

This analysis is based on the most current information we have been able to obtain from the Township and from the Artisan Group's (the Developer) presentation during the public hearing conducted on August 19th.

Overview

The EVT community should be concerned about whether developing yet another Active Retiree community in East Vincent Township (EVT) will have any lasting value for current residents from both a financial and quality of life perspective. In this document, we will lay out the argument that the Developer's proposed Zoning Amendment which will result in significant negative impacts to residents due to the introduction of high density housing which equates to 4.8 times the number of allowable homes on the Ruth Tract (from 44 homes on 446 Stony Run Rd. to 212 homes), increased traffic on the West Bridge Street corridor and across EVT, anticipated storm water management issues leading to flooding concerns, potential net new costs to select residents for sewer and well hook-up requirements, and the potential for higher taxes for all residents.

The second component of our argument focuses on the flawed assumptions and omissions we believe exist within the financial analysis paid for and directed by the Artisan Group. The Developer for the Ruth Farm is counting on the purported financial windfall of their own financial analysis to persuade the Board of Supervisors to concede to their demands and approve their Rezoning Amendment. After a more thorough review of market trends, aging population and housing supply data, and other factors including home prices, HOA fees, age restriction loopholes, flawed assertions regarding tax revenue benefits to the School District, and the long term risks associated with large HOAs, we believe the soundness of the financial analysis to be in question. When one digs deeper into the analysis, the "windfall" looks "windless".

Impact to Residents

Property Values for Residents:

Real estate salespeople have told nearby homeowners there will be a negative impact in the range of \$50,000 decrease in the value of their home. While the Chester County report: Return on the Environment (<https://chescoplanning.org/openspace/roe.cfm>) and an earlier Open Space Alliance report ([https:// www.dvrpc.org/Reports/11033B.pdf](https://www.dvrpc.org/Reports/11033B.pdf)) documents that homeowners who live adjacent to Open Space realize a value bonus of \$13,119 average value added per housing unit located within 1/4 mile of protected open space and an \$11,379 average value added per housing unit located within 1/2 mile of protected open space. See <https://www.chescoplanning.org/OpenSpace/ROE-PropertyValue.cfm>

Disruption/Quality of Life:

During the hearing the Developer stated this would be a 4 – 6 year project. Residents will be living in a construction zone for roughly 6 years. Detours, longer commutes, school bus safety,

construction vehicles on our roads, and noise will certainly disrupt our lives for many years, not months.

Costs to Individual Homeowners:

Will residents be required to hook into new public sewer and water services? If so, how many homeowners will be impacted and what are the anticipated costs? One resident that had to hook in several years ago reported having paid \$8,000. This information has not been discussed or shared with impacted residents.

Financial Analysis Review

The financial analysis presented at the August 19th hearing was paid for by the developer. No paid expert for the developer will inform the township that the deal is not in the township's best interest. Unbiased analysis, research and strategy must be part of the decision-making process. The BOS should be focused on the long term strategy for the Township that was established in the 2018 Comprehensive Plan and supported by our current zoning ordinance as opposed to a short-term infusion of money. This project will have lasting long term negative impacts on the township's 7,248 residents and significant positive impact to one resident and one Developer. None of us want to look back years from now and say we saw this disaster coming. We want to say that we saw a proposal that did not fit the long-term strategy and wishes of the Township's residents and we took action to stop it.

Population Shifts and Housing Preferences:

Key questions: How does the Developer know what the demand is for 212 55+ homes in this location in the next 4 to 6 years? 55+ communities are want driven, not need driven. What market analysis has he or the BOS conducted that concludes there is a "want" for the 212 proposed homes? What is to prevent the Developer from abandoning the project once he has achieved a certain level of profit? What is the financial impact to the Township and its residents if the developer abandons the project before it is completed? Will the Developer provide a written commitment tied to financial penalties if he does not sell all the homes? Why has the Developer not done any sensitivity analysis to account for less favorable outcomes including reduced home prices due to lower demand?

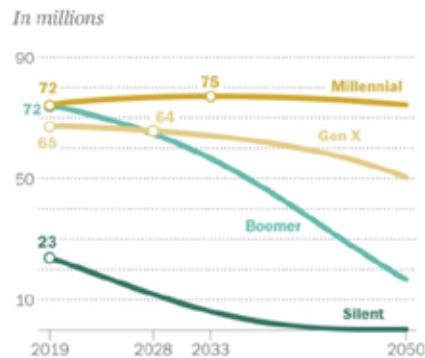
Our position is that the time for townships to consider over 55 communities has already come and gone due to an aging baby boomer population. We cannot produce more baby boomers and as they age, they will require more constant care and look to sell their homes and move into assisted living arrangements. According to Pew Research Center, the baby boomer population is shrinking quickly. (see chart, Pew Research, 2020/04/28, "[Millennials overtake Baby Boomers as America's largest generation](#)").

Millennials overtake Baby Boomers as America's largest generation

BY RICHARD FRY

Millennials have surpassed Baby Boomers as the nation's largest living adult generation, according to [population estimates](#) from the U.S. Census Bureau. As of July 1, 2019 (the latest date for which population estimates are available), Millennials, whom we define as ages 23 to 38 in 2019, numbered 72.1 million, and Boomers (ages 55 to 73) numbered 71.6 million. Generation X (ages 39 to 54) numbered 65.2 million and is projected to pass the Boomers in population by 2028.

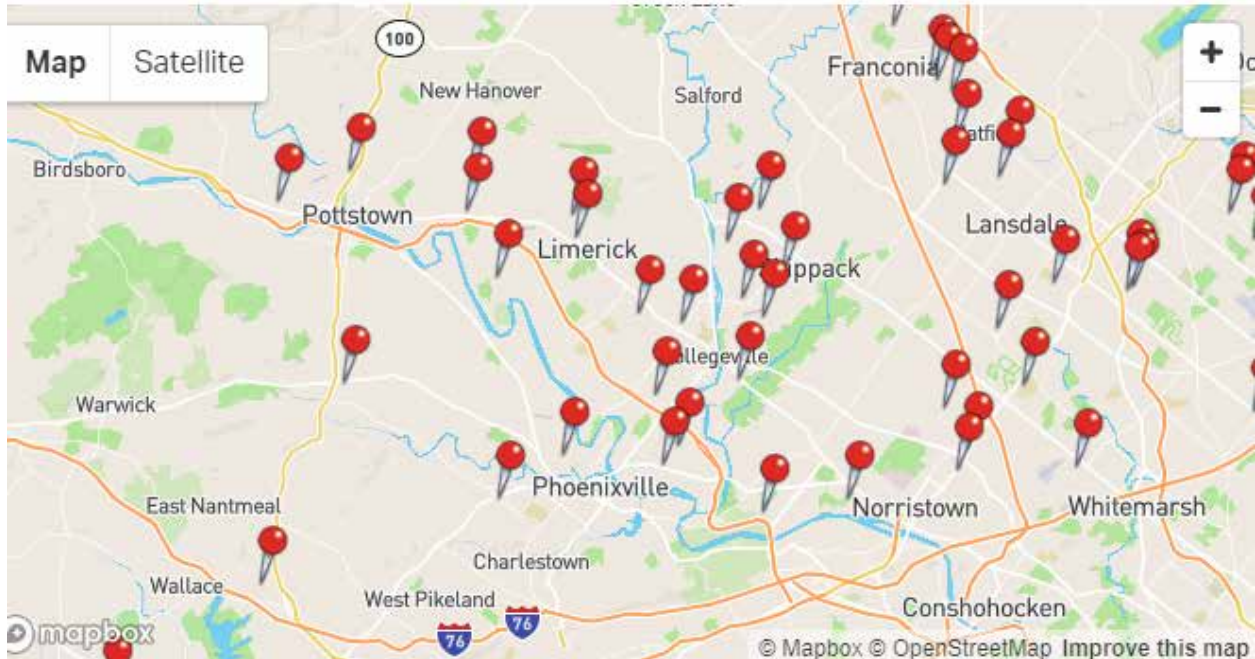
Projected population by generation



Additionally, "One in eight owner-occupied homes in the US, or roughly nine million residences are set to hit the market from 2017 through 2027 as the baby boomers start to die in larger numbers. That number is up from roughly 7 million homes in the prior decade. By 2037, one quarter of the US housing stock, or roughly 21 million homes will be vacated by seniors". (WSJ, 2019/11/23, "OK Boomer, Who's Going to Buy Your 21 Million Homes?") Who will buy these vacant homes? Generation X and younger Millennials preference is geared towards cities or suburbs that offer amenities such as restaurants and shops within walking distance. The Ruth Farm tract does not offer these amenities and they are explicitly restricted based upon current zoning and the Comprehensive Plan. The only way this could change is if the Board of Supervisors votes to change the entire landscape of the Low Residential Housing District and, ultimately, EVT as we know it today. The opportunity curve for 55+ communities is on a steep downward trend and will quickly become an obsolete consideration for future generations.

The 55+ AQ market is oversaturated – both nationally and locally. In the US, Philadelphia is the #1 region for 55+ communities and continues to see growth. Almost 53% of all 55+ communities across PA are in the Philadelphia area and dissecting the data further, we see that the Philadelphia area accounts for almost 80% of the 55+ communities in Eastern PA. The retirement communities are cannibalizing each other due to high supply and not enough baby boomers desiring to enter an age-restricted community.

The following map shows the 55+ retirement communities in the surrounding area and may not be up to date, but does provide a visual of the oversaturation. From 55places.com <https://www.55places.com/pennsylvania/region/eastern-pennsylvania>



Sustainability of High Home Prices:

The Developer has established a median housing cost of \$450K for the 178 single-family homes and \$375K for the 38 twin homes. These price points are the primary driver of the Developer's proposal and the key assertion within the financial analysis that predicts a \$1.4 mil annual net revenue to the OJR School District and the Township.

Based on assumptions, the Developer assumes the average assessed residential value in EVT is roughly \$167K. The market value might be a bit higher but not as high as \$450K. The model assumes a homeowner will make a down payment on the home of around \$203K for the single-family homes and \$169K for a twin. Therefore, a homeowner in this area will have to borrow somewhere in the range of \$150K to \$250K to purchase a home in a high density community that does not provide amenities such as restaurants and shopping within walking distance, is not serviced by public transportation and is quite a distance from major roadways and travel arteries. If there are more reasonably priced (or even similarly priced) options elsewhere that provide for the amenities and conveniences seniors are looking for, why would they choose this development?. Further, it is unlikely that people over 55+ want a new mortgage of \$150K to \$250K on at best a 15 year term. If people in this community cannot afford these homes, then the Developer will need to attract buyers from outside the community and that may prove difficult given the aforementioned oversaturation issue. (The CCRC proposal from over 10 years ago presented with a similar, untenable situation.)

In the housing market, as supply outruns demand, home prices will come down due to increased competition for a dwindling pool of qualified, age-restricted home buyers. If the Developer is forced to reduce home prices in order to sell the remaining lots, the property tax base will be lower and thus the net tax revenues to both the School District and the Township will be reduced. In addition, residents that purchased homes during the initial phase or phases

of development will experience a loss in market value which will further reduce the property and school taxes collected.

Finally, as seniors retire and shift from income-producing to fixed incomes, their financial concerns will turn to their ability to continue to pay high property taxes and high (~\$700 as reported by the Developer) monthly HOA fees and, potentially, pricey one-time special assessments. Some seniors will essentially be priced out of this “exclusive” 55+ community and be forced to sell - resulting in higher resale inventories which, again, puts downward pressure on home prices due to excess supply.

Age Restriction Loophole and Its Cost:

Per After55.com “One law that could allow you to live in a 55+ community even if you are not that age is the [Housing for Older Persons Act of 1995](#) (HOPA). This provides exemptions to family status nondiscrimination if a retirement community meets either of the following conditions:

- **All the residents** are age 62 or older.
- **At least 80 percent** of the occupied units include one resident age 55 or older, and the community shows an intent to provide housing for those 55 and up.

Once the retirement community meets these requirements, it is free to create its own age restrictions, in compliance with state laws. These restrictions can be more or less strict than the HOPA requirements.

Most age-restricted communities have two rules. The first says that each household (or a certain percentage of the households) must have a resident **age 55 or older**.

The second rule adds an age restriction for the remaining members of the household, such as a spouse, partner or child. These commonly set minimum ages at **40 for a spouse** or partner or **18 for a child**.

The retirement community can also set guidelines for how long underage visitors (such as grandchildren) can stay with community residents. Some communities may get rid of age restrictions in **20 percent** of the development while the rest is governed by the HOPA exemption.

To be safe, many retirement communities allow younger households in a smaller amount of units, such as 15 percent of the development.” <https://www.after55.com/blog/under-55-in-55-plus-housing/>

PA Law: <https://www.phrc.pa.gov/Resources/Pages/Fair-Housing.aspx>

Per the Pottstown Mercury article dated August 21, 2020, “David Babbitt provided a fiscal analysis of the project and concluded that the project would generate more in tax revenues than it would require in municipal services. The financial impact for the Owen J. Roberts School

District would be even better, Babbitt said. By sending no children to the district, and thus requiring no expenditures, the district would receive the entire \$1.4 million (listed incorrectly as \$.14 in the article) in tax revenues free and clear. The revenues, he said, would provide enough money to educate 70 students." https://www.pottsmmerc.com/news/developer-says-east-vincent-senior-housing-would-be-a-boon/article_0b63135e-e32d-11ea-9b2f-8786070a1faf.html

Assuming 15% (or 31 homes) of the proposed community is not age restricted, there would be no barriers to entry by families with school-aged children to reside in the development and attend OJR schools. Using the OJRSD's formula, new students are added at a rate of .44 students per Single Family Dwelling Unit (per J. Krumrine, OJRSD CFO). Adding 13 students to the District at a cost of \$20K per student (per David Babbitt, the Developer's planner) would **reduce the Developer's projected school tax revenues by \$280,000. At 20%, projected school tax revenues would be reduced by \$360,000.**

Developments (especially those with high numbers of houses and longer project timelines) have and do lift age restrictions. In fact, Ridgewood in Royersford has done just that.

"Ridgewood Partners first developed this Montgomery County community as an active adult neighborhood. The first phase has been completed with 52 units and proposed plans call for 356 homes upon completion. **Now open to buyers of all ages**, Ridgewood offers new and resale townhomes that have between 1,990 and 2,400 square feet of living space." <https://www.55places.com/pennsylvania/communities/ridgewood>

The Township Manager has stated that the 55+ residents in this community wish to move to an active lifestyle retirement community to improve their quality of life in their later years while remaining within the community. Turnover in communities is commonplace, as older residents either relocate or pass on. Therefore, we believe the Developer's financial analysis should account for a percentage of buyers to come from the OJR community. Assuming 20% (representing 42 homes) of current 55+ residents choose to sell their homes and move into the new 55+ community in EVT that would create the sale of 42 homes located within the School District. Applying OJRSD's student projection formula of .44 students per Single Family Dwelling Unit, School District expenditures would increase by \$360,000 (18 students at \$20K per student).

Furthermore, by combining this scenario with the previous scenario of 15 to 20% of homes in the proposed 55+ community no longer subject to the age restriction criteria, the net tax revenues to the School District would be in the range of \$680K - \$760K which is essentially **HALF** of the \$1.4 million in school tax revenues proclaimed by the Developer. Each homeowner that sells their home to move to the 55+ community has the potential to cost the District \$8,800.

Unreasonable Township Expense Assumptions:

The developer is telling the township where it believes the township's expenses are being spent for residential and non-residential properties. In 2020, a township should know its township well enough to know where their expenses are going for residential vs nonresidential properties. Where are the residential per household expense values as provided by our township in the analysis? The developer uses a ratio from a **1985** book (**over 35 years old**) to determine EVT's expenditures for residential and non-residential properties. Why aren't the supervisors demanding that the analysis include the actual township residential expenditures to be used in this analysis? Why are they using data from over 35 years ago? Is the 1985 data used to distort the "windfall" that they purport?

In the developer's analysis, certain township revenue sources are deducted from the township's expenditures to lower the total amount of township expenditures, Why? If the developer is going to use the township's expenditures to project how much it will cost the township to add this new 55+ development then shouldn't the township and the developer just use the township's actual residential expenditures? Why is the developer using a lot of rather unusual methods like deducting township revenues from township expenditures to tell the township how much it will cost the township to add this 55+ community? Is the township manager reviewing this financial analysis? Is the township obtaining an external financial analysis which is unbiased before making a decision which will impact the environment and current residents' property values? One would hope that the supervisors pause and have the analysis reviewed by an independent party if the current township manager cannot point out the flaws. Can we trust the township to select an unbiased third party to develop an analysis considering they already believe in the developer's exaggerated net revenue claims for the school district and township?

Further, the developers are using budgeted 2019 amounts instead of the 2019 actuals or 2018 actuals or looking at actuals over the last several years. The model doesn't look at the need for specific expenditures related to just this community.

The Developer's financial analysis is not a community business case for while it does account for revenues and expenses, it makes no attempt to quantify the negative economic and quality of life costs this proposal will have on the 7,248 residents of EVT and our beloved, rural landscapes. Those who stand to gain the most from this proposal are the Developer and the property owner. This proposal, if approved, will fundamentally change the character of this community's landscape and create a domino effect in terms of over-development in EVT that will be IRREVERSIBLE.

Given our arguments of oversaturation in 55+ communities in the immediate and surrounding areas, high median home prices coupled with exorbitant HOA fees, the 80/20 age-restricted loophole, the flawed assumption that no net new students will come into the School District as a result of this development, and the questionable characterization of and basis for projecting expenses, we adamantly reject the validity of the Developer's financial analysis

and the purported net tax revenues to the Township and the School District. The EVT Advocacy Group and its 489 petition under signers urge The Board of Supervisors to conduct a thorough, independent business case and cost benefit analysis and share the results with the residents of EVT before proceeding to a vote.

Additional Concerns:

Jones Motor Site

The Jones Motor site in East Vincent is designed to include an active 55+ retirement community. If the retirement community is built on the Ruth Farm, will that change the plans for the Jones Motor site?

The developers for Jones Motor site may reasonably conclude that there is an oversaturation of active 55+ retirement communities in the area and do not want to assume the risk of constructing yet another as the available market for such home buyers falls drastically within the near future.