
HEARINGS, MEETINGS, LICENSES

11-18-13

COMMONWEALTH OF MASSACHUSETTS

Town of Middleborough
Rent Board Case No. 2013-001

IN RE: Hillcrest Mobile Home Tenants)
Association, Inc. and Hillcrest)
MHP LLC (n/k/a Morgan MHP)
Mass LLC))
_____)

MEMORANDUM OF DECISION

The Town of Middleborough Rent Board (the "Board") received an application filed by Hillcrest Mobile Home Tenants Association, Inc. (the "Applicant") for an increase in rents to be paid by tenants of Hillcrest Mobile Home Park (the "Park"). The owner of the Park, Hillcrest MHP LLC n/k/a Morgan MHP Mass LCC joined in the application as a co-applicant. The application as amended requested rent increases for three (3) successive years starting with the first year of Applicant's ownership of the Park. The Board scheduled and gave notice of a public hearing to be held with respect to the application. The initial session of the hearing was held on November 4, 2013. The primary issue involved in the hearing was whether the rents paid by tenants in the Park would be increased in view of the impending sale of the Park to the Applicant. The application asked that the rent increases were to become effective only upon Applicant's purchase of the Park.

The Board entered into evidence as Board exhibits the initial application and the amended application with supporting documentation including a three year budget and letter of explanation. Representatives of the Applicant and Andrew Danforth, Director of New England Resident Owned Communities, who is assisting the Applicant in its purchase of the Park; testified with respect to the application. The Board questioned the representatives and witness

Danforth on various matters. No other persons or parties entered an appearance at the hearing, questioned any persons who testified or presented any evidence through testimony or exhibits.

FINDINGS OF FACT

Based on credible evidence presented and accepted at the hearing and the reasonable inferences drawn from that evidence, the Board finds the following facts:

1. There are 93 manufactured homes, formerly mobile homes, in the Hillcrest Mobile Home Park.
2. The Park when it is owned by the Applicant will be a Resident Owned Park within the meaning of the "Town of Middleborough Rules and Regulations for Mobile Home Park Accommodations, Rents and Evictions" (Section 1-N) where over 51% of the owners of homes in the Park are and will be shareholders or members of the Applicant corporation.
3. The three year budget submitted by the Applicant and included in a Board exhibit and included herein by reference shows that rent in Year 1 of \$281.00/month, rent in Year 2 of \$298.00/month and rent in Year 3 of \$310.00/month is required in order to produce a fair net operating income for the Park when Applicant owns the Park.
4. The rents set forth in the above finding #3 include \$12.00 per month attributed to the license fee due to the Town of Middleborough for each unit in the Park.

RULINGS OF LAW

The Board makes the following rulings of law:

1. Monthly rent in Year 1 of \$281.00, in Year 2 of \$298.00 and in Year 3 of \$310.00 will produce a fair net operating income for the Park when Applicant owns the Park.

2. The three year budget submitted by the Applicant and included in a Board exhibit is included herein by reference.

DECISION

Based on the foregoing, the Board hereby orders a general adjustment of the rents payable by tenants at Hillcrest Mobile Home Park as follows:

1. Effective during the first full month following the month when Applicant becomes the owner of the Park, and for a period of eleven (11) months after said first full month (Year 1), the monthly rent for each unit in the Park shall be \$281.00/month which sum shall include \$12.00/month for the monthly license fee due to the Town of Middleborough.

2. Effective during the twelve (12) month period next following Year 1 (Year 2), the monthly rent for each unit in the Park shall be \$298.00/month which sum shall include \$12.00/month for the monthly license fee due to the Town of Middleborough.

3. Effective during the twelve (12) month period next following Year 2 (Year 3), the monthly rent for each unit in the Park shall be \$310.00/month which sum shall include \$12.00/month for the monthly license fee due to the Town of Middleborough.

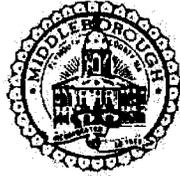
4. After Year 3, the monthly rent for each unit in the Park shall be \$310.00/month which sum shall include \$12.00/month for the monthly license fee due to the Town of Middleborough unless the Board otherwise orders an adjustment of the rent.

5. The rents provided for above shall be effective only in the event that Applicant owns the Park.

Town of Middleborough Rent Board
By:

Stephen J. McKinnon., Chairman

DATED: November 18, 2013



A hearing will be held in the Selectmen's Meeting Room in the Town Hall, 10 Nickerson Avenue, Middleborough, MA, on Monday, November 18, 2013 at 7:30 PM, on the allocation of the fiscal year 2014 tax levy among the various classes of property in the Town of Middleborough. This hearing will give interested citizens an opportunity to comment on local property tax policy as it will be applied during fiscal year 2014.

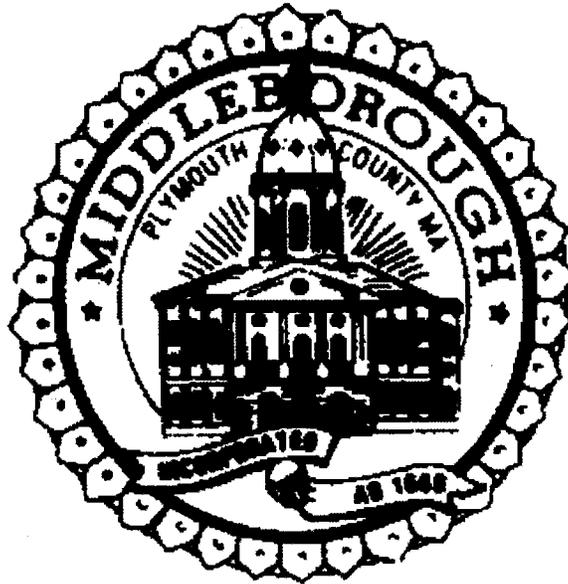
Stephen J. McKinnon
Allin Frawley
Ben Quelle
Leilani Dalpe
John M. Knowlton
BOARD OF SELECTMEN

Publish: November 7th and November 14, 2013

Please bill the Town of Middleborough c/o Board of Selectmen, 10 Nickerson Ave.

**FISCAL YEAR
2014**

TOWN OF MIDDLEBOROUGH



TAX CLASSIFICATION HEARING

November 18, 2013

***PREPARED BY
BOARD OF ASSESSORS***

FISCAL 2014 TAX CLASSIFICATION
EXPLANATION OF BOOKLET

This booklet is designed to provide information to the Board of Selectmen and the taxpayers of this community so a decision can be made in regard to the issue of allocating the local property tax levy between Residential, Commercial, Industrial and Personal Property.

Please refer to the top of page 1. This is the Levy Limit for Fiscal 2014 which is based on last year's plus 2 ½% plus the new growth. The rest of the page is a chart which shows tax rates in 1 ¼% increments for both Fiscal 2013 and Fiscal 2014. The current shift of 5% is highlighted.

The top of page 2 shows the average value for the property classes within the town for the current and previous year along with the % of change. The next section shows the total number of parcels by class for both years.

Page 3 shows the actual Fiscal 2013 and proposed Fiscal 2014 taxes at the 5% shift for both Commercial/Industrial and Residential in value increments of \$50,000.

Page 4 shows a history of the shifts since the town first started classification in Fiscal 1984. It also explains a revaluation update and an interim year adjustment and identifies the years in which they occurred.

Page 5 shows the history of New Growth and the total new growth in dollars for the current year and the past several years for the four classes of property.

Page 6 contains a listing of substantial commercial and industrial building activity for the current year and several past years.

Page 7, Section A shows the new growth figures by class for this year and last year. Section B shows the Levy Limit for both years.

Page 8 shows the history of values within the town by class.

Page 9 gives examples of the value and tax differences for various styles of residential houses.

The number of communities with a split tax rate is shown on page 10.

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FISCAL 2014 CLASSIFICATION

FY2013 Levy Limit	\$ 32,846,113
Amended NG	\$ -
Prop 2 1/2	\$ 821,153
New Growth	\$ 608,939
FY2014 Levy Limit	\$ 34,276,205
DEBT EXCLUSION	\$ 283,905
	\$ 34,560,110

TAX RATES IN 1 1/4% INCREASE

Levy Rate	2013	2014	2015	2016
0.00%	15.09	15.09	15.80	15.80
1.25%	15.04	15.28	15.75	16.00
2.50%	14.99	15.47	15.70	16.20
3.75%	14.94	15.65	15.65	16.39
5.00%	14.89	15.84	15.60	16.50
6.25%	14.84	16.03	15.55	16.79
7.50%	14.80	16.22	15.50	16.99
8.75%	14.75	16.41	15.45	17.18
10.00%	14.70	16.60	15.40	17.38
11.25%	14.65	16.79	15.35	17.58
12.50%	14.60	16.97	15.30	17.78
13.75%	14.55	17.16	15.25	17.97
15.00%	14.50	17.35	15.20	18.17
16.25%	14.45	17.54	15.15	18.37
17.50%	14.41	17.73	15.10	18.57
18.75%	14.36	17.92	15.05	18.76
20.00%	14.31	18.11	15.00	18.96
21.25%	14.26	18.29	14.95	19.16
22.50%	14.21	18.48	14.89	19.36
23.75%	14.16	18.67	14.84	19.55
25.00%	14.11	18.86	14.79	19.75
26.25%	14.06	19.05	14.74	19.95
27.50%	14.01	19.24	14.69	20.15
28.75%	13.97	19.43	14.64	20.35
30.00%	13.92	19.61	14.59	20.54
31.25%	13.87	19.80	14.54	20.74
32.50%	13.82	19.99	14.49	20.94
33.75%	13.77	20.18	14.44	21.14
35.00%	13.72	20.37	14.39	21.33
36.25%	13.67	20.56	14.34	21.53
37.50%	13.62	20.75	14.29	21.73
38.75%	13.58	20.94	14.24	21.93
40.00%	13.53	21.12	14.19	22.12
41.25%	13.48	21.31	14.14	22.32
42.50%	13.43	21.50	14.09	22.52
43.75%	13.38	21.69	14.04	22.72
45.00%	13.33	21.88	13.99	22.91
46.25%	13.28	22.07	13.94	23.11
47.50%	13.23	22.26	13.89	23.31
48.75%	13.18	22.44	13.84	23.51
50.00%	13.14	22.63	13.79	23.70

FISCAL 2014 CLASSIFICATION

	FISCAL 2013	FISCAL 2014	PERCENTAGE	FY 2013 Ave Tax Bill @ 5% Shift	FY 2014 Ave Tax Bill @ 5% Shift	Tax Difference
<u>RESIDENTIAL</u>						
	<u>AVERAGE</u>	<u>AVERAGE</u>	<u>CHANGE</u>			
1 Family Dwelling	\$258,200	\$254,600	-1.41%	\$3,844.60	\$3,971.76	\$127.16
Condominiums	\$188,300	\$178,700	-5.37%	\$2,803.79	\$2,787.72	(\$16.07)
2 Family Dwellings	\$210,100	\$234,000	10.21%	\$3,128.39	\$3,650.40	\$522.01
3 Family Dwellings	\$215,700	\$229,400	5.97%	\$3,211.77	\$3,578.64	\$366.87
Apartments 4 Unit & Up	\$499,400	\$606,100	17.60%	\$7,436.07	\$9,455.16	\$2,019.09
<u>COMMERCIAL</u>						
Parcels w/bldgs	\$987,800	\$926,600	-6.60%	\$15,646.75	\$15,372.29	(\$274.46)
Vacant Land and Parking Lots	\$130,300	\$114,900	-13.40%	\$2,063.95	\$1,906.19	(\$157.76)
<u>INDUSTRIAL</u>						
All Parcels	\$1,012,900	\$976,100	-3.77%	\$16,044.34	\$16,193.50	\$149.16
<u>PERSONAL PROPERTY</u>						
This average includes both businesses & second homes Excludes Utilities	\$36,400	\$39,200	7.14%	\$576.58	\$650.33	\$73.75

	<u>FISCAL 2013</u>	<u>FISCAL 2014</u>
TOTAL # OF RESIDENTIAL PARCELS	7,921	7,823
TOTAL # OF MIXED USE PARCELS	156	168
TOTAL # OF COMMERCIAL PARCELS	474	488
TOTAL # OF CHAPTER LAND PARCELS (Forestry, Farmland, Recreational)	441	425
TOTAL # OF INDUSTRIAL PARCELS	62	64

FISCAL 2014 TAX CLASSIFICATION

VALUE	RESIDENTIAL FISCAL 2013 TAXES @ 5.00% SHIFT	RESIDENTIAL FISCAL 2014 TAXES @ 5.00% SHIFT	COMMERCIAL FISCAL 2013 TAXES @ 5.00% SHIFT	COMMERCIAL FISCAL 2014 TAXES @ 5.00% SHIFT
	\$ 14.89	\$ 15.60	\$ 15.84	\$ 16.59
150,000	\$ 2,233.50	\$ 2,340.00	\$ 2,376.00	\$ 2,488.50
200,000	\$ 2,978.00	\$ 3,120.00	\$ 3,168.00	\$ 3,318.00
250,000	\$ 3,722.50	\$ 3,900.00	\$ 3,960.00	\$ 4,147.50
300,000	\$ 4,467.00	\$ 4,680.00	\$ 4,752.00	\$ 4,977.00
350,000	\$ 5,211.50	\$ 5,460.00	\$ 5,544.00	\$ 5,806.50
400,000	\$ 5,956.00	\$ 6,240.00	\$ 6,336.00	\$ 6,636.00
450,000	\$ 6,700.50	\$ 7,020.00	\$ 7,128.00	\$ 7,465.50
500,000	\$ 7,445.00	\$ 7,800.00	\$ 7,920.00	\$ 8,295.00

HISTORY OF SHIFTS

FISCAL *1984	Residential	30.00%	\$ 19.13	FISCAL *2004	Residential	8.75%	\$ 11.67
	Commercial		\$ 23.43		Commercial		\$ 12.90
FISCAL 1985	Residential	40.00%	\$ 19.32	FISCAL **2005	Residential	10.00%	\$ 10.85
	Commercial		\$ 24.81		Commercial		\$ 12.14
FISCAL 1986	Residential	25.00%	\$ 19.36	FISCAL **2006	Residential	7.50%	\$ 9.83
	Commercial		\$ 26.52		Commercial		\$ 10.69
FISCAL *1987	Residential	40.00%	\$ 11.18	FISCAL *2007	Residential	5.00%	\$ 9.28
	Commercial		\$ 18.06		Commercial		\$ 9.83
FISCAL 1988	Residential	35.00%	\$ 11.81	FISCAL **2008	Residential	5.00%	\$ 10.10
	Commercial		\$ 18.17		Commercial		\$ 10.70
FISCAL 1989	Residential	40.00%	\$ 11.93	FISCAL **2009	Residential	5.00%	\$ 10.93
	Commercial		\$ 19.38		Commercial		\$ 11.59
FISCAL *1990	Residential	30.00%	\$ 8.37	FISCAL *2010	Residential	5.00%	\$ 11.83
	Commercial		\$ 11.97		Commercial		\$ 12.55
FISCAL 1991	Residential	30.00%	\$ 9.44	FISCAL **2011	Residential	5.00%	\$ 13.05
	Commercial		\$ 13.72		Commercial		\$ 13.86
FISCAL *1992	Residential	27.50%	\$ 11.28	FISCAL **2012	Residential	5.00%	\$ 13.74
	Commercial		\$ 15.67		Commercial		\$ 14.61
FISCAL 1993	Residential	22.50%	\$ 12.05	FISCAL **2013	Residential	5.00%	\$ 14.89
	Commercial		\$ 15.80		Commercial		\$ 15.84
FISCAL 1994	Residential	20.00%	\$ 12.62				
	Commercial		\$ 16.04				
FISCAL *1995	Residential	20.00%	\$ 14.39				
	Commercial		\$ 18.19				
FISCAL 1996	Residential	17.50%	\$ 14.97				
	Commercial		\$ 18.42				
FISCAL 1997	Residential	15.00%	\$ 15.57				
	Commercial		\$ 18.64				
FISCAL *1998	Residential	12.50%	\$ 16.67				
	Commercial		\$ 19.43				
FISCAL 1999	Residential	10.00%	\$ 17.46				
	Commercial		\$ 19.74				
FISCAL 2000	Residential	10.00%	\$ 17.02				
	Commercial		\$ 19.23				
FISCAL *2001	Residential	10.00%	\$ 14.98				
	Commercial		\$ 16.89				
FISCAL 2002	Residential	10.00%	\$ 14.76				
	Commercial		\$ 16.61				
FISCAL 2003	Residential	8.75%	\$ 15.29				
	Commercial		\$ 16.99				

***Revaluation Update**

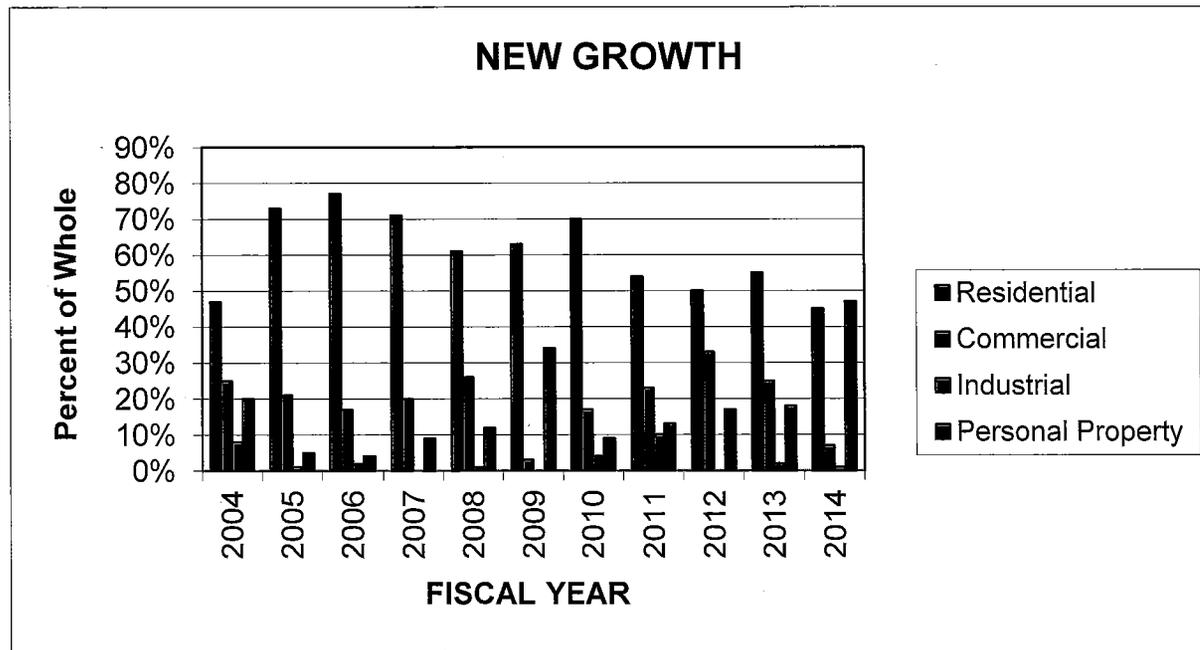
A "revaluation update" revalues ALL property within the town. The DOR certifies the values prior to setting a tax rate.

****Interim Year Adj**

An "interim year adjustment" is an adjustment in values between certification years. Values are only adjusted when the market indicates substantial changes within a particular class.

FISCAL 2014 CLASSIFICATION

FISCAL YEAR	NEW GROWTH	Residential	Commercial	Industrial	Personal Property
2004	\$643,228	47%	25%	8%	20%
2005	\$757,146	73%	21%	1%	5%
2006	\$482,652	77%	17%	2%	4%
2007	\$861,643	71%	20%	0%	9%
2008	\$629,415	61%	26%	1%	12%
2009	\$801,148	63%	3%	0%	34%
2010	\$658,199	70%	17%	4%	9%
2011	\$488,992	54%	23%	10%	13%
2012	\$383,461	50%	33%	0%	17%
2013	\$350,426	55%	25%	2%	18%
2014	\$608,939	45%	7%	1%	47%



FISCAL 2014 CLASSIFICATION

FISCAL YEAR	SUBSTANTIAL COMMERCIAL / INDUSTRIAL BUILDING ACTIVITY
2005	Cirelli Distribution Center (Commerce Blvd) Oak Point Associates (Oak Point Dr) Clubhouse, Fitness Ctr Ocean Spray Cranberry Co. (Bridge St) Interior Renovations Plymouth Savings Bank (Campanelli Dr) Addition Rockland Trust Co (South Main St) Renovation/Addition Faietti Building (South Main St) Affordable Housing Units
2006	Christmas Tree Shop (Leona Drive) Phase Ili Addition (30% Complete) Holiday Inn Express (Harding Street) (30% Complete) Crossroads RV Center (3 Chalet Rd)
2007	Christmas Tree Shop (Leona Drive) Phase Ili Addition (100% Complete) Holiday Inn Express (Harding Street) (100% Complete) Added inground pool Storage Building France Street, Vine Street, Maple Road Office/Garage Building 155 East Grove Street Oak Point 3rd Club House (50% Complete) Office Building 4 Abbey Ln
2008	Berkshire-Middleboro LLC (Fedex Ground) Oak Point 3rd Club House (100% Complete) Sager Electronics Addition Hannaford (remodel) Memorial Early Childhood Center (Old Junior High School)
2009	Wareham Street New Steel Bldg - Bay State Construction Wareham Street New Steel Bldg - New England Bldg & Desroche Electric
2010	Old Colony Y, Inc- Addition (10% Complete) 61 East Grove Street Cowan Drive Realty LLC -Malden International Designs Inc (5% Complete) 19 Cowen Dr Christmas Tree Shops Inc- Addition 64 Leona Drive CD, LLP New Steel Bldg -Costello Dismantling 705 Wareham Street
2011	Old Colony Y, Inc- Addition (100% Complete) 61 East Grove Street Cowan Drive Realty LLC -Malden International Designs Inc (100% Complete) 19 Cowen Dr Campanelli Middleborough V LLC Bimbo Bakeries Distribution (5% Complete) 45 Leona Dr Giacomo LLC Shooters Restaurant & Sports Bar (Renovations) 360 Wareham St Campanelli Middleborough IV LLC Idex Healh & Science (100% Complete) 16 Leona Dr
2012	Compass Medical 8 Commerce Blvd (Foundation Only) Campanelli Middleborough V LLC Bimbo Bakeries Distribution (completed bldg) 45 Leona Dr
2013	Compass Medical 8 Commerce Blvd Champion Exposition Expired TIF Agreement Office Building @16 Commerce Blvd
2014	Star Mill Loft Apartments (50% Complete) 31-33 East Main Street

FISCAL 2014 CLASSIFICATION

Section A

FISCAL 2013 NEW GROWTH

	Value	New Growth	% of Total Value
*Class 1 (Res)	14,551,569	\$ 199,939	55%
*Class 3 (Comm)	5,926,030	\$ 86,579	24%
*Class 4 (Ind)	576,000	\$ 8,415	2%
*Class 5 (P.P.)	4,519,090	\$ 66,024	18%
	\$ 25,572,689	\$ 360,957	100%

FISCAL 2014 NEW GROWTH

	Value	New Growth	% of Total Value
*Class 1 (Res)	18,319,104	\$ 272,771	45%
*Class 3 (Comm)	2,717,153	\$ 43,040	7%
*Class 4 (Ind)	255,300	\$ 4,044	1%
*Class 5 (P.P.)	18,250,250	\$ 289,084	47%
	\$ 39,541,807	\$ 608,939	100%

Section B

FY2012 Levy Limit	\$ 31,692,835
Amended NG	
Prop 2 1/2	\$ 792,321
New Growth	\$ 360,957
FY2013 Levy Limit	\$ 32,846,113
DEBT EXCLUSION	\$ 341,708
	\$ 33,187,821

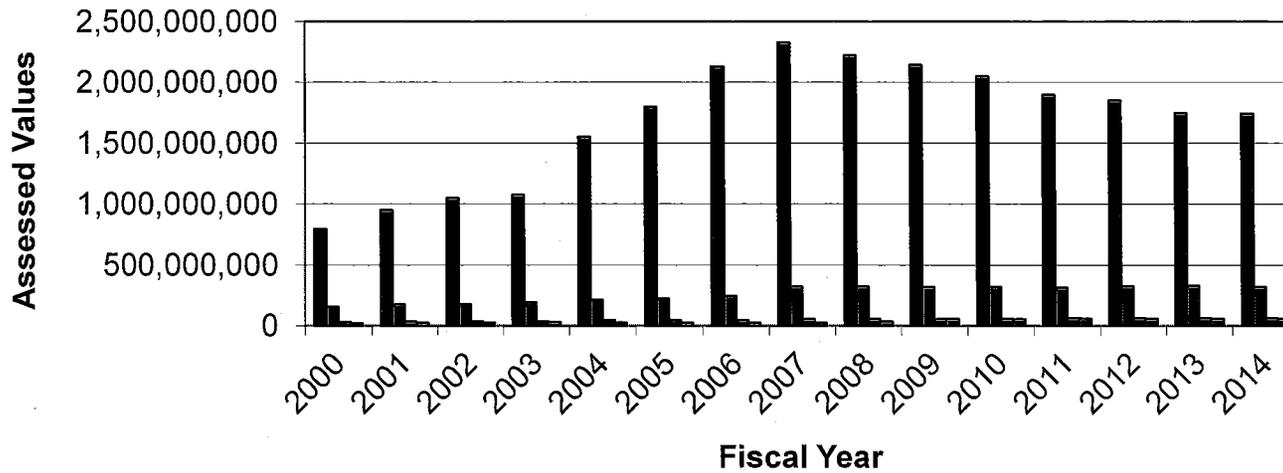
FY2013 Levy Limit	\$ 32,846,113
Amended NG	
Prop 2 1/2	\$ 821,153
New Growth	\$ 608,939
FY2014 Levy Limit	\$ 34,276,205
DEBT EXCLUSION	\$ 283,905
	\$ 34,560,110

*Class 1 (Res) = Residential
 *Class 3 (Comm) = Commercial
 *Class 4 (Ind) = Industrial
 *Class 5 (P.P.) = Personal Property

FISCAL 2014 CLASSIFICATION

FISCAL YEAR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL PROPERTY
2000	793,358,000	157,713,139	32,955,520	17,574,322
2001	947,621,099	174,947,701	35,616,030	22,924,263
2002	1,048,166,981	176,729,506	36,110,584	25,268,617
2003	1,074,256,244	192,740,471	37,249,649	28,716,142
2004	1,549,405,274	214,275,417	47,706,648	26,148,754
2005	1,795,949,213	225,506,200	46,762,047	23,189,931
2006	2,128,116,098	246,313,443	48,184,909	23,768,176
2007	2,327,539,460	321,975,413	56,111,123	27,623,840
2008	2,221,001,922	323,490,748	55,906,020	34,186,910
2009	2,141,888,417	317,863,474	56,126,225	57,358,340
2010	2,046,850,213	321,309,366	58,978,100	53,967,780
2011	1,895,973,311	316,488,836	63,028,195	59,860,820
2012	1,848,672,005	326,079,453	63,888,807	58,232,590
2013	1,746,770,784	330,531,911	63,106,666	58,447,700
2014	1,742,515,366	320,581,924	62,922,928	61,051,000

HISTORY OF VALUES



RESIDENTIAL
 COMMERCIAL
 INDUSTRIAL
 PERSONAL PROPERTY

FISCAL 2014 TAX CLASSIFICATION

EXAMPLE OF CHANGES BY STYLE						
	TAX RATE	\$14.89	\$15.60	VALUE	%	
		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
WILLOWTREE LN						
COLONIAL	VALUE	359,400	325,900	-33,500	-0.10	
	TAX	5,351.47	5,084.04	-267.43	-0.05	
PLYMOUTH ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
RANCH	VALUE	348,900	335,700	-13,200	-0.04	
	TAX	5,195.12	5,236.92	41.80	0.01	
EVERETT ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
MODERN CONTEMP	VALUE	198,700	227,300	28,600	0.13	
	TAX	2,958.64	3,545.88	587.24	0.17	
RIVER ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
RAISED RANCH	VALUE	314,600	308,400	-6,200	-0.02	
	TAX	4,684.39	4,811.04	126.65	0.03	
THOMAS ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
CAPE	VALUE	204,300	209,900	5,600	0.03	
	TAX	3,042.03	3,274.44	232.41	0.07	
SCHOOL ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
CONVENTIONAL	VALUE	199,200	202,100	2,900	0.01	
	TAX	2,966.09	3,152.76	186.67	0.06	
PLYMOUTH ST		FY 2013	FY 2014	DIFFERENCE	DIFFERENCE	
ANTIQUE	VALUE	661,600	627,200	-34,400	-0.05	
	TAX	9,851.22	9,784.32	-66.90	-0.01	

Massachusetts Department of Revenue
Division of Local Services
Municipal Databank/Local Aid Section

Number of Communities With Split Tax Rates

Fiscal Year	Number of Communities
1992	103
1993	105
1994	104
1995	104
1996	103
1997	102
1998	102
1999	101
2000	100
2001	101
2002	100
2003	99
2004	104
2005	107
2006	108
2007	108
2008	108
2009	107
2010	106
2011	107
2012	108
2013	116



Town of Middleborough

Massachusetts

November 18, 2013

Board of Selectmen

The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
250 Washington Street
Boston, Massachusetts 02108-4619

To Whom It May Concern:

Please be advised that the Town of Middleborough (the "Town") acting through the Board of Selectmen (the "Board") and Town Meeting, has voted to zone areas within certain business zones as eligible places for siting Registered Marijuana Dispensaries.

The Board has had several discussions surrounding the issue of medical marijuana and believes that these types of facilities are simply business opportunities for the Town. Should the Department of Public Health grant a license, the Selectmen will work with department heads and local stake holders to ensure that the chosen vendor is in compliance with MGL 369, *An Act for the Humanitarian Use of Marijuana for Medical Purposes*, as well as the by-laws of the Town of Middleborough.

The Town has met with members of The Timothy Walsh Foundation, Inc. and has discussed their intentions to operate a Registered Marijuana Dispensary (RMD) in the Town of Middleborough. These preliminary discussions have been positive and the Town is willing to further explore options with this vendor for locating in town.

Very truly yours,

Stephen J. McKinnon, Chairman
Board of Selectmen

DRAFT REPORT

November 14, 2013

Eric Priestly, Chair
Middleborough Zoning Board of Appeals
20 Center Street, 2nd Floor
Middleboro, MA 02346

Dear Mr. Priestly,

Enclosed please find our interim report on the potential fiscal impact of High Point's proposed facility at 52 Oak Street in Middleborough. Our report needs to be treated as a draft, for we are still gathering and reviewing data that we have independently collected for this analysis. We are also still conducting the economic impact analysis that the Board and the Applicant requested. In our October 19, 2013 revised proposal, we committed to providing the draft fiscal impact study for your November 14, 2013 public hearing, with the balance of the study to be delivered prior to your next meeting in December.

Sincerely,



Judi Barrett
Director of Municipal Services



A. Background

1. Proposed Development

High Point Treatment Center (“High Point” or “Applicant”) proposes to redevelop the former Saint Luke’s Hospital at 52 Oak Street in Middleborough for a 72-bed psychiatric facility. The property consists of 3.5± acres and 65,000 sq. ft. of usable floor space located in the Business District in Downtown Middleborough. Built in 1925, Saint Luke’s Hospital was acquired by Cardinal Cushing General Hospital ca. 1990 and operated for several years by Cranberry Specialty Hospital, a long-term acute care facility that eventually converted to outpatient-only services and closed in the late 1990s. The Middleborough Zoning Board of Appeals (ZBA) has retained RKG Associates, Inc., to estimate the fiscal and economic impact of High Point’s proposal. The project requires a special permit from the ZBA because the facility exceeds 10,000 sq. ft. of floor area.

High Point operates under the umbrella of Southeast Regional Network, Inc., a non-profit organization that owns several drug and alcohol treatment centers, inpatient and outpatient mental health facilities, residential recovery programs, and emergency shelter facilities in Southeastern Massachusetts.¹ Its flagship hospital is High Point’s Plymouth campus. There, High Point operates a multi-purpose 105-bed facility with detoxification and substance abuse treatment programs, a program for patients with both psychiatric and substance abuse problems, a psychiatric unit licensed by the Massachusetts Department of Mental Health (DMH) under G.L. c. 123, § 12 (“Section 12”), and outpatient services. The proposed facility in Middleborough would be a psychiatric hospital, also with DMH licensure. According to High Point’s representatives, the existing sixteen psychiatric beds in Plymouth will be transferred to the new facility in Middleborough.

Section 12 provides for involuntary commitment of people believed to be at risk of serious harm due to mental illness. A physician, licensed psychologist, licensed social worker, or other qualified professional has to determine whether such a risk exists. If so, the person at risk can be committed involuntarily to a DMH-licensed hospital for up to three days. The hospital must determine the client’s need for longer-term care. Unless the hospital petitions a court for an extended commitment period, the client must be allowed to leave after three days. In addition, the hospital is required to offer the person the option of admission on a voluntary basis. High Point reports that over the past few years, the average length of stay for clients admitted under Section 12 has been six to 6.5 days.²

Upon discharge, clients admitted under Section 12 may leave the hospital on their own, with family members or friends, or with transportation assistance from High Point staff. High Point officials say that clients typically leave the hospital with an after-care plan for services in their own community, and prescriptions (if needed) to be filled at a pharmacy

¹ Literature supplied by High Point identifies facilities in Brockton, New Bedford, and Taunton.

² Daniel S. Mumbauer, President and CEO, High Point Treatment Center, to Judi Barrett, RKG Associates, Inc., November 6, 2013.

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of their choice. RKG heard similar descriptions of the Section 12 discharge process from other psychiatric hospitals.

2. DMH Licensure

By state law, DMH has authority to license privately owned and operated psychiatric hospitals and psychiatric units in general hospitals. Today, the Commonwealth has sixty-two private hospitals with DMH licenses for a combined total capacity of 2,560 beds. While psychiatric hospitals provide the vast majority of these beds, over half of the hospitals with DMH licenses are actually general medical/acute care hospitals, e.g., Morton Hospital in Taunton or Jordan Hospital in Plymouth.³ There are eight classes of DMH licensure for inpatient psychiatric facilities, and all but one authorize some type of involuntary commitment. The licenses include:

- Class II: diagnosis and treatment of adults with voluntary admissions under G.L. c. 123, § 10.
- Class III: diagnosis and treatment of adults with conditional voluntary admissions under G.L. c. 123, §§ 10 and 11, and on involuntary committed status under G.L. c. 123, §§ 7 and 8, and to use restraint and seclusion.
- Class IV: diagnosis and treatment of adults on involuntary committed status under M.G.L. c. 123, § 12, and to use restraint and seclusion.
- Class V: evaluation, diagnosis, and treatment of people committed by a criminal court to determine competency to stand trial under G.L. c. 123, §§ 15, 16, 17 and 18, and to use restraint and seclusion.
- Class VI: diagnosis and treatment of minors on voluntary or conditional voluntary admission status under G.L. c. 123, §§ 10 and 11, and on involuntarily committed status under G.L. c. 123, §§ 7, 8 and 12, and to use restraint and seclusion.
- Limited Class VI: diagnosis and treatment of minors age 16 and 17 on adult units on voluntary or conditional voluntary admission status under G.L. c. 123, §§ 10 and 11, and on involuntarily committed status under G.L. c. 123, §§ 7, 8 and 12, and to use restraint and seclusion.
- Class VII: Diagnosis and treatment of adolescents in a residential treatment program or on conditional voluntary admission status under G.L. c. 123, §§ 10 and 11, and on involuntarily committed status under G.L. c. 123, §§ 7 and 8, and to use restraint and seclusion.
- Class VIII: License to administer electroconvulsive treatment.

³ DMH Inpatient Study Commission, "DMH Licensed Hospitals" (June 2009).



According to High Point representatives, the Middleborough facility will have DMH Class III, IV, and VI licenses. Information obtained from DMH indicates that High Point's Plymouth campus has the same licenses. All of these license classes include authority to accept involuntary commitments under Section 12.

3. Other Licenses and Approvals

High Point's facility is a hospital, so it will require other licenses and approvals in addition to Section 12 licensure from DMH and zoning approvals from the Town. According to High Point's representatives, the Middleborough campus will be subject to licensure by the Department of Public Health (DPH) as a Primary Care, Mental Health and Substance Abuse Clinic. The Middleborough campus will have a pharmacy, too, and it will require licenses both from DPH and the federal Drug Enforcement Administration (DEA). Finally, the Middleborough campus may require a license from DPH for dual diagnosis treatment services.

B. Fiscal Impact

1. What does it mean?

In studies conducted for units of local government, "fiscal impact" refers to the relationship between the amount of revenue generated by a given land use and its associated community service costs. The relationship is expressed as a ratio of municipal and school service costs to revenue, known simply as a "cost-revenue ratio." A land use qualifies as "revenue positive" if it generates more revenue than the cost of the demands it places on municipal and school services, i.e., a low cost-revenue ratio. A "revenue neutral" land use represents the break-even point, and a "revenue negative" land use costs more in community services than the amount of revenue it produces. In our experience, five factors tend to influence the net fiscal impact of new growth:

- The population changes associated with a particular land use;
- Rate of new growth;
- Location of new growth;
- The existing land use pattern in the receiving city or town; and
- The existing fiscal condition of the receiving city or town.

"Population changes" can include anything from total population growth or decline to a change in the make-up of the population, e.g., growth or change in the household population or the total population in group quarters, such as hospitals, group homes, nursing homes, and so forth. It also includes changes in the make-up or size of the daytime population, e.g., changes in the number of people working in a community from day to day.

2. Models, assumptions, and limitations

Since local governments depend on property taxes to finance municipal and school services, fiscal impact studies have become a popular tool for development review. However, fiscal impact analysis is not confined to a single "tool" because practitioners

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have several models or methodologies from which to choose. A model is an organized, systematic way of analyzing data, making inferences and drawing conclusions. All of the prevailing fiscal impact models have been field-tested and reviewed by academic and practicing peers, and from time to time new field tests lead to updated assumptions. For example, many of the demographic assumptions used by fiscal impact analysts thirty years ago have been modified to reflect national changes in household sizes and types.

Fiscal impact analysis focuses on General Fund revenue because the question ultimately addressed by any of these studies is whether a land use will have a positive or negative impact on the tax rate. To answer that question, a fiscal impact analyst has to rely on known factors – historic revenue and expenditure trends, existing conditions, and the demographic characteristics of a community – to predict the “unknown” outcome of a future land use change. On this note, most of the prevailing fiscal impact models share some common ingredients. For example:

- Near-term community service expenditures per capita may be used to forecast changes in spending as the local population grows if today’s average cost per capita is adjusted to simulate the impacts of large and small amounts of new growth. A significant amount of population and household growth in a short period is more likely to cause accelerated growth in service costs. By contrast, a low or stable rate of population growth usually triggers little change in the overall rate of growth in service, measured on a per capita basis.
- Nearly all fiscal impact models assume that for a given nonresidential land use, the ratio of a development’s assessed value to aggregate value of properties in the same use class (two “knowns”) can be used to estimate the same development’s proportional share of total community service costs (an “unknown”).

Fiscal impact studies have limitations and for a variety of reasons, they should be used with caution. While fiscal impact estimates can help communities plan for change, they should not be the sole basis – or even the primary basis – for major public policy decisions. In our experience, the following conditions tend to affect the accuracy and utility of fiscal impact studies:

- No fiscal impact model adequately accounts for a municipality’s fiscal condition, yet the real impacts of a project are largely determined by context: the demographic, economic and fiscal characteristics of the receiving community.
- Not all local government costs change as a direct result of population growth, and some costs change in the absence of population growth – such as health insurance costs for municipal employees, energy costs for public buildings, and fuel costs for public safety and public works.
- Revenue ratio studies rely on present costs and revenues to describe the fiscal outcome of a development that is not yet built. However, changes in the economy, federalism, public policy, population demographics and technology result in a fluctuating fiscal position for many land uses.
- In isolation, cost-revenue ratios convey an incomplete picture of a development’s fiscal outcome. A land use may seem advantageous because it produces a positive



cost-to-revenue ratio, but the amount surplus revenue it generates (in dollars) may be strikingly low. In our experience, this kind of outcome is usually associated with low-intensity land uses, particularly low-intensity commercial uses.

3. How Fiscal Impact Applies to High Point

It is difficult to present a “positive” fiscal impact analysis for any land use that does not generate property tax revenue, e.g., a development owned and operated by a non-profit charitable organization. This is true not only for hospitals, but also for private schools and similar institutions. While non-profit organizations often provide a favorable impact on state revenues and expenditures, the fact that municipalities depend so heavily on property taxes makes a property owner’s taxpaying status a critical element in fiscal impact studies. As we understand it, High Point qualifies as a tax-exempt organization under G.L. c. 59, § 5. High Point would be required to pay for municipal utilities (water and sewer) and other services financed on a user-fee basis, but these revenue sources typically make up a small share of a city or town operating budget. Moreover, utility revenues are typically segregated from the General Fund, so payments made for services such as water and sewer do not contribute to the pool of funds used to provide public safety and public works services. This means that High Point’s use of town services – primarily police and fire – will not be offset by any tax property revenue.

The Town has to decide whether its municipal departments have enough capacity to absorb the additional service demands that may be generated by High Point’s proposed development. To provide an impartial estimate of police and fire calls that will likely be generated by the Middleborough facility, we requested and received data from police and fire officials in Plymouth, Belmont, Georgetown, and Pocasset: all locations with Section 12-licensed psychiatric facilities.⁴ For Plymouth, we focused on police and fire calls associated with High Point’s campus in Manomet. Table 1 summarizes the information we received.

Table 1. Public Safety Calls Associated with Psychiatric Facilities (2012)

City/Town	Facility	Capacity (Beds)	Police Calls	Fire Calls	Police Calls/Bed	Fire Calls/Bed
Georgetown	Baldpate	59	N/A	104	0.0	1.8
Belmont	McLean	177	140	69	0.8	0.4
Plymouth	High Point	105	223	349	2.1	3.3
Pocasset	Cape Cod/Islands Comm. Health	24	15	15	0.6	0.6

Sources: American Hospital Association; police and fire departments in Georgetown, Plymouth, Belmont, and Pocasset; and RKG Associates, Inc.

Table raises important issues that merit some explanation. First, calls for public safety assistance may be initiated by a facility’s staff, its clients or their visitors, or other agencies. It appears that of the high number of calls made to the Plymouth Police and Fire Departments, very few were placed by High Point staff. According to a spokesperson for High Point’s Plymouth facility, the hospital called for police assistance

⁴ We requested data from four other towns with psychiatric hospitals, but as of November 14, 2013, we have not received any information from them.

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six times in 2012, and for assistance from the Fire Department (mainly ambulance), forty-eight times. Second, when police and fire departments are asked to provide the type of data we requested for this report, they report it by address. As a result, when we reviewed their information, we deducted calls that were most likely unrelated to the psychiatric facility, e.g., motor vehicle citations. Third, the higher-than-average number of calls reported for High Point in Plymouth may not be a valid comparison for Middleborough because the Plymouth campus includes multiple programs, some with higher rates of transiency than others. The Section 12 (psychiatric) beds in Plymouth represent about 15 percent of the total number of beds in that facility.

Using the average number of calls per bed for all four facilities, RKG estimates that High Point-Middleborough will generate about 126 calls per year to the Police Department and 52 calls to the Fire Department. When we receive data from the other communities we contacted, we may adjust these estimates. In addition, High Point informs us that they intend to contract privately with Brewster Ambulance for non-emergency transport services. This could help to reduce the call volume to Middleborough's police and fire departments. However, as the Town knows, if anyone from the High Point campus calls 911, the Middleborough Police or Fire Departments (as applicable) must respond.

The facilities in our Table 1 sample are not located in community or neighborhood activity centers, and this makes them different from the proposed hospital in Middleborough. On one hand, High Point's proposed location in an area that already involves concentrated police and fire activity could make servicing the hospital less difficult for town personnel. On the other hand, Middleborough's police and fire departments are conspicuously understaffed. This, coupled with the average time involved with responding to public safety incidents in the other facilities we reviewed, could make it very challenging for police and fire personnel in Middleborough to service the rest of the town. (For our purposes, average time per call means the total amount of time that police, fire, or EMT personnel spend responding to a public call, i.e., from station departure to return.) During our communications with public safety officials in Plymouth, Belmont, Georgetown, and Pocasset, we heard a fairly consistent assessment of the average time per incident: 90 minutes for the fire departments, and approximately 25 minutes per call from the police departments. The exception is Belmont, an urban community with a higher density development pattern than Middleborough. In Belmont, the average time per call is lower, as would be expected.

Measured on a per capita or per sq. mi. basis, Middleborough's public safety departments have less capacity than the police or fire departments in any of the surrounding cities and towns. As shown in Table 2, Middleborough's present police department capacity is only 1.214 officers per 1,000 population, and its fire department capacity, .0564 firefighters per 1,000. In both cases, these statistics fall well below the industry standards of 2 to 2.5 police officers and firefighters per 1,000 people. The town is also hard-pressed to serve its very large land area (69.1 sq. mi.).

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Table 2. Police and Fire Department Capacity in Middleborough and Comparison Communities

	Police Officers	Firefighters/ EMT (FT)	Per 1,000 Population		Per SQ. Mi.		Total Police & Fire Exp. Per Capita
			Police	Fire	Police	Fire	
Middleborough	39	28	1.214	0.564	0.872	0.405	\$190.61
Bridgewater	31	39	1.167	1.127	1.468	1.418	\$239.37
Lakeville	19	8	1.792	0.642	0.755	0.270	\$201.78
Plymouth	100	120	1.934	1.286	2.321	1.543	\$331.48
Raynham	23	22	1.719	1.122	1.644	1.073	\$432.14
Taunton	N/A	N/A	N/A	N/A	N/A	N/A	\$364.23

Sources: Mass. Department of Revenue, Town of Middleborough, Annual Town Reports, Raynham, Lakeville, Plymouth, and Wareham; and RKG Associates, Inc.

Note: Table 2 does not include call firefighter/EMT personnel.