

H. Real Estate Tax Revenue and Investment Predictions

REAL ESTATE AND PROPERTY TAX CURRENT AND POENTIAL VALUE ANALYSIS

One of the primary objectives of an urban renewal plan is to take and support actions that will increase property values. While some redevelopment in the Holyoke urban renewal area can take up to twenty years or more to be realized, it is expected that the actions in the “Connect. Construct. Create.” plan will spur private interest and development, thereby gradually increasing property values in the Center City.

Along with increased real estate tax revenue, the actions of the Urban Renewal Plan are meant to spur housing and job development. The public investment projected in the short-term will establish an environment more conducive and ready for private investment over the long-term, as well as encouraging existing businesses to grow. New private investment is conservatively projected to be \$34 million in the short and mid-term stages of the URP. The private investment would result from the rehabilitation of existing structures and new commercial and residential development as well as new business development. Based on consideration of existing housing to land ratios in the Center City as well as vacant and underutilized properties, an estimate of 313 new housing units was made. In addition to significant construction jobs, it is estimated that 575 new permanent jobs would be created. This estimate is based on a minimum of 1 new job per 1,000 square feet of commercial/industrial space. The estimates for investment, new housing units and jobs are to be achieved incrementally as the phases of the URP proceed.

This analysis is meant to be an estimate of the tax-generating potential of Holyoke’s urban renewal plan. While future property values and revenues to the City depend on many factors that are hard to predict with certainty, this analysis intends to provide an order-of-magnitude understanding of the effect of urban renewal actions on tax revenues in present day dollars.

The total current assessed valuation for the 131 properties in the Holyoke plan is calculated at \$8,186,287 which yields a real estate tax revenue value of \$223,450 per year. The current overall value of properties land in the renewal area is low for an urban area, especially an area that represents the heart of the Holyoke’s commercial properties. This current data for the Holyoke urban renewal area reflects the lack of investment in the Center City, depreciated values, and a loss of tax producing properties. Additionally, the amount real estate property taxes collected by Holyoke for these properties has been a fraction of the revenue value because 45 parcels are city-owned and many of the privately-owned parcels are in tax title.

The potential value and tax revenue assumptions used in the analysis are based on projected uses, parcel assemblage and the following:

- Residential Tax Rate: \$16.85 per \$1,000
- Commercial / Industrial / Personal Tax Rate: \$38.53 per 1,000
- 2012 Average Single Family Residential Value: \$184,889
- 2012 Average Apartment Building Value: \$546,898
- 2012 Average Commercial / Industrial Value (excluding Holyoke Mall): \$348,781

Based on these numbers, conservative assumptions of land usage and an assumption that the portfolio of land use for the downtown would be valued on average at the same level than the rest of the City’s properties, the total future potential assessed value is estimated at \$38,716,299 which, based on current tax rates, would yield \$1,194,122 in real estate tax revenue.

The ratio of future projected values to current values is almost 4.5:1 and the ratio for future potential tax revenue value to current tax revenue value is over 5:1.

The following pages provide an area by area value analysis.

**REAL ESTATE
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ANALYSIS
SUMMARY BY AREA**

Area #1 - Dwight Street (12 Parcels)

Current Assessed Value: \$685,500
Future Potential Assessed Value: \$2,388,019
Current Annual Real Estate Tax Revenue Value: \$11,276
Future Potential Annual Real Estate Tax Revenue: \$43,350

Area #2 - Veteran's Park (3 Parcels)

Current Assessed Value: \$493,000
Future Potential Assessed Value: \$1,046,343
Current Annual Real Estate Tax Revenue Value: \$18,996
Future Potential Annual Real Estate Tax Revenue: \$40,317

Area #3 - Cabot/Chestnut (18 Parcels)

Current Assessed Value: \$1,021,227
Future Potential Assessed Value: \$4,564,693
Current Annual Real Estate Tax Revenue Value: \$25,198
Future Potential Annual Real Estate Tax Revenue: \$92,032

Area #4 - High Street (13 Parcels)

Current Assessed Value: \$836,200
Future Potential Assessed Value: \$2,597,291
Current Annual Real Estate Tax Revenue Value: \$23,147
Future Potential Annual Real Estate Tax Revenue: \$76,372

Area #5 - Passenger Rail TOD (32 Parcels)

Current Assessed Value: \$1,739,600
Future Potential Assessed Value: \$5,621,691
Current Annual Real Estate Tax Revenue Value: \$58,438
Future Potential Annual Real Estate Tax Revenue: \$216,610

Area #6 - High Performance Computing Center (3 Parcels)

Current Assessed Value: \$609,200
Future Potential Assessed Value: \$7,608,800
Current Annual Real Estate Tax Revenue Value: \$23,484
Future Potential Annual Real Estate Tax Revenue: \$228,079

Area #7 - Parsons Paper Redevelopment (1 Parcel)

Current Assessed Value: \$96,600
Future Potential Assessed Value: \$4,000,000
Current Annual Real Estate Tax Revenue Value: \$3,722
Future Potential Annual Real Estate Tax Revenue: \$154,120

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Area #8 - South Holyoke (23 Parcels)

Current Assessed Value: \$1,113,700
Future Potential Assessed Value: \$3,865,172
Current Annual Real Estate Tax Revenue Value: \$13,784
Future Potential Annual Real Estate Tax Revenue: \$72,683

Area #9 - Cabot Street Gateway (15 Parcels)

Current Assessed Value: \$942,960
Future Potential Assessed Value: \$2,092,687
Current Annual Real Estate Tax Revenue Value: \$20,425
Future Potential Annual Real Estate Tax Revenue: \$80,543

Area #10 - 3rd Canal (4 Parcels)

Current Assessed Value: \$648,300
Future Potential Assessed Value: \$4,931,603
Current Annual Real Estate Tax Revenue Value: \$24,980
Future Potential Annual Real Estate Tax Revenue: \$190,016

Total All Areas (131 Parcels)

Current Assessed Value: \$8,186,287
Future Potential Assessed Value: \$38,716,299
Current Annual Real Estate Tax Revenue Value: \$223,450
Future Potential Annual Real Estate Tax Revenue: \$1,194,122