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**MEMORANDUM**

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**To:** Nick Robinson  
**From:** Lucy Gallo, Principal *LG*  
**Cc:** Lee Bowman  
**Date:** May 15, 2017  
**Re:** Briar Chapel CUP Amendment – Public Hearing Testimony

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My name is Lucy Gallo, and my office address is 1340 Environ Way Chapel Hill, NC. I am a principal with Development Planning & Financing Group, Inc., a national real estate consulting firm.

A more detailed technical memorandum discussing the fiscal impact of the proposed Briar Chapel CUP Amendment on Chatham County is attached.

In our firm's experience, a highly amenitized multifamily component of a successful mixed-used, master-planned community generally does not raise significant fiscal concerns because the units generate significantly fewer people and public school children than single-family homes.


Because public service costs in fiscal analysis are usually allocated on a per capita (or per student) basis, the fiscal impact of the additional 150 highly amenitized multifamily units planned for Briar Chapel should be fiscally positive or, at minimum, fiscally neutral.



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**MEMORANDUM**

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**To:** Mr. Lee Bowman, Newland Communities  
**From:** Lucy Gallo, Principal   
**CC:** Nick Robinson, Bradshaw Robinson Slawter, LLP  
**Date:** May 15, 2017  
**Re:** Briar Chapel CUP Amendment Analysis

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This technical memorandum addresses the fiscal implications of a request by NNP-Briar Chapel for a Conditional Use Permit Revision to increase the number of dwelling units from 2,500 to 2,650, by adding 150 multifamily units, and to decrease the commercial land uses by 56,720 square feet.

As demonstrated in the 2004 study, "A Fiscal Impact Analysis of The Briar Chapel Development," the positive fiscal impact of Briar Chapel is not dependent on the real property taxes generated by the commercial components of the project. Furthermore, this study has proven to be very conservative in that the assumed public school student generation rate ("SGR") was 0.40 public school students per housing unit whereas the actual SGR is currently 0.30 for the 1,193 homes completed to date.

To illustrate the significance of the lower SGR, Table 1 compares the net annual fiscal surplus in the 2004 study to the results assuming an SGR of 0.30 had been applied.



**Table 1: Briar Chapel Net Annual Fiscal Surplus from 2004 Study as Revised for Actual SGR**

	<u>2004 Study</u>	<u>2017 Actual</u>
Briar Chapel Student Generation Rate (SGR)	0.40	0.30
		Revised for
Briar Chapel Public School Annual Incremental Cost	<u>2004 Study</u>	<u>Actual SGR</u>
Operating Cost	\$ 2,046,982	\$ 1,539,955
Capital Cost	818,779	615,972
Total Annual Incremental Public School Cost	<u>\$ 2,865,761</u>	<u>\$ 2,155,927</u>
Difference		\$ (709,834)
Annual Surplus at Existing Service Levels	\$ 1,657,409	
Adjustment for Overstated SGR	709,834	
Revised Annual Surplus at Existing Service Levels	<u>\$ 2,367,243</u>	
Annual Surplus at Expanded Service Levels	\$ 905,855	
Adjustment for Overstated SGR	709,834	
Revised Annual Surplus at Expanded Service Levels	<u>\$ 1,615,689</u>	

Source: "A Fiscal Impact Analysis of The Briar Chapel Development," Chatham County Schools, Newland Communities, DPGF, 2017

Based on the observations described above, the remainder of this memorandum focuses on the fiscal impact of the additional 150 multifamily units.

In our firm's experience, a highly amenitized multifamily component of a mixed-used community generally does not raise significant fiscal concerns. The reasons are twofold as shown in Table 2.

A highly amenitized multifamily unit yields a market value of approximately \$83,333 per occupant compared to \$95,633 per occupant for the median Chatham County owner-occupied home, a difference of only \$12,300 per occupant. Market values are used in calculating incremental property tax revenues in fiscal analysis.

In contrast, the SGR for an owner-occupied home is nearly 4 times the SGR of a multifamily unit. Public education costs represent a significant portion of the County's budget. The multifamily unit's lower student generation rate is much more favorable, from a fiscal standpoint. Because public service costs in fiscal analysis are usually allocated on a per capita (or per student) basis, the fiscal impact of the 150 additional highly amenitized multifamily units planned for Briar Chapel should be fiscally positive or, at minimum, fiscally neutral.

**Table 2: Owner-Occupied Chatham County Home Compared to Highly Amenitized Multifamily Unit**

Description	Market Value	Persons per Housing Unit (2)	Market Value per Person	Public School Student Generation Rate (4)
Median Value Owner-Occupied Housing Unit (1)	\$ 219,000	2.29	\$ 95,633	0.294
Estimated Value Amenitized Apartment (3)	\$ 140,000	1.68	\$ 83,333	0.074

(1) Market Value Source: ACCESSNC Chatham County, NC Department of Commerce, January 2017

(2) 2010-2014 American Community Survey (Chatham County)

(3) Market Value Source: Noell Consulting Group, DPGF

(4) "School Impact Fees Chatham County Schools" prepared by TischlerBise (2009)