GROWTH MANAGEMENT STUDY PHASE I

PROJECT SUMMARY MEMO

The Town of Rutland Massachusetts, in coordination with the Central Massachusetts Regional Planning Commission

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INTRODUCTION

The Rutland Growth Management project was funded by a grant through the District Local Technical Assistance (DLTA) program. DLTA is a program that allocates money to regional planning agencies, giving towns access to funding for small to medium-sized projects. The Town of Rutland sought a relatively small amount of money to examine some of the growth patterns that are currently happening and what this growth entails for the town.

The goal for the project is to understand the potential impact of approximately 400 lots that have been approved but not yet built. This study is intended to investigate the potential impacts of approved subdivision lots which will begin coming on line more rapidly in the near future, and what this could mean for the Town of Rutland. Midway through the research process, it was determined that there are numerous issues which warrant further study. The State recently set up another technical assistance grant funding program and, with the Town Administrator’s guidance, an application was submitted through the Executive Office of Environmental and Energy Affairs for a significant amount of funding for Phase II research.

The relatively minimal amount of time and money devoted to phase 1 produced a set of data points that are accurate enough to allow for analyzing the last couple of years and anticipate what may happen with 400 new houses coming on line in a fairly short amount of time. The additional grant funding will allow for researching future potential impacts. In this second phase, CMRPC staff will perform a buildout analysis and a complete fiscal analysis. This implies looking 10 to 20 years out and trying to explore what other developable properties there are in town and how many lots that may include.
Currently, there is not much the town can do to stop or slow the lots from being built since they have already received approval. The opportunity with the next phase is to look ahead and determine the potential growth rates for the future and subsequently make decisions about how certain changes can potentially be made.

**BRIEF HISTORY OF GROWTH AND DEVELOPMENT IN RUTLAND**

The study looks back to two general historical phases. The first is the 1999/2000 time-frame, in which the town completed its first Master Plan. During this period, significant residential growth was occurring, which became a concern to the Town. Residents worried about the impacts of development upon community character and town finances. The town sought to implement a temporary Growth Management bylaw which would have spanned the years 2003 to 2007. These years coincided with the so-called housing bubble which directly preceded the housing market crash of 2007. Had the moratorium been in place at that time, the rate of growth would have been substantially curtailed (see figure X, below).

**RATE OF GROWTH**

Growth in the housing sector has and continues to occur at a significant rate in Rutland. Figure X shows a number of comparative variables which can tell us much about growth patterns in Rutland. The bars represent building permits issued for new units each year. Note that the numbers herein are those reported by the department of Housing and Urban Development (HUD). Where ever possible, these numbers reflect permitted units reported to HUD. However, in certain smaller jurisdictions, “imputed values” may be included. These numbers are based on estimates of growth informed by patterns in the Metropolitan Statistical Area (MSA). Thus, the counts herein may not exactly reflect the town’s records. In 1999, increases in building permits begin to occur with 78 units permitted in a single year. The peak reaches 101 units permitted per year. In 2006 there appears to be a sporadic increase up to 133 units permitted, which likely reflects the completion of a subdivision or apartment building. The

![Figure 1 - Permits and Population Growth, 1990 - 2017](image-url)
corresponding dip after 2006 is a good illustration of the housing market changes during the Great Recession.

The line across the top of the graph in Figure 1 represents Rutland’s population. In 1990, the population was 4,936. From that point, the population has increased fairly steadily. Population projections completed by CMRPC show this trend will likely continue. It should be noted as well that CMRPC population projections anticipate that population in Rutland would reach 8,570 by 2020. However, the latest town census estimated the population in 2017 to already have surpassed this mark, estimating a current population of 8,850. This rate of growth suggests the town could surpass 10,000 residents within 20 years.

The red line on Figure 1 represents a growth management bylaw that was proposed in 2003, but ultimately it did not get the 2/3 majority vote at Town Meeting needed for it to pass. If the bylaw had passed it would have capped the number of building permits issued to 56 per year between 2003 and 2008, with an opportunity to extend the date. The passage of this bylaw would have leveled out the building activity over the years of peak growth, between 2003 and 2007.

REGIONAL COMPARISON

The project team compared data from Rutland to other towns in the “Rural 11 region. In 2012, CMRPC brought together communities with similar development patterns to conduct a development and preservation priority exercise. The communities of the Rural 11 have similar housing and economic development patterns, making them a good comparison group for analyzing trends. The communities in this sub-group are Rutland, Barre, Brookfield, Oakham, Hardwick, Warren, West Brookfield, East Brookfield, New Braintree, North Brookfield and Princeton. Figure XX compares annual permitting activity in all 11 towns between 1990 and 2015. This data reflects all housing units permitted during this time, including multi-family permits. It compares the actual permitting activity in Rutland against the average activity of the remaining ten communities in the Rural 11. As the chart shows, housing unit growth in Rutland has not been on par with regional averages since 1995. After this time, the rate at which Rutland added new units has averaged five to ten times the rate of other communities. It should be noted that this historic data is provided by the department of Housing and Urban Development.
(HUD). While every effort is made by HUD to reflect the actual number of permits issued, some numbers may be inferred from regional estimates.

Figure 3 below shows a snapshot of permits recorded in 2015 for Rutland and the surrounding region. As the figure shows, the discrepancy suggested by Figure XX is not the result of averaging among the remaining ten communities. Rather, in 2015, permits reported in Rutland were nearly four times the rate of the next most active town.

![Figure 3 - Regional Permits, US Department of Housing and Urban Development, 2015](chart)

**OVERVIEW OF THE STUDY METHODOLOGY AND RESEARCH**

**DEFINING THE AREA TO BE STUDIED**

This study was charged with examining the potential impact of a number of parcels which had been approved by the planning board but have not yet been built. In order to narrow the scope of approved lots to look into, the project team first had to identify which approved lot types to include. Massachusetts General Law includes two separate review processes for the division of a single tract of land into two or more lots: The Approval Not Required (ANR) process and a standard subdivision process. The circumstances of the tract of land will dictate what approval process is required to legally establish the additional lots.

**APPROVAL NOT REQUIRED**

The ANR review process ensures that lots have frontage and access along a way. Generally stated, if at the time the application is made the tract of land (1) has the frontage required by the zoning bylaw or ordinance, (2) on an existing public way or private way, (3) having in the opinion of the planning board sufficient width, suitable grades and adequate construction to provide for the needs of vehicular traffic then the more extensive subdivision review is not required. A tract of land that meets these criteria is
entitled to an endorsement by the planning board of the ANR plan that approval under the subdivision control law is not required. The complexity of the ANR process has resulted in many decisions and perimeter’s being set by case law. The planning board has little authority to deny an ANR lot if the lot can be shown to have adequate road frontage and a certain lot size. While towns can dictate how much frontage and area is required for a new lot, the ANR process allows only a 21-day review period before a property owner can seek to have the lot constructively approved. This study does not seek to quantify the number of ANR lots approved but not built upon, but it is identified that the Town of Rutland continues to process a significant number of ANR lots each year.

SUBDIVISIONS

The division of a single tract of land into two or more lots that do not meet the requirements for an ANR endorsement must undergo the complete subdivision review process. A simple way to conceptualize the difference is that lots on existing roads may be eligible for the ANR review process. Similarly, anytime a new road is proposed it will always require the full subdivision review process. For the purposes of this study the focus are the lots approved as part of subdivisions, but that are not yet built.

Figure 4 shows the entrance from Charnock Hill to Bryce Lemon, with infrastructure being installed, model houses under construction, and a road beginning to take shape, so the developers are actively pursuing the subdivision approval they have. Residents can expect to see this subdivision likely take shape in spring 2018 when the 112 lots will be built. In these situations, the developer generally takes on a big risk and financial liability to purchase the land, get the subdivision plan approved, then put out a bond for the full costs of installing all roads, utilities, roads, and sidewalks. Once that process has been completed, the burden is transferred from the developer to the town, which then takes on responsibilities such as “road acceptance” which is the final stage of the subdivision process. This is when the developer has fulfilled their duties, the houses are built, and the road and infrastructure get transferred to the town.

In Figure 5, the houses are occupied and at this point the town accepts responsibility for upkeep of infrastructure, plowing, sewer, etc.
NEW LOTS

The first step in this process was to get an accurate estimate of the number of approved lots, not yet built. Through conversations with the Town and using the Assessor’s internal data, the project team determined that number to be around 400 lots. This is not an exact figure, but rather is an estimate based recent approvals and GIS estimates of available open space. In order to simplify the subsequent calculations, most of the lots are assumed to be single-family homes. This is based on recent development trends in Rutland identified by town leaders and staff. ANRs were also omitted, since do not have the same lifecycle and approval process as traditional subdivisions.

PRELIMINARY FISCAL IMPACT FINDINGS

There are numerous methods for estimating fiscal impacts of housing development, each with varying levels of sophistication. However, one of the most commonly used methods, Average Costing, is one that can be employed with relative ease. The Average Costing Method aggregates the costs of all public services - roads, sewers, water, etc. – and averages this out on a per household or housing unit basis. By doing this, it will be possible to estimate the total added value of each new unit in a proposed development and compare it against the anticipated revenue of that development. By doing this, a town can model the potential revenues and costs that are to be expected within many growth scenarios. The output of this comparison is a cost-expenditures ratio where a value greater than 1.0 means more revenue is generated than expended and a value less than 1.0 means more revenue is expended than generated. A value of zero indicates revenues generated and expended are approximately equal.

REVENUE AND EXPENDITURES

It is important for all towns to have a healthy balance of revenue to expenditures. Looking at a fiscal analysis of the town, 72% of revenue comes from property taxes, with the remaining 28% composed of all other sources. Figures 6 and 7
show the breakdown of both average revenues and expenditures as recorded in town annual reports from 2012-2016. Regarding expenditures, Education is the largest single expense, followed by Public Safety and retirement payments.

Municipal budgets are affected by new investment, construction, employment, population, school enrollment. Within each of these factors, there is a lot of variability, making it more of an art and less of a science for a community to achieve balance.

New businesses and homeowners generate new property tax and by paying income taxes, motor vehicle taxes, etc. This growth is important because it generates revenue for the town. At the same time, this growth results in costs for the town. Roads need to be maintained, the town may need more staff in police or fire departments, traffic may become heavier and intersections may need to be reevaluated for standards. These factors result in a positive or negative municipal balance.

**FISCAL IMPACT ANALYSIS**

The Town of Rutland has estimated that several hundred subdivisions and ANR lots are already permitted and waiting to be developed with 3 to 4-bedroom homes, and developers are continuing to press the Planning Board for more approvals. Land is being taken out of Chapter 61A at an alarming rate to make room for more residential development. The Town simply lacks sufficient planning, financial and staff resources to address this growth. Fiscal Impact Analysis attempts to answer the question of how the balance between cost and revenue is affecting the Town. The analysis looks at broad topics

<table>
<thead>
<tr>
<th>Table 1 - Summary of Fiscal Impact for Approved Developments; CMRPC</th>
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</thead>
<tbody>
<tr>
<td><strong>Additional Costs, Expenses</strong></td>
</tr>
<tr>
<td>Total Tax Yield:</td>
</tr>
<tr>
<td>Additional Revues:</td>
</tr>
<tr>
<td>Total Anticipated Revenue:</td>
</tr>
<tr>
<td>Total New Expenditures:</td>
</tr>
<tr>
<td>Ratio:</td>
</tr>
</tbody>
</table>

New Population 1,362
New Students 508
Water Usage (GPD) 60,322.24
Waste Water (GPD) 66,715.38
Municipal Waste ***
Fire ***
Police (FTE) 2.59
Rescue ***
such as the number of people estimated to be brought in the new developed houses, additional students in the school system, new tax revenue, etc.

### POPULATION GROWTH

Population was arrived at by estimating the number of persons per household in a typical subdivision and multiplying that by the number of identified lots. To arrive at this number, the project team examined the population estimates for a number of recently completed and fully sold subdivisions as recorded in the town annual census. Figure X shows the breakdown of each of these estimates. Using this methodology, CMRPC estimates a resident per household count of 3.4. This compares to the resident per household estimate of 2.60, derived from US census bureau data. The larger estimate was used in this instance for two reasons; first, the lots reviewed in this study are all approved as single-family subdivisions. Thus, they are less likely to reflect the town wide per household multiplier which includes apartments, elder housing and single occupant households. Second, the estimates in Table X come from the town-wide census. This data set reflects an annual house by house count, rather than modeled on growth patterns in a Metropolitan Statistical Area (MSA) as the ACS is. This reduces the margin for error and allows us to make more accurate projections.

<table>
<thead>
<tr>
<th>Street</th>
<th>Number of HH</th>
<th>No. of Residents</th>
<th>Rez/HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clealand Cir</td>
<td>23</td>
<td>72</td>
<td>3.13</td>
</tr>
<tr>
<td>Grizzly Dr</td>
<td>24</td>
<td>84</td>
<td>3.50</td>
</tr>
<tr>
<td>Horizon Rd</td>
<td>5</td>
<td>21</td>
<td>4.20</td>
</tr>
<tr>
<td>Averages</td>
<td>17</td>
<td>59</td>
<td>3.40</td>
</tr>
</tbody>
</table>

Utilizing this multiplier, CMRPC estimates the population of Rutland would increase by more than 1,300 new residents. This is of course, assuming that all 400 available lots are built out with single family homes and that per-household population estimates remain consistent. Actual population growth may vary depending on the timing of the build out and current population trends.

According to data on housing permits provided by HUD, the Town of Rutland’s unit development rate grew an average of 13.7 units each year during the height of the housing boom. Discussions with the Town’s permitting office indicated rates as high as 80 new permits per year are not outside their ability to process. Based on this historic performance, we can estimate that Rutland could add nearly all projected new residents by as early as 2021.

### TAX YIELD

CMRPC took a sampling of single-family homes in subdivisions in Rutland family homes, median estimate of land value, and median estimate total value based on assessed values derived from the assessor’s data provided to MassGIS. The total estimated future value per lot was around $271,000. The 10-year average of median single-family home sales prices in Rutland was around $370,000 according to data provided by the Warren Group. While our internal estimate differed from the median market value by as much as $100,000, this discrepancy can be accounted for based on differences in the methods used to calculate assessed value versus median sale price. Also, given the need to generate more conservative estimates, this lower number is considered acceptable. Based on our estimations, the
tax yield should be around $4,708 per new home added. Again, this is assuming that each lot is a single-family home. Condos and other kinds of multi-family arrangements were not included in our estimates.

OTHER REVENUES
In addition to property tax, the project team estimated the additional revenues which the town should reasonably expect to follow any new population growth. The project team analyzed Town annual reports from 2012 to 2016 to estimate average additional, non-property tax revenues collected from residents. These were then divided by the 2015 population estimates to generate a per capita revenue estimate. The calculations determined could expect additional, non-property tax revenue to be around $549.63 per capita. This works out to around $748,341.92 in new revenue based on the aforementioned population projections.

ESTIMATING COSTS

As stated above, each new housing unit added to a community carries with it both new revenues and new costs. In order to better understand how the addition of 400 new housing units could impact the delicate revenue-expenditure balance, the project team needed to derive an estimate of new costs as well as revenues. Actual costs were averaged by town departments based on data from the 2012 – 2016 annual reports. These figures were again divided by the total estimated population in 2015 as estimated by the American Community Survey. The town of Rutland averaged actual expenses of $17,270,424 or $2,076 per person. This number was by the above referenced new population estimates to arrive at the Total Projected Expenditures for the population added.

<table>
<thead>
<tr>
<th>Expenditure Source</th>
<th>Avg. Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$714,595.61</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$1,950,930.95</td>
</tr>
<tr>
<td>Public Works and Facilities</td>
<td>$1,131,039.34</td>
</tr>
<tr>
<td>Education</td>
<td>$9,267,961.26</td>
</tr>
<tr>
<td>Human Services</td>
<td>$119,005.93</td>
</tr>
<tr>
<td>Culture and Recreation</td>
<td>$198,694.22</td>
</tr>
<tr>
<td>Insurance and Benefits</td>
<td>$1,178,398.21</td>
</tr>
<tr>
<td>Principal Retirement</td>
<td>$1,898,336.54</td>
</tr>
<tr>
<td>Interest (including Temporary Loans)</td>
<td>$811,462.24</td>
</tr>
<tr>
<td>Total</td>
<td>$17,270,424.30</td>
</tr>
<tr>
<td>Per capita</td>
<td>$2,076.77</td>
</tr>
</tbody>
</table>

New Population X Expenditures per Capita, or 1,361 X $2,076
Total Additional Expenditures Projected
$2,827,603

When this amount is added to the average expenditures identified from the annual reports (see Table 3), this gives us total projected expenditures $20,098,027 (see Table 1, above).
REVENUES TO COSTS INDEX
The Revenue to Cost Index (RCI) attempts to capture the relationship between added revenues and added expenditures arising from new development. This index is calculated by dividing the total projected revenue by total projected expenditures. This provides a simple fraction that can tell us a great deal about the cost-benefits of new development. For instance, an index of 1.0 indicates that revenues and expenditures are equal, whereas less than 1.0 means that expenditures are greater than revenues.

To calculate the index for the 400 new units analyzed, the total projected revenues and expenditures must first be added to existing town revenue and expenditure. These numbers are then compared to produce the index. Based on the four-year income and expenses data provided by the town reports and our internal estimates, CMRPC calculates the RCI to be .95, suggesting the town would stand to lay out more in services than they would reasonably expect to receive in new revenues. It should be noted that this does not attempt to estimate the costs associated with new road adoption, which is not easily estimated on a per capita basis. Thus, the costs could reasonably be much higher should all the proposed subdivisions be realized and their attendant infrastructure be adopted by the town.

NEW STUDENTS
The project team used the averages generated from the sample subdivision (see Table X, above), to estimate the number of minors the town should expect to add with the development of the approved subdivisions in this study. Within the sample area, the average number of minors per household was 1.27 on average. Based on that number, CMRPC estimates a potential for over 500 school-aged residents as a result of full development. Conversations with the school department suggested a system-wide capacity to absorb far fewer than 500 new students. This could have a significant impact on the school system. It should of course be noted that this estimate is subject to a number many variables. “Minors” in this instance are considered any dependents not of voting age (17 and younger), thus the impact to the specific parts of the school system would be impossible to assess. Also, without having detailed trends of the migration patterns within the district we would be unable to ascertain how many of these new students might be entirely new to the district versus how many might have migrated within the district. Many new residents may be attracted to new development in Rutland because they already have a child in the district, as some may be school choice parents or even existing residents who are previous renters. However, even with these caveats, the school department has estimated that they might be able to free up as many as three class-rooms systems wide. Even with student-teacher ratios as high as 30 students per classroom, that only allows the system to accommodate up to 90 new students. CMRPC recommends the school department engage in a more robust capacity assessment as part of phase 2.

LIMITATIONS
This methodology is not without limitations. Some multipliers were omitted for the lack of reliable multipliers. For instance, an estimate of the total mileage of new roads was outside the scope of this phase. In Phase II of this study, this and other factors will be looked into in more depth. By making an
estimate of costs to maintain the new roads in the subdivisions, it would greatly influence estimates for other costs. In the autumn of 2017, the Town of Rutland and CMRPC applied for state funding to pursue the second more detailed project phase. This additional funding was granted. Phase 2 is anticipated to commence in early spring 2018.

**NEXT STEPS**
CMRPC will assist the town of Rutland in completing the build out analysis and fiscal impact study from January to mid-summer 2018. Following this, CMRPC will assist the town to identify the most appropriate zoning amendments to achieve the town’s goals. CMRPC will study a range of options including open space and resource conservation, and identifying suitable areas for SmartGrowth districts; They will then assist the town to develop the bylaw language, conduct community outreach and education and provide technical assistance in through the Town Meeting process; this plan assumes a timeline that will allow for chosen reforms to brought to Town Meeting in the Spring of 2019; as a final step, CMRPC will document the process and outcomes of all tasks in a final report.
Project coordination will be undertaken by designated town staff in consultation with CMRPC (hereafter, the Project Team), and will include the following activities:

- 0.1 Internal Meetings, Admin
- 0.2 Meetings, Coordination with town Officials, Boards as needed
- 0.3 Grant Reporting (Quarterly)

**TASK 1: BUILD OUT ANALYSIS**
The Build Out analysis will estimate the total number of buildable residential lots the town can expect from land available at the time of the study. The GIS and Community Development divisions of CMRPC will partner to identify all undeveloped acreage, excluding wetlands and other absolute constraints. This will produce an estimate of net acreage available for development. From this, the Project Team will be able to estimate the number of potential residential lots by zoning district. It will also yield an estimate of new population, new students and other factors. This will then form the basis for the fiscal impact study in task 2
Task 1 will include the following activities:

- 1.1 Calculate Amount of Available Land Suitable for Development
- 1.2 Estimate Potential Lot Yield from Developable Acreage by Zoning District
- 1.3 Estimate Potential Population Growth Including New Students Added
- 1.4 Summarize Key Findings

**2.0 FISCAL IMPACT ANALYSIS:**
The Fiscal Impact Analysis will quantify the potential impact on town finances, infrastructure, schools and other town services. The Project Team will also assess the impact on water and open space resources. Through this analysis likely using the *per capita multiplier* methodology, the Project Team will be better equipped to recommend the most impactful amendments to the Town’s zoning and/or subdivision bylaws.
Task 2 will include the following activities:

2.1 Estimate Impact from Potential Development to Town Services and Infrastructure
2.2 Estimate potential tax and other revenues generated by new development
2.3 Estimate potential expenditures generated by new development
2.4 Estimate Impact to Water Resources
2.5 Estimate Impact to Open Space and Other Natural Resources
2.6 Summary of Key Findings

3.0 ADDITIONAL RESEARCH AND RECOMMENDATIONS:
The second phase of this project will be to identify the most appropriate and impactful Smart Growth model bylaws to suit the Town’s needs. The Project Team will research existing land use plans, bylaws and best practices. The Team will also conduct a thorough review of the town’s current and historic development patterns. From this analysis, the Project Team will develop a short report summarizing the research conducted, key findings, and provide a list of recommended bylaw amendments for the town to pursue.

Task 3 will include the following activities:

3.1 Analyze historic development patterns for compatibility with Smart Growth principles
3.2 Review of past plans, reports and studies
3.3 Review current zoning, subdivision bylaw and other regulations
3.4 Summarize Key Findings and Preliminary Recommendations
3.5 Presentation of Preliminary Findings to Town
3.6 Complete Draft Report and Review Recommendations with Committee
3.7 Final Draft Recommendations Report

4.0 ZONING BYLAW DEVELOPMENT:
The Project Team will provide technical assistance to town officials and necessary boards to develop bylaw language with the aim of taking such language to Town Meeting in Spring of 2019. This process will entail three (3) to five (5) meetings with the planning board and town officials, one (1) town-wide public workshop to review draft bylaw language, collect public input and help facilitate public buy-in, and one (1) to three (3) subsequent meetings with the planning board to fully customize the bylaw language. Finally, the Project Team will be on hand to provide necessary technical assistance to town officials and the planning board through the town meeting process.

Task 4 will include the following activities:

4.1 Develop draft bylaw language with town officials and boards (3-5 meetings)
4.2 Public Workshop
4.3 Finalize bylaw language with town officials and boards (1-3 meetings)
4.4 Provide technical support to planning board at town meeting

5.0 FINAL REPORT ON RECOMMENDATIONS & OUTCOMES:
As a final step, the project team will summarize and compile all steps, materials and outcomes from this project. These materials will form a final report which will be submitted to the EEA upon completion of the contract.

Task 5 will include the following activities:

   5.1 Develop draft report
   5.2 Review draft report with town officials and boards