



# CANTON ECONOMIC LANDSCAPE

Prepared by the Canton Economic Development Agency (EDA)

July 2024

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# Agenda

- What is the Economic Development Agency?
- The economic case for more development in town
- Development challenges facing Canton
- Not all development is created equal
- Why so many apartments projects?
- The economic rationale for apartments in Canton
- Dispelling the myths of apartments

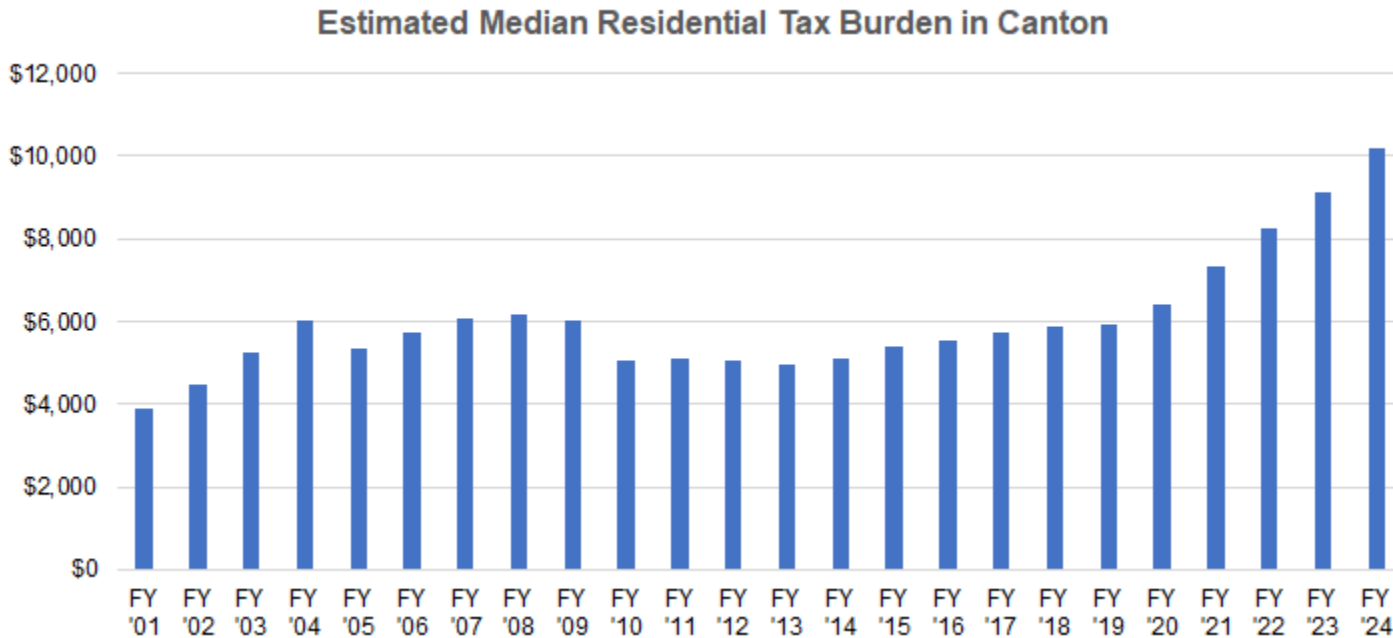
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# What is the EDA?

- A volunteer advisory board appointed by the Board of Selectmen to **help shape the town's economic future**
- Our Mission is to **foster and support economic development** to make Canton a better place to live, work, raise a family, conduct business, and enjoy a high quality of life
- To deliver on our mission we:
  - **Conduct research** into economic trends and conditions
  - **Make informed recommendations, based on data**, that will enhance economic conditions and create a favorable business environment
  - Advocate for policies that will attract investment in the community and **promote sustainable economic growth that is consistent with the POCD**

# The economic case for more development

- **The tax burden on single family homeowners is becoming unsustainable**
- Driven higher recently by soaring home values, the property revaluation, and a high mill rate
- More development would increase the commercial grand list, easing the tax burden on homeowners



Source: CTData.org, Zillow, EDA.

Calculated using Zillow's Home Value Index for Canton, CT. To arrive at the estimated tax burden, the annual median home value is multiplied by 0.7 to determine median assessed value, which is then divided by 1,000 and multiplied by the mill rate.

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# Canton faces several development challenges vs. other Farmington Valley towns

- **Location** - Canton is near no major highways and is more remote than other Valley towns in terms of accessibility
- **Demographics** - Canton's population is quite small with only 10k people, 30% of which are 55+ years of age. It requires 'draw' from other towns.
- **Land** - Canton has a very limited stock of undeveloped commercial real estate. Much of this land is challenging to develop due to wetlands, ledge, and limited utility access.
- **Land Use Processes** - Canton has a reputation for long, often convoluted land use processes - not developer friendly
- **Public Opposition to Growth** – Prevalence of NIMBY and CAVE

Source: EDA meeting with Goman & York. Meeting summary can be found in the Feb 2024 EDA meeting packet.

# Not all development is created equal

- Generally, the denser the development, the greater the economic benefit to the town
- Single family homes have a net negative economic impact, apartments and commercial tend to be tax positive
- Mixed use is optimal as it combines commercial with high density residential, for a built-in customer base

Development Type	Density of Project	Gross Tax Revenue	Cost of Services	Net Economic Benefit	Notes
Single Family Homes	Low	Low	High	Poor	High cost of services, particularly educating multiple school aged children
Open Space	--	None	None	Limited	Generates no tax revenue, but is aesthetically pleasing. There's an intangible value in that.
Commercial	Moderate	Moderate	Moderate	Moderate	Positive net economic impact, but also can absorb substantial scarce land assets
Apartments	High	High	Moderate	High	Contrary to popular opinion, apartments do not have high cost of services. Injection of discretionary spending an added benefit
Mixed Use	High	High	Moderate	Optimal	Combines commercial with high density residential for a ready-made customer base

Source: EDA, Fiscal Impact Studies Conducted by Land Use Experts for local Municipalities. Studies can be found in the July 2023 EDA meeting packet. Community services primarily consists of fire protection, police, and the cost of education

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# A diversified mix is optimal

**A blend of housing types, commercial uses, and open space creates important synergies:**

- Economic resilience
- A vibrant community
- More favorable environment for businesses
- Helps preserve the charm of the town

**While this is the long-term goal, market dynamics can influence what transpires near-term**

- Developers are currently proposing apartments, not office or retail
- The town cannot demand what comes to town, we can only reject
- Why would we do that when economic and demographic data is supportive of apartments?

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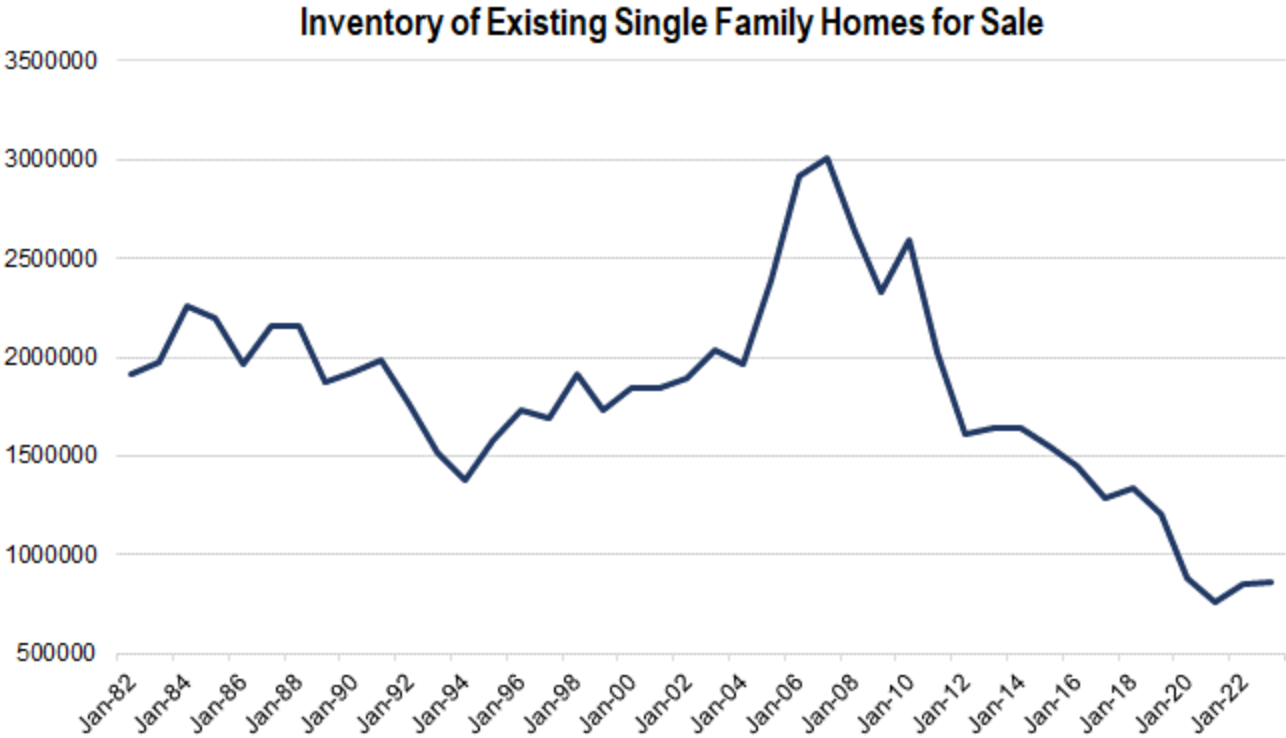
# The demand for apartments



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# A thin supply of homes for sale has potential buyers turning to apartments

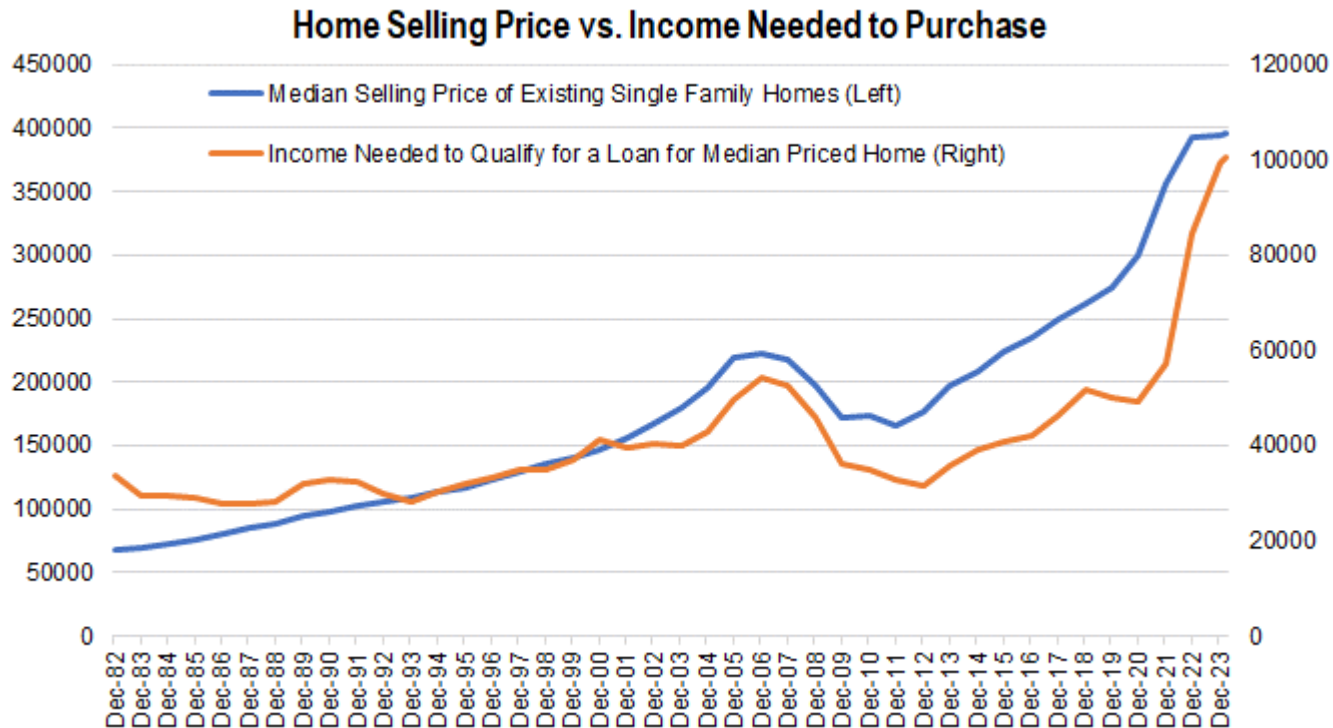
- Inventory of single family homes for sale is at historically low levels, driving up demand for apartments



Source (as of 3/31/24): National Association of Realtors, EDA

# Affordability challenges also driving demand for apartments

- Low inventory and high demand have pushed home prices sharply higher
- Coupled with high mortgage rates, buyers have been priced out of the market and into apartments



Source (as of 3/31/24): National Association of Realtors, EDA

# Apartment living has become an affordable option relative to homeownership

## Cost of Buying the Avg Priced Home in Canton

Median Home Value in Canton	411,713
20% Downpayment	82,343
Amount Financed	329,370
30-Year Fixed Mortgage Rate	7%
<b>Principal and Interest Payment</b>	<b>2,191</b>
<b>Monthly Property Taxes</b>	<b>850</b>
<b>Total Monthly Payment</b>	<b>3,041</b>
<b>Additional Expenses</b>	
Closing Costs	Yes
Homeowners Insurance	Yes
House Improvements	Yes
Regular Upkeep	Yes
Monthly Utilities	Yes
Lawn Care	Yes
Snow Clearing	Yes

Source (as of 3/31/24): Zillow, EDA

## Cost of Renting an Apartment in Canton

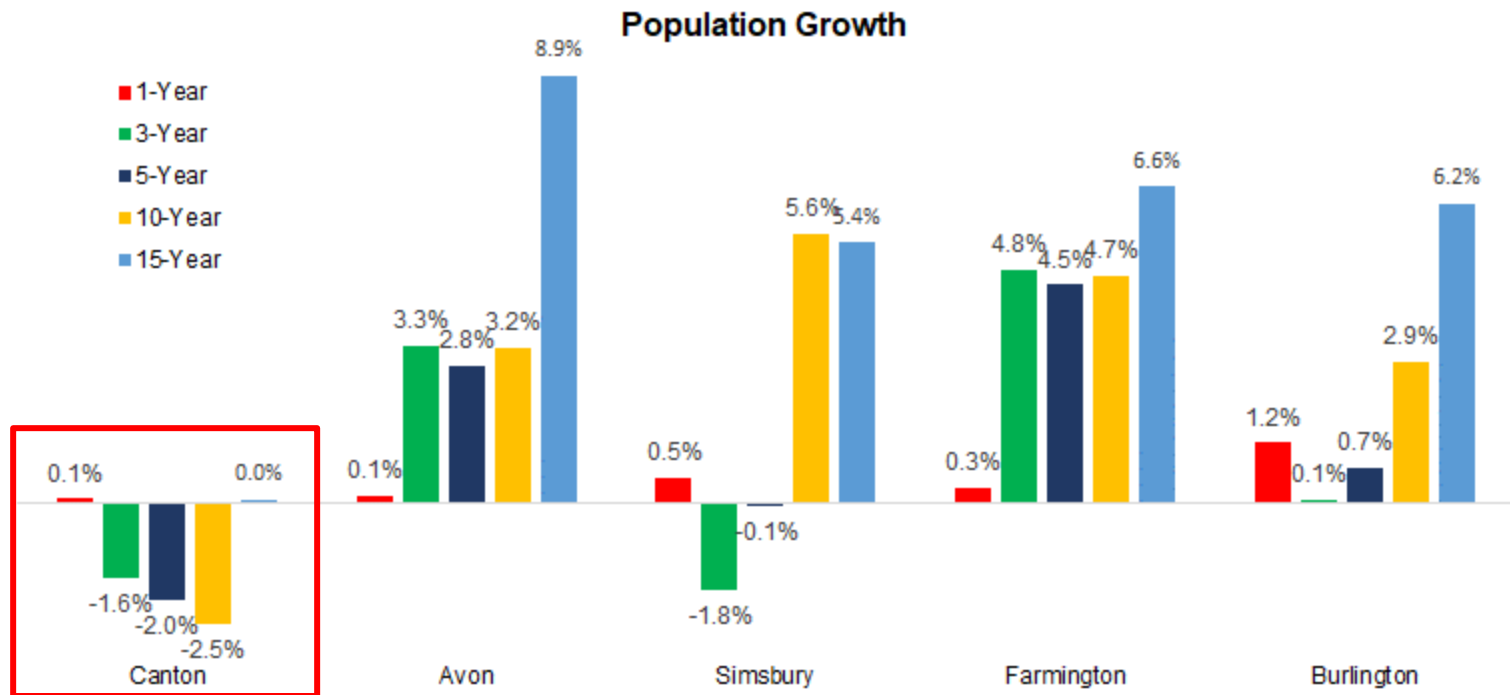
Typical Monthly Rent	2,000
<b>Total Monthly Payment</b>	<b>2,000</b>
<b>Additional Expenses</b>	
Closing Costs	No
Renters Insurance	Yes
House Improvements	No
Regular Upkeep	No
Monthly Utilities	Yes / No
Lawn Care	No
Snow Clearing	No

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# The economic rationale for apartments in Canton

# Apartments can help reverse population declines

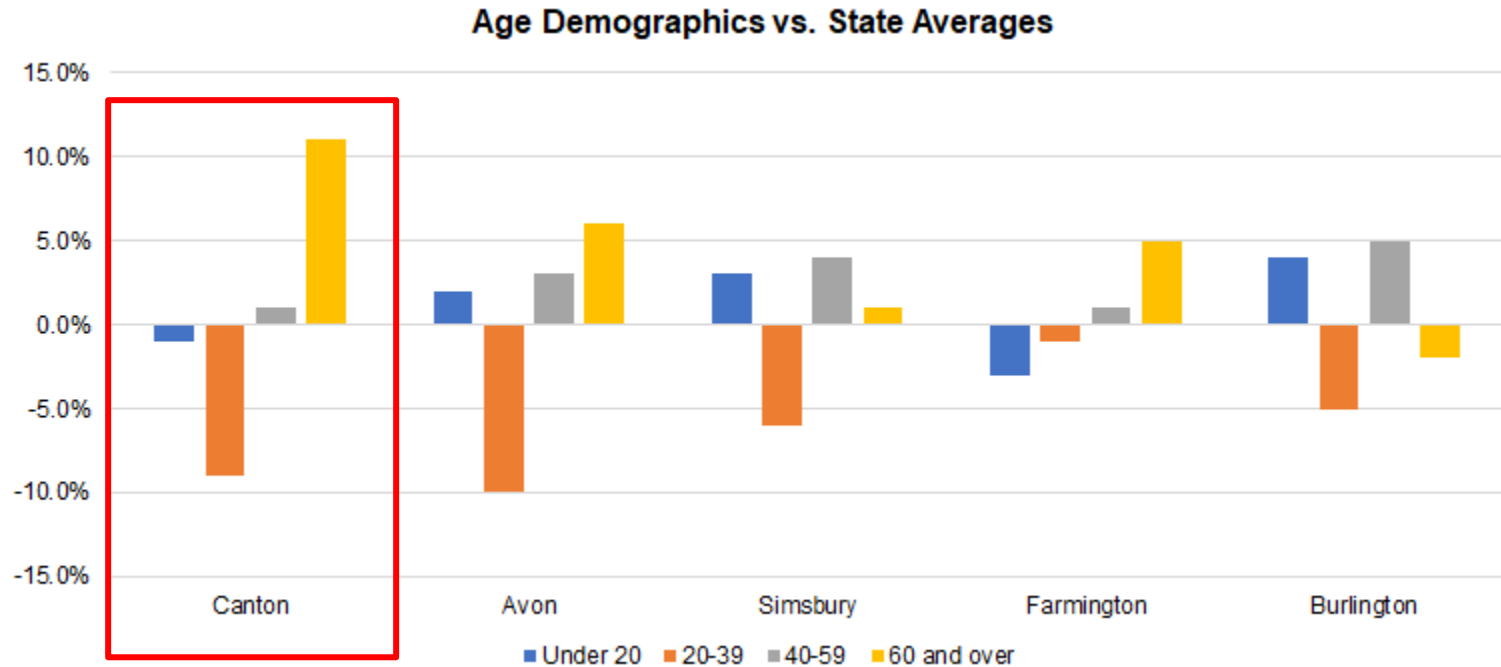
- Canton's population growth has been stagnant over the last 15 years and negative more recently. Neighboring towns have been growing.
- Negative population growth can be detrimental to a local economy



Source: EDA, AdvanceCT, CT Data Collaborative.  
Data through 2022

# Apartments can help bring age demographics into better balance

- Canton has a much older age demographic relative to neighboring towns and a shortage of residents in their 20's and 30's
- Apartments can attract young professionals while providing housing options for downsizing empty nesters



Source: EDA, AdvanceCT, CT Data Collaborative.  
Data through 2023

# Apartments can contribute significant discretionary spending to Canton's economy

- Published fiscal impact studies highlight the significant discretionary dollars projected to be injected into local economies from apartment residents
- Would provide support to Canton businesses and help fill empty storefronts

## Discretionary Spending Projections From Recent Apartment Projects in CT

Apartment Project	Annual Discretionary Spending Per Apartment	Number of Apartments	Total Annual Discretionary Spending	Percent to be Spent in Town Businesses	Annual Dollars to be Spent in Town Businesses
Canton Ridge in Canton CT	\$20,000	100	\$2,000,000	30%	\$560,000
Mall Converted to Mixed Use in Milford CT	\$16,500	300	\$4,950,000	25%	\$1,237,500
Apartment Project in South Windsor CT	\$17,316	165	\$2,860,000	40%	\$1,143,000
Apartment Project in Newington CT	\$17,316	269	\$4,660,000	40%	\$1,863,000

Source: Fiscal Impact Studies Conducted by Professional Real Estate Advisors.  
Studies can be found in the EDA's July 2023 meeting packet

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# Dispelling the myths of apartments



# Myth 1: Apartments inundate schools

- Academic studies conclude that **single family homes, not apartments, produce far more school aged children (SAC)** on a per unit basis
- Actual data collected from Canton apartment complexes validates this research

**Apartments don't contribute many students because occupants are generally young professionals**

Number of Bedrooms	Apartment RDM* for SAC	Estimated % of Units in Canton
1 BR	0.04	75%
2 BR	0.27	25%
3 BR	1.21	
Wtd Avg. RDM	0.10	
<b>Estimated # of SAC per 100 Units</b>	<b>10</b>	

**Actual SAC in Canton Apartments**  
**Canton Ridge:** 100 Apartments, 3 SAC  
**BearWoods:** 40 Apartments, 4 SAC  
**The Laurel:** 31 Apartments, ~5 SAC

**Single family homes contribute far more SAC, hence their net negative economic impact on the town**

Number of Bedrooms	Single Family Home RDM* for SAC	Estimated % of Units in Canton
1 BR	--	
2 BR	0.21	5%
3 BR	0.66	45%
4 BR	1.07	45%
5+ BR	1.66	5%
Wtd Avg. RDM	0.87	
<b>Estimated # of SAC per 100 Units</b>	<b>87</b>	

Source: Rutgers University, EDA, CT Data Collaborative  
 \*RDM = Residential Demographic Multiplier, which shows the population associated with different categories of housing.  
 An RDM of 1 = 1 person per unit of housing

# Myth 2: Apartments drain town services

- Published cost of community services studies conducted by land use experts share a common conclusion: **Tax revenue generated by apartment projects far exceeds their cost of services**

## Fiscal Impact Studies

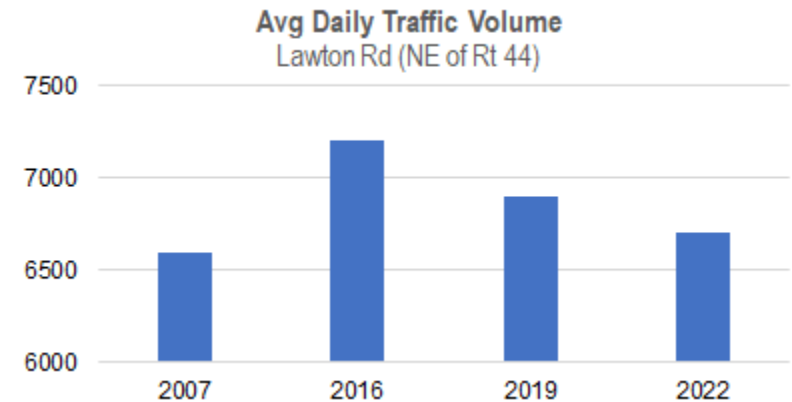
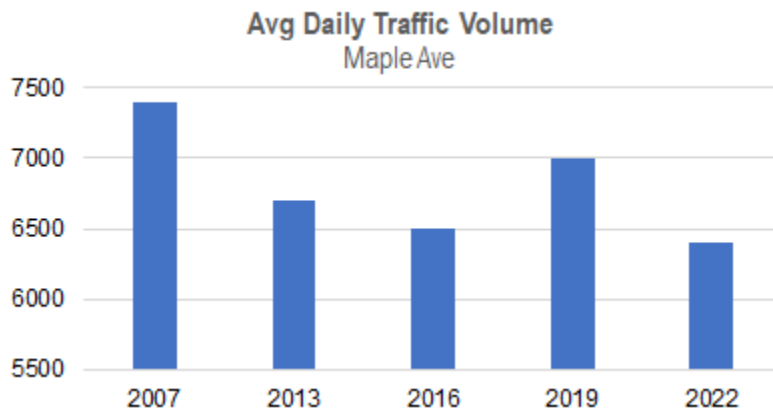
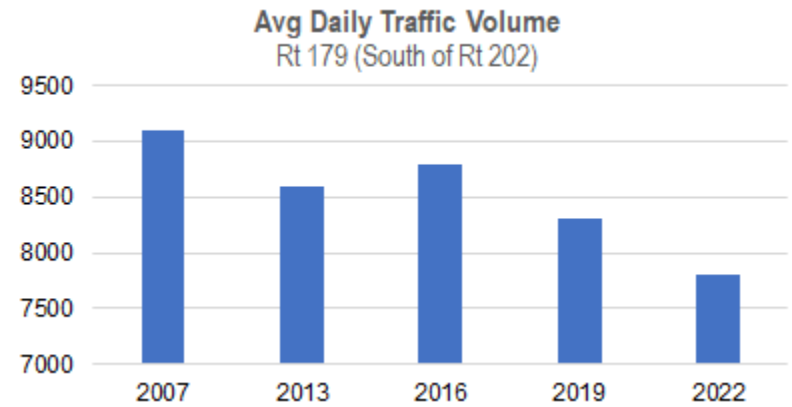
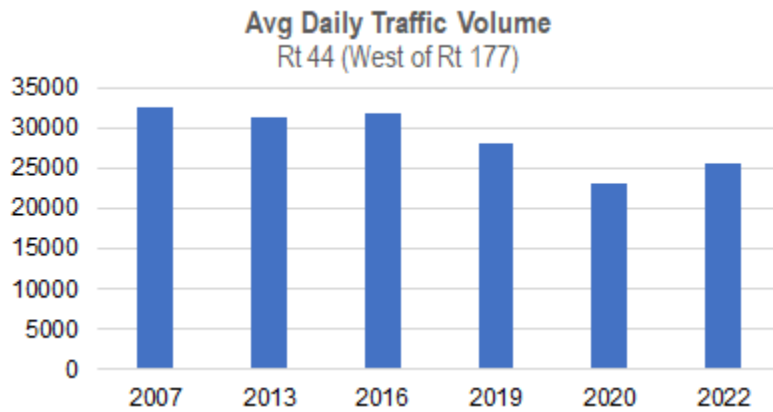
Project	Location	# of Apartments	Cost of Services*
Carpionato Village	Avon, CT	314	0.81%
Wellesley Office Park Redevelopment	Wellesley, MA	350	0.38%
Dalby Mill	Watertown, MA	37	0.33%
Avon Mills	Avon, CT	250	0.48%
Canton Ridge	Canton, CT	100	0.43%
Apartments at the CT Post Mall	Milford, CT	300	0.51%
Berlin Turnpike Project	Newington, CT	269	0.48%
Residences at Evergreen Walk	South Windsor, CT	165	0.51%
<b>Average</b>			<b>0.49%</b>

With an average cost of services of 0.49%, these projects generate 2x as much town revenue vs. the cost of town services required

Fiscal impact studies can be found in the July 2023 EDA meeting packet.  
Community services primarily consists of fire protection, police, and the cost of education.  
\*Projected cost of services divided by projected tax revenue

# Myth 3: Apartments will create traffic issues

- Traffic volumes on major Canton roads have been **declining**
- Volume on Rt 44 is down >5k cars per day since 2016. A 100 unit apartment project won't have a big impact.



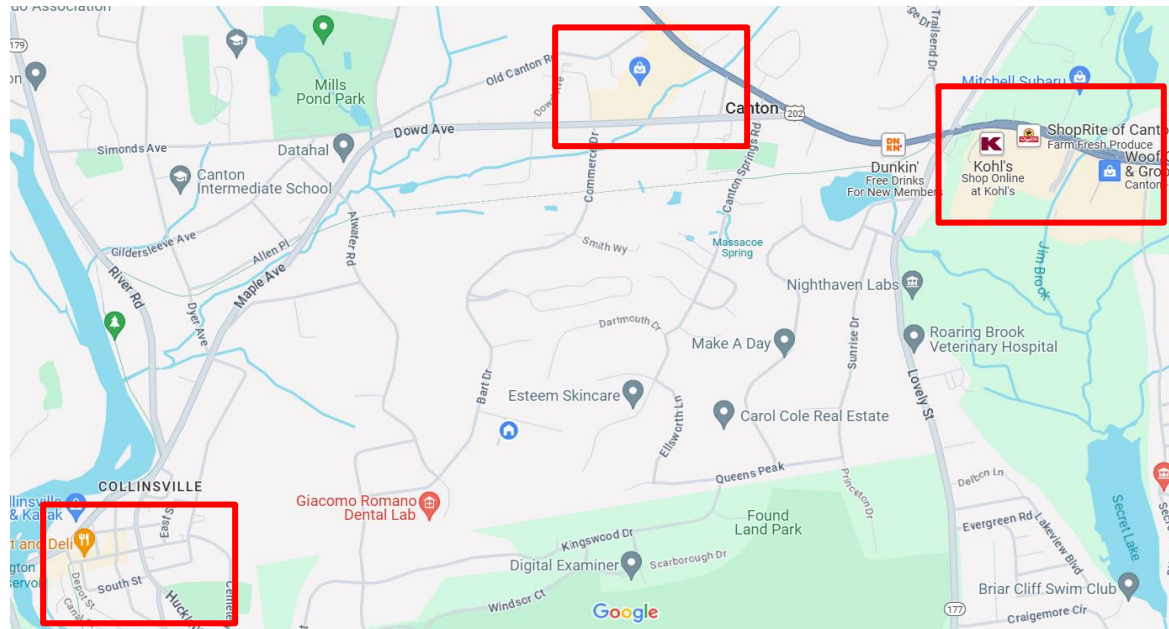
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# Tying it all together

- The tax burden on single family homeowners is becoming unsustainable. Commercial development will help control town taxes
- Several apartment projects have been built or proposed in Canton in recent years; all are justified by strong demand
- Contrary to popular opinion, apartments do not flood our schools with kids, drain town services, or create traffic problems. This is supported by data.
- Extensive research shows that apartments are a net tax positive land use for municipalities.
- Apartments can help support Canton businesses, fill empty storefronts, bring age demographics into better balance, and take some of the tax burden off single family homeowners
- However, it's crucial for municipalities to exercise fiscal restraint in order to capitalize on the increased tax revenue

# Optimal locations for apartment development

- **The Shoppes of Farmington Valley** – would create an optimal mixed-use property, provide a 24/7 customer base, and protect the grand list value of Canton's largest taxpayer
- **Canton Village Shops** – would help revitalize and transform the area into a true village district and town center
- **A redeveloped Axe Factory** – provide greater vibrancy to Collinsville, make the project more financially feasible and help support potential restaurants / shops at the site



The above views are of the EDA and were formed from research conducted for this presentation

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# Appendix

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# Important considerations for Canton land use boards

- 2 bedrooms units with a den and 3 bedroom units tend to contribute far more school aged children than 0-2 bedroom units
- Low density apartment developments tend to have a greater number of school aged children than those of high density
- Affordable units tend to contribute many more school age children than market rate units

Source: Rutgers University, based on a survey of NJ real estate property owners and multi-family property managers