multiplied by the refinement coefficient of 1.30, and by the 2025 net Township operating expenditures ($7,650,712, cell D44). The result of this calculation is that $2,394,703 of the net Township operating expenditures (representing 31.3 percent) is attributable to existing nonresidential development (cell D45). This sum is subtracted from the net Township operating expenditures ($7,650,712, cell D44), and the remainder is $5,256,009 in expenditures attributable to existing residential development, representing 68.7 percent of the net Township operating expenditures (cell D46). This sum is divided by the estimated number of Township residents in 2025, which is 12,124 (cell D47, from the 2023 American Community Survey by the U.S. Census Bureau). The 2025 Township per capita operating expenditures attributable to existing residential development are $433.52 (cell D48).

The 2025 Township per capita operating expenditures of $433.52 (cell D48) are then applied to the projected number of residents of the proposed development at buildout and full occupancy (totaling 558, cells F6-F9) to determine the annual projected Township operating expenditures for the proposed residential development of $241,861 (cells G6-G9). The annual Township operating expenditure per unit is projected to be $590 for all one bedroom apartments and $759 for all two bedroom apartments (cells H6-H9).

The annual Township expenditures associated with the proposed retail commercial development are also determined using the proportional valuation method. The proposed retail commercial development has a projected assessed value of $3,163,531 (cell D10) which is 0.8 percent of the assessed value of all 272 existing nonresidential properties in the Township (which is $375,973,140). The ratio of the assessed value of the proposed retail commercial development ($3,163,531, cell D10) to the average assessed value of all existing nonresidential properties in the Township ($1,382,254) is 2.29 which is used to determine a refinement coefficient of 0.82 from a different line on the same graph in the *Guide*. Then, the proportion of proposed retail commercial assessed value to existing overall Township nonresidential assessed value (0.8 percent) is multiplied by the refinement coefficient of 0.82 and by the 2025 Township operating expenditures attributable to existing nonresidential development ($2,394,703, cell D45). The result of this calculation is that the proposed retail commercial development is projected to generate $16,523 in annual Township expenditures (cell G10), or $359 per 1,000 square feet of development (cell H10).

No annual Township expenditures are projected from the proposed structured parking (cell G11). Instead, all Township expenditures are associated with the primary uses the structured parking is intended to serve (*i.e.*, the residential and retail commercial development). The annual Township expenditures from the proposed development are projected to total $258,384 (cells G6-G12).

The annual Township expenditures associated with the existing vacant office development are also determined using the proportional valuation method. The existing office development has an assessed value of $3,299,365 (cell D13) which is 0.9 percent of the assessed value of all 272 existing nonresidential properties in the Township (which is $375,973,140). The ratio of the assessed value of the existing office development ($3,299,365) to the average assessed value of all existing nonresidential properties in the Township ($1,382,254) is 2.39 which is used to determine a refinement coefficient of 0.81 from the same graph in the *Guide*. Then, the proportion of office building existing assessed value to existing Township overall nonresidential assessed value (0.9 percent) is multiplied by the refinement coefficient of 0.81 and by the 2025 Township operating expenditures attributable to existing nonresidential development ($2,394,703, cell D45). This product is then reduced by 50 percent to reflect the fact that the existing office building is vacant. The Township will still expend funds on police protection, fire protection, code enforcement, etc. for the vacant building, but the expenditures will be reduced significantly. The result of this calculation is that the existing vacant office building is estimated to generate $8,511 in annual Township expenditures (cell G13), or $136 per 1,000 square feet of development (cell H13). The difference in annual Township expenditures between the proposed development and the existing vacant office building is projected to be $249,873 (cell G14).

Annual Township Revenue

Real Estate Tax (cells B19-B27)

The annual real estate tax revenue is determined by applying the Township's 2025 combined real estate tax millage totaling 1.223 (cell I42) to the projected assessed value of the proposed development (totaling $42,665,402, cells D6-D12) and existing vacant office building ($3,299,365, cell D13). The 2025 millage rates are shown in the table below.

Fund	Millage Rates
General Fund	0.877
Fire Protection Fund	0.146
Recreation Fund	0.170
Fire Hydrant Fund	0.030
TOTAL	**1.223**

The annual real estate tax revenue is projected to total $52,180 for the proposed development and $4,035 for the existing vacant office building, for a difference of $48,145.

Earned Income Tax (cells C19-C27)

The annual earned income tax revenue is determined in two ways. The earned income tax revenue from the future residents of the proposed apartments is determined by applying the Township's tax rate of 0.5 percent to the projected household income of the residents. Household income for the standard apartments is calculated by multiplying the monthly rent for each dwelling type by twelve months and dividing by 25 percent, which is the industry standard for the maximum percentage of household income used for rent for prospective tenants of a multifamily development. Household income for the workforce apartments is calculated by dividing the annual rent by 30 percent. The monthly rent, total annual housing cost, and minimum annual household income for each proposed apartment type are shown in the table below.

Proposed Dwelling Type	Monthly Rent	Total Annual Housing Cost	Minimum Annual Household Income
1BR Standard Apartment	$2,500	$30,000	$120,000
1BR Workforce Apartment	$2,151	$25,812	$86,050
2 BR Standard Apartment	$3,000	$36,000	$144,000
2BR Workforce Apartment	$2,583	$30,996	$103,300

The minimum annual household income for each dwelling type is then multiplied by the number of units (totaling 350, cells B6-B9) and by the Township's earned income tax rate of 0.5 percent. Please note that these are the minimum levels of annual income necessary to cover the projected rents of the apartments.

Most households (especially those in the standard apartments) will have higher income levels and will use a lower percentage of their household incomes towards their rents, which will result in significantly higher earned income tax revenue to the Township (and School District). The earned income tax revenue from the prospective residents of the proposed apartments is projected to total $228,550 (cells C19-C22).

The earned income tax revenue from the prospective workers at the proposed retail commercial development is determined by multiplying the projected number of workers (184, cell F10) by the average annual worker salary of $38,159 (cell I43; see the demographics section, above, for the source of this figure) by the Township tax rate for nonresident workers of 1.0 percent. This figure is then reduced by 90 percent to reflect the likelihood that most of the workers at the proposed retail commercial development will reside in municipalities that charge the earned income tax. Lower Gwynedd Township is projected to retain only 10 percent of the earned income tax revenue it collects from the nonresident workers, and the remaining 90 percent is forwarded to the municipalities where these nonresident workers live. The annual earned income tax revenue from the workers at the proposed retail commercial development is projected to total $7,021 (cell C23). No earned income tax revenue is projected from the proposed structured parking or the existing vacant office building (cells C24 and C26).

The annual earned income tax revenue is projected to total $235,571 for the proposed development and $0 for the existing vacant office development, for a difference of $235,571.

<u>Mercantile Tax</u> (cells D19-D27)

The mercantile tax revenue is determined in two ways. The revenue for the proposed apartments is determined by dividing the annual gross rent from all units (totaling $11,596,284 and assuming full occupancy) by 1,000 and applying the Township's tax rate of 0.75 mills. The annual mercantile tax revenue for the proposed apartments is projected to total $8,697 (cells D19-D23). The revenue for the proposed retail commercial development is determined by multiplying the square feet of development (46,000, cell B10) by the very conservative figure of $200 of annual sales per square foot (cell I44), dividing by 1,000 and applying the tax rate of 0.75 mills. The annual mercantile tax revenue for the proposed retail commercial development is projected to total $6,900 (cell D23). The proposed structured parking is projected to generate no mercantile tax revenue, and the revenue for the existing office building is $0, based on the building vacancy. The annual mercantile tax revenue is projected to total $15,597 for the proposed development and $0 for the existing vacant office building, for a difference of $15,597.

<u>Liquid Fuels Revenue and Local Services Tax</u> (cells E19-E27)

The annual liquid fuels revenue is determined by multiplying the projected number of residents of the proposed apartments (totaling 558, cells F6-F9) by the 2024-2025 per capita subsidy from PennDOT of $17.9662 (cell I45), according to the current Department of Transportation Bureau of Municipal Services *Municipal Liquid Fuels Allocations Report* (dated January 30, 2024, the most recent available). The annual liquid fuels revenue is projected to total $10,023 (cells E19-E22). The proposed retail commercial development, structured parking, and existing vacant office building are projected to generate no per capita liquid fuels revenue, and neither scenario is projected to generate any per mile liquid fuels revenue, since no new Township roads are proposed.

The annual local services tax revenue is determined by applying the Township's tax rate of $52 per worker to the number of workers at the proposed retail commercial development (totaling 184, cell F10), resulting in $9,568 (cell E23). No annual local services tax revenue is projected from the proposed apartments, structured parking, and existing vacant office building (cells E24 and E26). The annual liquid fuels and local services tax revenue is projected to total $19,591 for the proposed development and $0 for the existing vacant office building, for a difference of $19,591.

<u>Franchise Fee & Miscellaneous Revenue</u> (cells F19-F27)

The annual cable TV franchise fee and miscellaneous revenue is determined by adding 10 percent of the $445,000 for development related funds (or $44,500; see expenditure analysis, above), and the Township's 2025 budgeted cable television franchise fee revenue of $235,000, for a total of $279,500. This sum is divided by the current number of housing units in the Township (estimated at 5,089, cell I46, from the 2023 American Community Survey of the U.S. Census Bureau), and that average per unit revenue of $54.92 (cell I47) is then multiplied by the number of units in the proposed apartment development (totaling 350, cells B6-B9) as well as to the number of square feet of proposed retail commercial development (46,000, cell B10) divided by 10,000. In other words, each 10,000 square feet of retail commercial development is projected to generate the same franchise fee and miscellaneous revenue as one home in the Township. The proposed structured parking and existing vacant office building are projected to generate no franchise fee or miscellaneous revenue. The annual franchise fee and miscellaneous revenue is projected to total $19,475 for the proposed development and $0 for the existing vacant office building, for a difference of $19,475.

<u>Interest Earnings</u> (cells G19-G27)

The annual interest earnings are determined by dividing the projected assessed value of the proposed development (totaling $42,665,402, cells D6-D12) and the existing vacant office building ($3,299,365, cell D13) by the total Township taxable assessment of $1,344,457,140 (from the January, 2024 Montgomery County Board of Assessment *Land Use Classification Report*, representing the total Township assessed value minus the assessment of all institutional, utility and government owned properties), and multiplying that quotient by the sum the Township budgeted for interest earnings in the five operating funds in 2025, totaling $402,000 and shown in the table below.

Fund	Interest Earnings
General Fund	$375,000
Fire Protection Fund	$3,500
Recreation Fund	$2,500
Fire Hydrant Fund	$3,000
Highway Aid Fund	$18,000
TOTAL	**$402,000**

The annual interest earnings are projected to total $12,757 for the proposed development and $987 for the existing vacant office building, for a difference of $11,771.

<u>Total Township Revenue</u> (cells H19-H27)

The annual Township revenue from all sources is projected to total $355,172 from the proposed development and $5,022 from the existing vacant office building, for a difference of $350,151. Annual revenue per unit is projected to be $849 for the one bedroom standard apartments, $656 for the one bedroom workforce apartments, $990 for the two bedroom standard apartments, $761 for the two bedroom workforce apartments, $621 per 1,000 square feet of retail commercial development, $13 per structured parking space, and $80 per 1,000 square feet of existing office development (cells I19-I26).

Annual Net Township Revenue (cells B31-B39)

After subtracting the expenditures from the revenue, the annual net impact to the Township is projected to total positive (or surplus) $96,788 for the proposed development and negative (or deficit) $3,489 for the existing vacant office building, for a difference of $100,278. Annual net revenue per unit is projected to be positive $260 for the one bedroom standard apartments, positive $66 for the one bedroom workforce apartments, positive $231 for the two bedroom standard apartments, positive $2 for the two bedroom workforce apartments, positive $262 per 1,000 square feet of retail commercial development, positive $13 per structured parking space, and negative $56 per 1,000 square feet of existing office development (cells C31-C38).

Annual revenue is projected to exceed annual expenditures by 44.1 percent for the one bedroom standard apartments, 11.2 percent for the one bedroom workforce apartments, 30.5 percent for the two bedroom standard apartments, 0.3 percent for the two bedroom workforce apartments, 72.8 percent for the retail commercial development, and 37.5 percent overall. Annual expenditures are projected to exceed annual revenue by 41.0 percent for the existing vacant office building (cells D31-D38).

Again, please note that these are annual revenue and expenditure figures after buildout, and do not include the one-time revenue sources during development, such as traffic impact fees, park and recreation fees in lieu of open space, and permits.

Annual School District Expenditures

The number of units (totaling 350, cells B54-B57 of the School District spreadsheet), square feet of retail commercial development (46,000, cell B58), structured parking spaces (550, cell B59), and square feet of existing office development (62,400, cell B61), the average assessed value per unit, per 1,000 square feet of nonresidential development and per structured parking space (cells C54-C61), and the projected assessed value (totaling $42,665,402 for the proposed development and $3,299,365 for the existing vacant office building, cells D54-D62) are determined using the same method as was used for the Township impact, above. As noted in the demographics section, above, the number of public school (WSD) students at buildout and full occupancy is projected to total 21 for the proposed development and 0 for the existing vacant office building (cells F54-F62).

The Wissahickon School District General Fund budgeted operating expenditures total $127,628,540 for the 2024-2025 year (cell D91). The following pass-through funds are subtracted from this total:

Pass-Through Fund	Budgeted Amount
Public Utility Realty Taxes	$86,000
Revenue from Intermediary Sources	$979,964
Rentals	$100,000
Tuition from Patrons	$186,000
Revenue from District Activities	$155,000
TOTAL	**$1,506,964**

The pass-through funds total $1,506,964 (cell D92), with the remaining net School District operating expenditures totaling $126,121,576 (cell D93). This figure is then divided by the 2024-2025 District-wide enrollment of 5,294 students (cell D94, from the WSD web site) to find the 2024-2025 WSD net expenditure of $23,823 per student (cell I90).

This per student expenditure is applied to the 21 students from the proposed development projected to attend public schools (cells F54-F60) to determine the projected annual School District expenditures of $510,150 for the proposed development and $0 for the existing vacant office building, for a difference of $510,150 (cells G54-G62). No annual School District expenditures are projected from the proposed retail commercial development or structured parking, or the existing vacant office building. The annual School District expenditure per unit is projected to be $985 for all one bedroom apartments and $1,773 for all two bedroom apartments (cells H54-H57).

Annual School District Revenue

<u>Real Estate Tax</u> (cells B67-B75)

The real estate tax revenue is determined using the same method as was used for the Township impact, above, except that the School District's 2024-2025 tax millage rate of 24.3200 (cell I91) is applied to the assessed value of the proposed development (totaling $42,665,402, cells D54-D60) and existing vacant office building ($3,299,365, cell D61). No School District homestead exemption of $19,598 is applied, because the proposed units are rentals, not owner occupied. The annual real estate tax revenue is projected to total $1,037,623 for the proposed development and $80,241 for the existing vacant office building, for a difference of $957,382. Please note that this one revenue source is more than double the projected annual School District expenditures of $510,150 for the proposed apartments (cells G54-G60).

<u>Earned Income Tax</u> (cells C67-C75)

The annual earned income tax revenue from the prospective residents of the proposed apartments is determined using the same method as was used for the Township, above. The School District does not collect the earned income tax from nonresident workers. The annual earned income tax revenue is projected to total $228,550 for the proposed development and $0 for the existing vacant office building, for a difference of $228,550.

<u>State & Federal Revenue</u> (cells D67-D75)

The state and federal revenue is determined by adding the School District's 2024-2025 budgeted revenue of $25,347,998 from the state and federal governments, and dividing by the 2024-2025 student enrollment of 5,294 (cell D94) for an annual per student revenue of $4,788 (cell I92), and applying that per student revenue to the projected number of WSD students from the proposed apartments (totaling 21, cells F54-F57). The annual state and federal revenue is projected to total $102,530 for the proposed development and $0 for the existing vacant office building, for a difference of $102,530.

<u>Earnings on Investments</u> (cells E67-E75)

The earnings on investments are determined by dividing the projected assessment of the proposed development (totaling $42,665,402, cells D54-D60) and existing vacant office building ($3,299,365, cell D61) by the total School District taxable assessment of $3,800,696,680 (from the 2024-2025 WSD budget), and multiplying that quotient by the sum the School District budgeted for interest earnings in 2024-2025 ($1,825,000, cell I93). The annual earnings on investments are projected to total $20,487 for the proposed development and $1,584 for the existing vacant office building, for a difference of $18,903.

<u>Total School District Revenue</u> (cells F67-F75)

The annual School District revenue from all sources at buildout and full occupancy is projected to total $1,389,190 for the proposed development and $81,825 for the existing vacant office building, for a difference of $1,307,365. Annual School District revenue per unit is projected to be $3,201 for the one bedroom standard apartments, $2,697 for the one bedroom workforce apartments, $3,628 for the two bedroom standard apartments, $3,069 for the two bedroom workforce apartments, $1,706 per 1,000 square feet of retail commercial development, $217 per structured parking space, and $1,311 per 1,000 square feet of existing vacant office development (cells G67-G74).

Annual Net School District Revenue (cells B79-B87)

After subtracting the expenditures from the revenue, the annual net impact to the School District is projected to total positive (or surplus) $879,039 for the proposed development and positive $81,825 for the existing vacant office building, for a difference of $797,215. Annual net revenue per unit is projected to be positive $2,216 for the one bedroom standard apartments, positive $1,712 for the one bedroom workforce apartments, positive $1,855 for the two bedroom standard apartments, positive $1,296 for the two bedroom workforce apartments, positive $1,706 per 1,000 square feet of retail commercial development, positive $217 per structured parking space, and positive $1,311 per 1,000 square feet of existing vacant office development (cells C79-C86).

Annual revenue is projected to exceed annual expenditures by 225.0 percent for the one bedroom standard apartments, 173.8 percent for the one bedroom workforce apartments, 104.7 percent for the two bedroom standard apartments, 73.1 percent for the two bedroom workforce apartments, and 172.3 percent overall (cells D79-D85). Since there are no projected School District expenditures from the proposed retail commercial development, structured parking, or existing vacant office building, all revenue from these uses becomes surplus.

The annual surplus projected from the proposed development represents 0.7 percent of the total 2024-2025 School District budget. The proposed development will effectively subsidize 37 public school students in addition to the 21 projected to reside in the proposed development.

ANALYSIS OF THE ANNUAL FISCAL IMPACT TO LOWER GWYNEDD TOWNSHIP

Of the Proposed 321 Norristown Road Development

January 29, 2025

Proposed Use/ Scenario	Number of Units / SF / Spaces	Assessment per Unit / SF / Space	Total Assessed Value	Persons per Unit/ Workers per 1K SF	Total Residents/ Total Workers	**Annual Township Expenditures**	Exp's per Unit / 1K SF / Space
1 BR Std. Apartments	126	$96,898	$12,209,191	1.36	171	**$74,288**	$590
1 BR WF Apartments	14	$83,400	$1,167,606	1.36	19	**$8,254**	$590
2 BR Std. Apartments	189	$102,898	$19,447,787	1.75	331	**$143,387**	$759
2 BR WF Apartments	21	$88,565	$1,859,857	1.75	37	**$15,932**	$759
Retail Commercial	46,000	$68.77	$3,163,531	4.00	184	**$16,523**	$359
Structured Parking	550	$8,759	$4,817,429		0	**$0**	$0
Total Proposed	**350 / 46,000 / 550**		**$42,665,402**		**558 / 184**	**$258,384**	
Existing Vacant Office	62,400	$52.87	$3,299,365	0.00	0	**$8,511**	$136
Difference			***$39,366,037***			***$249,873***	

	Annual Township Revenue							
Proposed Use/ Scenario	Real Estate Tax	Earned Income Tax	Mercantile Tax	Liquid Fuels Rev. Local Services Tax	Franchise Fee & Misc. Revenue	Interest Earnings	**Total Annual Revenue**	Rev. per Unit / 1K SF / Space
1 BR Std. Apartments	$14,932	$75,600	$2,835	$3,079	$6,920	$3,651	**$107,016**	$849
1 BR WF Apartments	$1,428	$6,024	$271	$342	$769	$349	**$9,183**	$656
2 BR Std. Apartments	$23,785	$136,080	$5,103	$5,942	$10,380	$5,815	**$187,105**	$990
2 BR WF Apartments	$2,275	$10,847	$488	$660	$1,153	$556	**$15,979**	$761
Retail Commercial	$3,869	$7,021	$6,900	$9,568	$253	$946	**$28,557**	$621
Structured Parking	$5,892	$0	$0	$0	$0	$1,440	**$7,332**	$13
Total Proposed	**$52,180**	**$235,571**	**$15,597**	**$19,591**	**$19,475**	**$12,757**	**$355,172**	
Existing Vacant Office	$4,035	$0	$0	$0	$0	$987	**$5,022**	$80
Difference	***$48,145***	***$235,571***	***$15,597***	***$19,591***	***$19,475***	***$11,771***	***$350,151***	

Proposed Use/ Scenario	**Annual Net Township Revenue**	Annual Net Township Rev. per Unit / 1K SF / Space	Revenue > Expenditure
1 BR Std. Apartments	**$32,728**	$260	44.1%
1 BR WF Apartments	**$928**	$66	11.2%
2 BR Std. Apartments	**$43,718**	$231	30.5%
2 BR WF Apartments	**$47**	$2	0.3%
Retail Commercial	**$12,034**	$262	72.8%
Structured Parking	**$7,332**	$13	--
Total Proposed	**$96,788**		**37.5%**
Existing Vacant Office	**-$3,489**	-$56	-41.0%
Difference	***$100,278***		

NOTES:

2025 Township Operating Expenditures (5 Funds)		$11,026,108	2025 Township Real Estate Tax Millage (5 Funds)	1.223
Minus 2024 Pass-Through and Excluded Expenditures		$3,375,396	Average Annual Worker Salary (BLS, 2023)	$38,159
2025 Net Township Operating Expenditures		$7,650,712	Average Annual Sales per SF	$200
2025 Township Non-Residential Expenditures	31.3%	$2,394,703	2024-2025 PennDOT per Capita Subsidy	$17.9662
2025 Township Residential Expenditures	68.7%	$5,256,009	2025 Township Housing Unit Estimate	5,089
2025 Estimated Township Population		12,124	Annual Miscellaneous Revenue per Unit/10,000 SF	$54.92
2025 Township Expenditure per Capita		$433.52	2025 Interest Earnings (5 Funds)	$402,000

ANALYSIS OF THE ANNUAL FISCAL IMPACT TO THE WISSAHICKON SCHOOL DISTRICT

Of the Proposed 321 Norristown Road Development

January 29, 2025

Proposed Use/ Scenario	Number of Units / SF / Spaces	Assessment per Unit / SF / Space	Total Assessment	School Age Children per Unit	WSD (Public School) Students	**Annual School Dist. Expenditures**	Exp's per Unit / 1K SF / Space
1 BR Std. Apartments	126	$96,898	$12,209,191	0.05	5	**$124,091**	$985
1 BR WF Apartments	14	$83,400	$1,167,606	0.05	1	**$13,788**	$985
2 BR Std. Apartments	189	$102,898	$19,447,787	0.09	14	**$335,045**	$1,773
2 BR WF Apartments	21	$88,565	$1,859,857	0.09	2	**$37,227**	$1,773
Retail Commercial	46,000	$68.77	$3,163,531	0.00	0	**$0**	$0
Structured Parking	550	$8,759	$4,817,429	0.00	0	**$0**	$0
Total Proposed	**350 / 46,000 / 550**		**$42,665,402**		**21**	**$510,150**	
Existing Vacant Office	62,400	$52.87	$3,299,365	0.00	0	**$0**	$0
Difference			***$39,366,037***		***21***	***$510,150***	

	Annual School District Revenue					
Proposed Use/ Scenario	Real Estate Tax	Earned Income Tax	State & Federal Revenue	Earnings on Investments	**Total Annual Revenue**	Rev. per Unit / 1K SF / Space
1 BR Std. Apartments	$296,928	$75,600	$24,940	$5,863	**$403,330**	$3,201
1 BR WF Apartments	$28,396	$6,024	$2,771	$561	**$37,751**	$2,697
2 BR Std. Apartments	$472,970	$136,080	$67,338	$9,338	**$685,726**	$3,628
2 BR WF Apartments	$45,232	$10,847	$7,482	$893	**$64,453**	$3,069
Retail Commercial	$76,937	$0	$0	$1,519	**$78,456**	$1,706
Structured Parking	$117,160	$0	$0	$2,313	**$119,473**	$217
Total Proposed	**$1,037,623**	**$228,550**	**$102,530**	**$20,487**	**$1,389,190**	
Existing Vacant Office	$80,241	$0	$0	$1,584	**$81,825**	$1,311
Difference	***$957,382***	***$228,550***	***$102,530***	***$18,903***	***$1,307,365***	

Proposed Use/ Scenario	**Annual Net School District Revenue**	Annual Net School Dist. Rev. per Unit / 1K SF / Space	Revenue > Expenditure
1 BR Std. Apartments	**$279,239**	$2,216	225.0%
1 BR WF Apartments	**$23,964**	$1,712	173.8%
2 BR Std. Apartments	**$350,681**	$1,855	104.7%
2 BR WF Apartments	**$27,226**	$1,296	73.1%
Retail Commercial	**$78,456**	$1,706	--
Structured Parking	**$119,473**	$217	--
Total Proposed	**$879,039**		**172.3%**
Existing Vacant Office	**$81,825**	$1,311	--
Difference	***$797,215***		

NOTES:

Pct. of Township School Age Children in Public Schools (2023 ACS)	82.7%	2024-2025 WSD Net Expenditure per Student	$23,823
2024-2025 WSD Total Expenditures	$127,628,540	2024-2025 WSD Real Estate Tax Millage	24.3200
Minus Pass-Through Expenditures & Budgetary Reserve	$1,506,964	2024-2025 WSD State/Federal Revenue per Student	$4,788
2024-2025 WSD Net Expenditures	$126,121,576	2024-2025 WSD Earnings on Investments	$1,825,000
2024-2025 WSD Student Enrollment	5,294		