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PATRICE GARVIN

ASSISTANT TOWN ADMINISTRATOR
JENNIFER HEWITT

TO: Patrice Garvin, Town Administrator
FROM: Chris Ryan, Director of Planning; and Jennifer Hewitt, ATA/Finance Director
DATE: August 8, 2025
RE: Updated RKG Fiscal Impact Analysis (FIA) Model

In 2024, Belmont contracted with RKG Associates to develop a Fiscal Impact Analysis (FIA) model to forecast how proposed zoning changes and individual development proposals might impact overall revenues and expenses for the Town. The initial model generated some helpful feedback, and in the intervening time staff have made some targeted updates, described below. With these changes, the model is now internally consistent for FY2025, and able to be updated for future years as data becomes available, which would not be until December 2025 at the earliest for FY2026.

DESCRIPTION OF MAIN BUDGET CHANGES

REMOVED NON-GENERAL FUND BUDGET ITEMS – The FY2025 budget files sent to RKG included non-General Fund items, such as grants, revolving funds, and enterprise accounts, which distorted the initial budget summaries. Those have been removed, providing a solid base for comparison.

RECOGNITION OF COSTS FOR BENEFITS – Residents rightly noted that the initial model did not include costs for benefits, including pension. Staff developed a pro-rated percentage for both Town and School and applied it to payroll items. In addition, normal costs were added for staff who participate in the Belmont Retirement System. Teachers participate in the Massachusetts Teachers Retirement System (MTRS), funded by the state.

RIGHT-SIZED TOWN COSTS – Updates were made to ensure that the full costs of Police and Fire were captured, and other items were removed. General Government is now limited to expenses at the Assessors and Treasurer for bill generation, and the Town Clerk for Elections.

REVISED MOTOR VEHICLE EXCISE (MVE) PROJECTIONS – Actual MVE billing data for 2024 was used and the number of bills per unit was reduced from 2 (current average per unit) to 0.3 (zoning).

UPDATED FY2025 INFORMATION – The following information has been updated to ensure a consistent basis for analysis: property valuation and approved tax rate, commercial vs. residential percentage breakdown, and students as of October 1, 2024.

DESCRIPTION OF SCHOOL-AGED CHILDREN MULTIPLIERS

One of the more sensitive criteria for the FIA is the School-Aged Children (SAC) multiplier. This is a topic that must be addressed carefully in relation to Fair Housing Law, but is nonetheless a legitimate cost factor to consider when planning for new development.

RKG’s final report, dated November 18, 2024, provided SAC multipliers based on an analysis of seven (7) properties in Belmont (Table 6 in report). Based on the seven comparables, RKG calculated a SAC ratio of 0.30 for all unit types (Studio, 1BR, 2BR, and 3BR) plus condominiums, and 0.43 for townhouses. Since their data set was not granular enough to assign actual students to specific unit sizes, they provided a flattened ratio across all bedroom types. This is reasonable as one could assume that smaller units would approach zero while larger units would be closer to or exceed 1. This is an approach commonly used by FIA consultants, as confirmed by OPB staff in a meta-analysis of FIA studies in Massachusetts.

Unfortunately, this approach does not generate the level of detail that Belmont policy makers and town meeting members would prefer, especially for quantifying the impact of a specific project’s bedroom mix. Using the meta-analysis conducted by OPB staff, supplemented with data from an Enrollment Analysis Report from Newton Public Schools dated February 2025, OPB was able to derive SAC multipliers for each bedroom type for both market rate and affordable units (which tend to be higher for 2- and 3-bedroom units) that we feel are reasonable given the use of arguably comparable community data.

Therefore, for an alternative to the RKG analysis, we propose using the following for SAC multipliers for market rate units:

- Studio Units – 0.000 (Newton Method 1 and RKG)
- 1 Bedroom Units – 0.163 (Newton Method 2)
- 2 Bedroom Units – 0.214 (Newton Method 1)
- 3 Bedroom Units – 0.800 (Newton Method 1)

We propose using the following for SAC multipliers for affordable units:

- Studio Units – 0.000 (Newton Method 1 and RKG)
- 1 Bedroom Units – 0.163 (Newton Method 2)
- 2 Bedroom Units – 1.018 (Newton Method 1)
- 3 Bedroom Units – 1.190 (Newburyport)

Finally, we take note of an alternative FIA model developed by Ira Morgenstern that provided scenarios using SAC multipliers of 0.30, 0.35, and 0.40 across all unit types (RKG methodology). While not specified, we assume this analysis would apply a multiplier of 0.000 for studio units. Using the highest scenario here (0.40) would serve as a “worst case scenario”. Moving forward, OPB feels that it would be reasonable to provide FIA scenarios using all three SAC multiplier methods to provide for a range of results for the public. In summary, they would be as follows:

SAC Method	Market-Rate Units				Affordable Units			
	Studio	1BR	2BR	3BR	Studio	1BR	2BR	3BR
RKG	0.000	0.300	0.300	0.300	0.300	0.300	0.300	0.300
OPB	0.000	0.163	0.214	0.800	0.000	0.163	1.018	1.190
Morgenstern	0.000	0.400	0.400	0.400	0.000	0.400	0.400	0.400

In summary, we feel that these model modifications and range of SAC multipliers would provide a robust Fiscal Impact Analysis tool to apply to the Buildout Analysis for the Belmont Center zoning project. Using these three basic models, scenarios for partial and full buildout for both base zoning and zoning using density bonuses would provide 12 scenarios to show a range of potential outcomes.

ANTICIPATED FIA ANALYSES –

Zoning Scenario	SAC – RKG	SAC – OPB	SAC – Morgenstern
<u>Partial Buildout</u>			
Base Zoning	#1	#2	#3
Density Bonuses	#4	#5	#6
<u>Full Buildout</u>			
Base Zoning	#7	#8	#9
Density Bonuses	#10	#11	#12