

REPORT ON WAREHAM RE-ZONING PLAN BY NOTOS GROUP

Frederic B. Jennings, Jr., Ph.D. 30 March 2021

Executive Summary of Findings and Opinions

EconoLogistics was retained in March 2021 to examine and evaluate the NOTOS Group's re-zoning proposal of ecologically sensitive land in northeastern Wareham, MA from R-130 to a Hospitality, Recreational and Entertainment Overlay District (HREOD). This proposed business development project is based on a claim that current zoning and COVID-19 will unduly burden Wareham municipal budgets on a perpetual long-term basis. A set of studies by FXM Associates has raised concerns for Wareham's fiscal resilience, supporting this re-zoning plan as a business solution. The present report examines this argument and the economic analyses on which it rests.¹

Four reports reviewed were prepared by FXM Associates: "Wareham Economic Development Strategy" (March 2019); "Assessment of Municipal Revenues and Costs of Potential New Residential Development in Wareham: Executive Summary Report" (two versions, 16 November and 7 December 2020); and "Potential Market Driven Economic and Fiscal Impacts to the Town of Wareham of the COVID-19 Pandemic" (December 2020). The last three of these four reports were prepared under contract for the NOTOS Group, the developer proposing this re-zoning plan. Among other things, these reports suggest that the current R-130 zoning – on the land designated by this re-zoning plan – threatens the fiscal stability of the Wareham municipal budget.

FXM Associates projected the prospective financial losses to Wareham without the re-zoning using an invalid series of economic arguments. *First*, the number of new homes is overstated; 90 homes cannot be placed on a 275-acre parcel zoned for 3-acre lots and still leave room for roads and other facilities. *Second*, taking the *average value of existing homes* as a benchmark for the taxable value of *new homes* understates their tax revenue impacts. *Third*, the FXM analysis also exaggerated *people per household* to overstate their cost effects. *Fourth*, the scaling up of *average cost per student* to determine the cost impact of new enrollments is only valid were there *no fixed costs* in education! *Fifth*, *excess capacity* (from falling enrollments in Wareham's schools) has inflated the average cost per student (due to significant fixed costs and COVID-19), which has further biased these cost effects upward. *Sixth*, the FXM measure of non-school costs, by scaling average residential use costs for municipal services upward, suffers from the same mistake of assuming *no fixed costs* in the provision of town services, so biases these costs upward as well.

Assuming no fixed costs in education or municipal services inflates their cost effects. FXM also understates the tax revenue impact of new homes. Consequently, the case for re-zoning this land rests upon *an exaggeration of costs and an understatement of tax revenues* associated with the residential use of this land.

Several other documents were also reviewed that were intended to guide decisions in Wareham on environmental protection and business development proposals. Each is briefly described below.

The 2017-2024 Wareham Open Space and Recreation Plan began with a Statement of Purpose: "*The need to protect open space, ...[to] safeguard watershed areas, and protect river corridors, ponds, and coastlines is widely recognized by Wareham's residents.*" The plan adds that: "protecting our natural water resources is very important to the residents... The Plymouth-Carver ... Aquifer ... is quite vulnerable to contamination" and "groundwater contaminants can quickly travel long distances, and affect a large area. ... Sound land management policies are essential to produce development that minimizes adverse impacts on natural systems." The plan reviews state-level restrictions on protected lands such as *Outstanding Resource Waters* and *Coldwater Fisheries Resources* like Red Brook, and addresses other wetlands conservation issues of sedimentation, road runoff, nitrogen loading and sewage disposal, calling for "a collaborative effort of Wareham's Town Administrator,

¹ Dr. Jennings, the author of this analysis, has served as an economic consultant for over 35 years. He has frequently testified as an economic damages expert in court, a context that demands an exacting and rigorous care in one's economic analysis and conclusions.

Board of Selectmen, Town Planner, the Conservation Commission, the Community Preservation Committee, the Open Space Committee, the Commonwealth of Massachusetts, local, regional, and state conservation organizations, and Wareham’s residents” to protect open space. The Wareham town leadership endorsed this Open Space Plan with a unified and enthusiastic voice.

The Wareham Zoning By-Laws, identified in the Open Space Plan as the town’s main source of environmental protection, explain that a “Groundwater Protection Overlay District” – which “includes all areas within the delineated MA DEP Zone II Wellhead Protection Area” – prohibits an array of uses including “wastewater treatment facilities.” This Wellhead Protection Area seems to lie within the proposed HREOD zone that allows “wastewater treatment facilities.”

The Town of Wareham Master Plan thanks these entities for their support: the Planning Board; Board of Selectmen; Town Administration; SRPEDD; and many others. The primary goals of this Master Plan include: land use, open space and recreation; natural and cultural resources; etc., and the plan calls for “collaboration” and “public participation.” Among its most important goals is “permanently protected open spaces” and the protection of “watersheds, wetlands, salt marshes, rivers, bays, and ponds ... for current and future use...” “Open Space Goal 1” is to “Implement the **2017-2024 Wareham Open Space and Recreation Plan**” and Goal 2 is to “prioritize land conservation” with the help of the “Open Space Committee, Planning Department, Conservation Commission.” The Master Plan also endorses two “Natural and Cultural Resources Goals ... to increase climate resilience in Wareham” and to “Protect Wareham’s Water Resources” by reducing “nitrogen pollution” along with “fertilizer and pesticide use near flowing water.”

The Town of Wareham Multi-Hazard Mitigation Plan warns: “Wareham’s natural environment and natural resources are important to the Town’s identity and quality of life” because “large stretches of open space, forested land, and upland ... support the economy...” The plan expresses concern about wildfires, drought and extreme temperatures, and about runoff and nutrient pollution that risk eutrophication which “affects the whole ecosystem” and can disrupt “residential water supplies.” This plan stresses the importance of following “Town Plans and Policies” on “land use, economic development ... open space... natural and cultural resources [and] ...climate resilience.”

This re-zoning proposal appears to conflict with the town’s ‘official position’ on environmental conservation in its land use priorities. The Wareham community has established a detailed set of standards and guidelines for its economic development decisions. The claim that Wareham’s finances are at risk under current residential zoning arrangements lacks any credible or substantive justification. There is no oncoming or imminent fiscal crisis that this re-zoning proposal will solve.

The carefully considered opinions presented in this economic analysis are valid to a reasonable degree of economic certainty, based on my many years of experience as a professional economist.

Signed: 

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