

Fiscal Impact Analysis

Weston Quarry Residences & Office Weston, MA

February 3, 2017

**Prepared By
Fougere Planning & Development, Inc.**

**Prepared For
Boston Properties & Town of Weston, MA**

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Weston, MA**

**FISCAL IMPACT ANALYSIS
Comparative Analysis**

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Introduction

In 2015, Boston Properties (BP) was approached by the Town of Weston to collaborate on a potential affordable housing development on BP's property at 133 Boston Post Road, which was identified in the Town of Weston's Housing Production Plan as a viable site for 40B residential development. BP, in cooperation with the Town of Weston, is proposing a Comprehensive Permit application involving the construction of two residential apartment buildings containing a total of 345 units at the property. In addition, a 250,000 square foot Class A office building is being proposed on the 73 acre site. The proposed development also includes the dedication of land on the property, in partnership with the MBTA, for a potential intermodal station. This fiscal impact report will analyze potential revenue streams from the proposed residential and office developments, along with impacts that may occur to individual town departments.

Table One outlines the specific apartment breakdown, 25% of the units (87) will be affordable.

**Table One
Apartment Development Unit Breakdown**

Unit Type	# Units
One Bed Market	99
One Bed Affordable	34
Two Bed Market	128
Two Bed Affordable	44
Three Bed Market	31
Three Bed Affordable	9
Total Units	345

It should be noted that this development will be operated privately and as such all proposed access ways will be maintained by the owner, along with trash disposal. Public water will be provided and wastewater will be addressed with onsite septic systems.

Local Trends

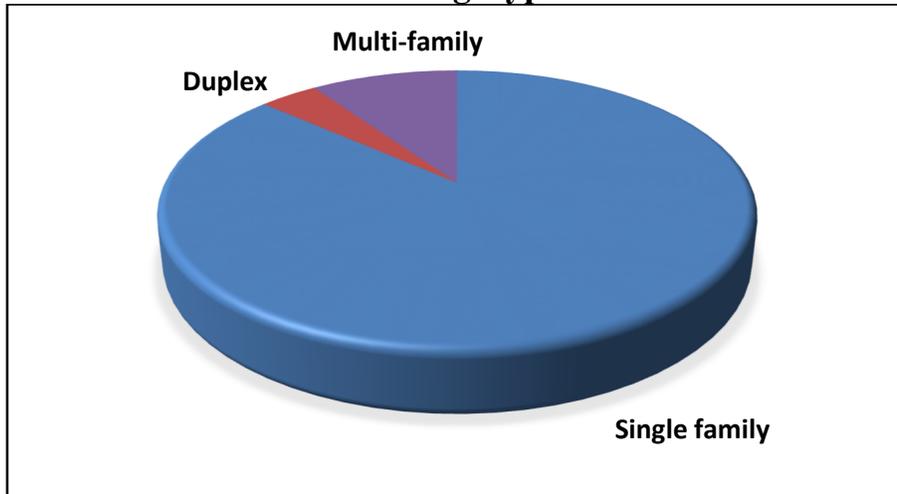
Census figures report that from 2000 to 2010 Weston’s population decreased from 11,469 to 11,261, showing negative population growth over the 10 year time period. The most recent population estimates from the US Census Bureau¹ report a population of 11,850. The Town of Weston tracks its population, and reported a 2015 population² of 11,391; this figure will be used in conjunction with this fiscal report.

A majority of Weston’s housing stock consists of single family homes, with 2015 US Census data reporting 3,426 single family homes out of a total housing stock of 3,959 units; Figure One.

¹ 2010-2014 American Factfinder

² 2015 Town Report

**Figure One
Housing Types**



Budget History

Weston’s total operating budget for 2017 is \$82,758,654, which has increased 8.82% over the last four years. Public Safety and Education account for 55.14% of the total budget; Figure Two. These departments have the largest personnel and the most direct impact on municipal expenditures. Given the large budgetary impact these departments have on the community and the fact that they will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

**Figure Two
Department Budget Allocation**

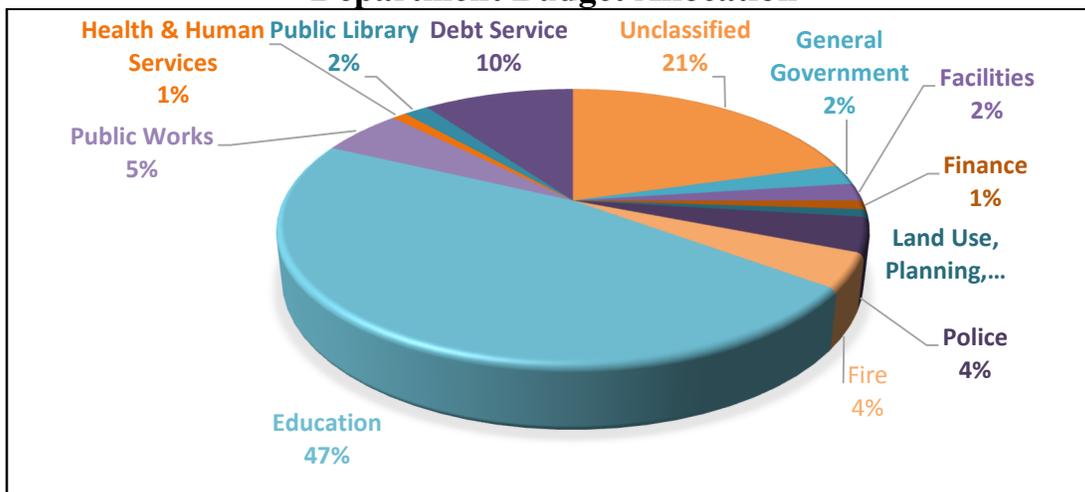


Table Two outlines total appropriations of all Departments over the last four years, with the Police Department showing an 11.7% increase, the Fire Department decreasing 10.46% and Education increasing 8.71%.

**Table Two
Town Budget Breakdown 2014 - 2017**

	2014	2015	2016	2017	% Change
Unclassified	\$14,253,567	\$15,031,613	\$16,284,861	\$16,999,884	19.27%
General Government	\$1,788,797	\$1,734,426	\$2,108,151	\$1,964,801	9.84%
Facilities	\$1,396,331	\$1,902,769	\$1,534,038	\$1,715,387	22.85%
Finance	\$754,127	\$774,349	\$838,904	\$859,164	13.93%
Land Use, Planning, Insp.	\$699,605	\$697,137	\$751,262	\$752,100	7.50%
Police	\$3,021,433	\$3,185,598	\$3,176,431	\$3,375,204	11.71%
Fire	\$3,778,455	\$3,500,504	\$3,718,419	\$3,383,388	-10.46%
Education	\$35,755,383	\$37,023,312	\$38,311,927	\$38,869,451	8.71%
Public Works	\$5,026,407	\$4,650,001	\$4,328,345	\$4,502,800	-10.42%
Health & Human Services	\$670,911	\$687,296	\$720,848	\$781,130	16.43%
Public Library	\$1,193,644	\$1,204,378	\$1,329,728	\$1,357,909	13.76%
Debt Service	\$7,713,930	\$7,055,821	\$7,926,753	\$8,197,436	6.27%
Total	\$76,052,590	\$77,447,204	\$81,029,667	\$82,758,654	8.82%

A. Methodology Approach

There are a number of methodologies that are used to estimate the fiscal impacts of proposed developments. The Per Capita Multiplier Method is the most often used to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for new development. The basic premise of this method is that current revenue/cost ratios per person and per unit are a potential indicator of future revenue/cost impacts occasioned by growth. The advantage of this approach is its simplicity of implementation; however, its downside is that it calculates the “average” cost as being the expected cost. This is often not the case, and costs can be exaggerated—in some cases significantly. To account for this, we have also used a Marginal Cost Approach methodology to estimate potential costs. In reviewing exclusively those town departments that may realize a measurable impact from the proposed development, a truer picture of

anticipated costs impacts can be determined. For most new land uses, many department budgets are not measurably impacted in any long term way.

Fougere Planning met with a number of key town department heads and officials during the development of this Report. The purpose of these meetings was to outline the fiscal impact approach, as well as to hear from local officials relative to their concerns about present service capacity and how the proposed development may impact their department. Specifically, meetings and/or discussions took place with the Town Manager, Town Planner, School Superintendent, Assessing Officials, Fire and Police Departments.

Local Revenues From Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Weston, totaling 86% of all revenues to the General Fund³. Weston’s present tax rate is \$12.40 per \$1,000 valuation. In order to estimate future property tax revenue from the proposed development, two methodologies were used. For the proposed residential development, the Income Approach was applied to arrive at an estimated assessed value of the proposed project⁴. Estimated projected revenues, operating expenses, vacancy rate (5%) and Cap Rate of 8% were analyzed to estimate a project value of \$105,986,038; Table Three. The tax income is estimated based upon NOI at stabilized occupancy for the proposed project.

**Table Three
Estimated Yearly Residential Property Taxes**

	Weston Quarry
Gross Revenues	\$11,571,365
Less 5% Vacancy	
Effective Gross Income	\$11,204,344
Operating Expenses	\$2,725,461
Net Operating Income	\$8,478,883
Estimated Property Assessment - 8% CAP	\$105,986,038
Estimated Property Taxes (\$12.40)	\$1,314,227

³ Fiscal Year 2016, BOS Town Meeting Report.

⁴ This approach assumes a stabilized occupancy for the project, which may take 6 to 8 months after opening to occur. Assessing officials noted that, until a full year of revenue is realized the Department would rely on building cost data to arrive at an assessment.

To estimate a value of the proposed 250,000 square foot office building, the existing assessment from the adjoining office building was used; Table Four.

Table Four
Estimated Yearly Office Property Taxes

Existing Office GFA	350,000 Sq. Ft.
Assessment Per Square Foot	\$183.56
Proposed Office Building	250,000 Sq. Ft.
Estimated Assessment	\$45,890,000
Estimated Property Taxes	\$569,036

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2015 the Town of Weston received a total of \$2,980,905⁵ from this revenue source. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted⁶ by 50%. Table Five outlines the projected vehicle excise tax for the proposed project.

Table Five
Motor Vehicle Excise Tax

# Vehicles ⁷	Value	Total Value
431	\$25,000	\$10,775,000
50% x \$10,775,000/1,000		\$5,388
\$5,387 x \$25		\$134,675

C) Community Preservation Surcharge

The Town of Weston has adopted the Community Preservation Act allowing the community to impose a 3% surcharge on property taxes. Based upon the projected taxes outlined in Table Two & Three, an estimated CPA surcharge of \$56,498 was calculated; Table Six.

⁵Town Report

⁶ This analysis was development through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes.

⁷ Estimated 1.25 vehicles per unit, based upon past research.

**Table Six
Community Preservation Surcharge**

Property Taxes	% CPA Surcharge	Surcharge
\$1,883,263	3%	\$56,498

D) Estimated Yearly Project Revenues

The proposed Weston Quarry development is estimated to generate \$2,074,436 in local revenues from property tax, excise taxes and CPA Surcharge; Table Seven.

**Table Seven
Estimated Yearly Revenue**

Estimated Taxes	
Residential	\$1,314,227
Excise Tax	\$134,675
Office Building	\$569,036
CPA Surcharge	\$56,498
Total Revenue	\$2,074,436

Additional one-time payment revenues will also be realized as part of the development, these will be detailed further below.

B. Municipal Service Costs

Given the nature of the proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key Town Departments including schools, police and fire departments. All onsite maintenance will be addressed by the property owner, including road repairs and trash removal.

It should also be noted that in many instances existing town residents move into the new housing development. Given the fact that they already live in the community, few new demands for services are created. This group could include recent graduates and those who wish to downsize and not leave the community. Weston’s Housing Production Plan makes

note of these “empty nesters” and children that have grown up in Weston who are looking to raise families locally⁸.

Department Impacts

Police & Fire

The Police and Fire Departments will experience some increased demand for services from the proposed project. For fiscal year 2017 (including benefits, retirement and debt service) the Public Safety budget⁹ is \$10,279,122, with the Police Department’s and Fire Department’s individual budgets approximately evenly split¹⁰. To assess the degree of impact this project would have on these departments, comparable apartment complexes were analyzed. Three years of emergency call data from 1,582 40B apartment housing units, as well as the subject site’s 350,000 square foot office building, was obtained and averaged to determine the annual numbers of calls per unit and square foot. These ratios were then totaled to derive an average call volume per unit, which was then used to generate projected emergency calls for each Department.

Extrapolating from the comparable call data, slight increases are projected in the Town’s Police and Fire Department call volume. Annual Police calls are projected to increase by 190 calls (1.3% increase, or 3.7 calls per week), annual fire/ambulance calls are projected to increase by 90 calls (3.5% increase, or 1.7 calls per week), creating marginal operational impacts; Table Eight.

⁸ *Town of Weston Housing Production Plan*, November 2015, p. 10.

⁹ Includes salaries, insurance, property & casualty, retirement, debt service & Articles.

¹⁰ Town Manager

**Table Eight
Projected Emergency Service Calls**

Project	Town	Units	Police Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Yearly Calls	Total Calls
The Lodge	Foxborough	250	222	74.00	0.296		
Union Place	Franklin	297	220	73.33	0.247		
Fairfield Green	Mansfield	200	437	145.67	0.728		
Pembroke Woods	Pembroke	240	277	92.33	0.385		
Blue Hills	Randolph	274	444	148.00	0.540		
Avalon Oaks	Wilmington	201	375	125.00	0.622		
Avalon Oaks Evergreen	Wilmington	120	301	100.33	0.836		
Totals		1,582	2,276	759	0.48		
Weston Quarry Apts.		345				165	
Existing Office ¹¹	Weston	350,000	97	24.25	0.00007		
Proposed Office		250,000				17	183
Project	Town	Units	Fire Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Yearly Calls	
The Lodge	Foxborough	250	79	26.33	0.105		
Union Place	Franklin	297	56	18.67	0.063		
Fairfield Green	Mansfield	200	128	42.67	0.213		
Pembroke Woods	Pembroke	240	26	8.67	0.036		
Blue Hills	Randolph	274	29	9.67	0.035		
Avalon Oaks	Wilmington	201	48	16.00	0.080		
Avalon Oaks Evergreen	Wilmington	120	19	6.33	0.053		
Totals		1,582	385	128	0.081		
Weston Quarry Apts.		345				28	
Existing Office	Weston	350,000	28	7.00	0.00002		
Proposed Office		250,000				5	33
Project	Town	Units	Amb. Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Yearly Calls	
The Lodge	Foxborough	250	72	24.00	0.096		
Union Place	Franklin	297	132	44.00	0.148		
Fairfield Green	Mansfield	200	74	24.67	0.123		
Pembroke Woods	Pembroke	240	211	70.33	0.293		
Blue Hills	Randolph	274	83	27.67	0.101		
Avalon Oaks	Wilmington	201	87	29.00	0.144		
Avalon Oaks Evergreen	Wilmington	120	54	18.00	0.150		
Totals		1,582	713	238	0.150		
Weston Quarry Apts.		345				52	
Existing Office	Weston	350,000	14	4	0.00001		
Proposed Office		250,000				3	54

¹¹ Four years of call data was used for the office building.

A joint meeting was held with both the Fire and Police Department Staff to discuss the project and gain an understanding of any concerns that may be present. In addition, a follow up discussion took place with both the Police and Fire Chiefs. The projected emergency call data was reviewed and discussed, along with potential budget impacts to the departments.

Police Department

Police Chief Goulding was comfortable with the projected calls and did not believe it would lead to the need for additional personnel; he believed his Department could absorb the additional calls.

To assign some cost as a result of the increased demand for services, a number of options were reviewed including cost per call and cost per capita. Since calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$65,880; Table Nine. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development, but assigns a “cost” to account for these new land uses in the community.

**Table Nine
Police Department Impact**

Department	FY 2017 Budget¹²	Calls¹³	Cost/call	Est. Calls	Annual Cost
Police	\$5,139,561	14,258	\$360	183	\$65,880

Fire Department

The Fire Department Staff also supported the projected call estimates and thought they were reasonable. Captain Robertson noted that the Chief’s principle concern is that when the impacts from this development are paired with other potential projects, existing staffing challenges could be further aggravated. The Department’s goal is to have seven fire fighters assigned to each shift. 88% of the time, only six fire fighters staff a shift because of vacations, sick days and other matters. The Fire Chief has raised this staffing issue

¹² Includes benefit costs.
¹³ 2015 Town Report call data, Police and Fire Departments.

previously with the Town as part of unrelated discussions, and if this project proceeds along with other developments, he intends to request an increase in staffing levels. Preliminary costs to fully fund another fire fighter shift are estimated to be \$490,000 annually. In a follow up conversation with Fire Chief Soar, he stated that additional research would be needed to finalize the cost of adding another shift.

As with the Police Department, to account for some impact from the proposed development a cost per call ratio was used which provides a gross estimated annual cost of \$186,615; Table Ten.

**Table Ten
Gross Fire Department Impact**

Department	FY 2017 Budget	Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$5,139,561	2,396	\$2,145	87	\$186,615

The town receives yearly income from ambulance calls and in 2015 collected \$443,066. Based upon the ambulance calls received in 2015, the average revenue per call was \$355. Based upon the estimate of 54 EMS calls per year to the proposed development, annual ambulance income is anticipated to be \$19,170; Table 11.

**Table 11
Estimated Ambulance Revenue**

	2015 Income ¹⁴	EMS Calls	\$/Calls	Est. EMS Calls	Est. EMS Income
Ambulance Income	\$443,066	1,246	\$355	54	\$19,170

With this income taken into consideration, the net annual Fire Department impact is estimated to \$167,445. This estimated cost would account for 34% of the potential increases to the Fire Department’s budget if additional staffing levels are funded as discussed above. Such additional staffing would be requested by the Fire Department in the event other developments in the Town of Weston proceed in addition to the proposed project.

¹⁴ 2015 Town Report, Page 80.

Other Departments/Revenues:

Building

Building Department costs were not included in this analysis because they are not permanent annual impacts and will be offset by building permit fees.

Public Works

All roads within the development will be private and maintained by the apartment complex operator. Solid waste will be handled by a private contractor with no expense incurred by the Town.

Recreation

Although a majority of the Recreation Department's budget is offset by user fees, 31% is tax payer funded. To account for potential impacts, a per capita cost has been used resulting in an estimated cost of \$28,864; Table 12.

Table 12
Recreation Department Impact

2015 Budget ¹⁵	Town Population	Per Capita Cost	Estimate Population ¹⁶	Estimated Cost
\$464,432	11,391	\$41	704	\$28,864

Health and Human Services

To account for potential increased costs for those seeking services from the Health and Human Services, a per capita cost has been used to estimate a Department impact of \$48,273; Table 13. This budget includes the Town's social services and other such departments.

Table 13
Health and Human Services Impact

Budget	Town Population	Per Capita Cost	Estimate Population ¹⁷	Estimated Cost
\$781,130	11,391	\$68.57	704	\$48,273

¹⁵ 2015 Town Report, pg. 126

¹⁶ Assumes 2.04 persons per unit, based upon US Census data and prior research.

¹⁷ Assumes 2.04 persons per unit, based upon US Census data and prior research.

Other Departments

It is not anticipated that measurable impacts will occur to other town departments and therefore no other costs were analyzed. To be conservative, a \$10,000 cost will be carried to account for potential other impacts.

School Department

The Town of Weston public schools presently have an enrollment of 2,111 students housed in five schools (three elementary, one middle, and one high school). The 2017 Public School budget was \$38,869,451, which is an increase of 1.4% over 2016 expenditures.

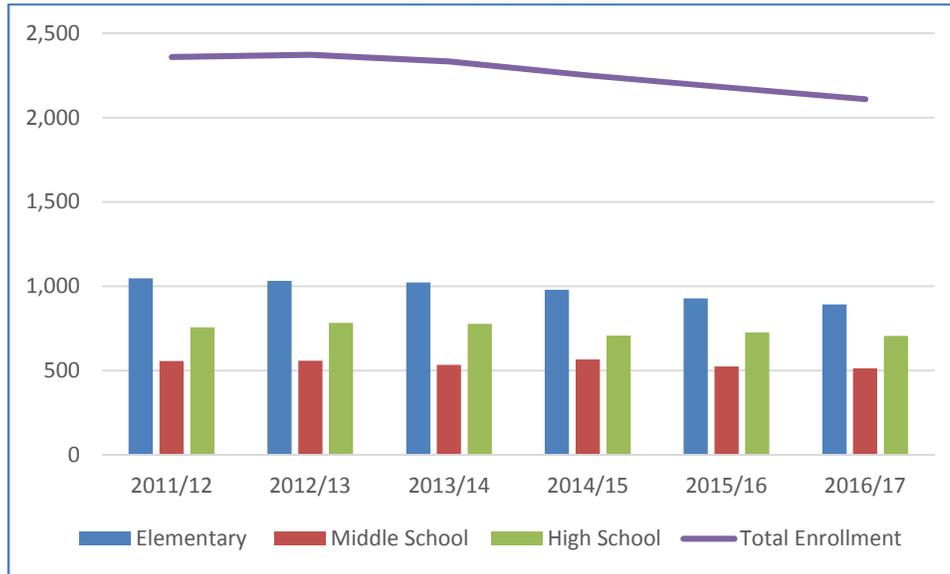
Enrollment History

Overall school enrollment has been declining over the last six years, decreasing 10.59% during this time period (-250 students); Table 14 and Figure Three. At this time there is capacity at all grade levels; however the elementary schools are the most sensitive to large increases in enrollment because of the limited ability to expand existing facilities.

Table 14
Enrollment Trends 2012-2017

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	% Decline
Elementary	1,048	1,032	1,022	980	929	892	-14.89%
Middle School	556	559	533	566	525	514	-7.55%
High School	757	783	778	707	726	705	-6.87%
Total Enrollment	2,361	2,374	2,333	2,253	2,180	2,111	-10.59%

**Figure Three
Enrollment Trends**



Projected School Enrollment Estimates

To gain an understanding of this community’s potential school related fiscal impact, the anticipated number of school children that may be generated by the proposed development was analyzed. The proposed apartment complex will have a mix of one bedroom, two bedroom and three bedroom units; Table 15. The one bedroom units do not generate school children and the analysis looks at the impact from the 211 two and three bedroom units.

**Table 15
Bedroom Mix Breakdown**

Unit Type	# Units
One Bed Market	99
One Bed Affordable	34
Two Bed Market	128
Two Bed Affordable	44
Three Bed Market	31
Three Bed Affordable	9
Quarry Totals	345
Total 2 & 3 Beds	211

To estimate the number of school age children (SAC) that may live in the proposed apartment complex, Fougere Planning has gathered information from a number of sources. Through research of over 1,300 suburban 40B apartment complexes, school generation data estimates that these types of communities will generate .313 SAC per unit. Given the unique economic conditions in Weston, Town Planning Staff suggested that more comparable communities with 40B apartment housing be reviewed. Based on this recommendation, apartment developments in Concord and Needham were analyzed; Table 16.

Table 16
Comparable School Enrollment Estimates

Complex	Total Units	# Two/Three Bedrooms Units	SAC	SAC per unit
Foxborough The Lodge	250	92	24	0.261
Mansfield-West Village	200	108 (100/8)	41	0.380
Pembroke - Woods	240	150	49	0.327
Wilmington - Avalon Oaks	201	142 (118/24)	62	0.437
Wilmington - Avalon Evergreen	120	72 (60/12)	22	0.306
Franklin - Union Place	297	222 (192/30)	48	0.216
Total / Averages	1,308	786	246	0.313
Concord Mews	350	176 (168/8) Garden Style	85	0.483
		42(26/16) Townhomes	28	0.667
		218(194/24) Garden & Townhome	113	0.518
Charles River Landing (Needham)	350	105 Two Beds	28	0.267

Based upon the two alternative complexes, Fougere used the Concord Mews development as a sound comparable. The complex consists of both garden style apartment buildings (one, two and three bedroom units) similar to those proposed by Boston Properties and townhome housing units (two and three bedroom units). As outlined in Table 15, townhome units generate more school age children per unit (.667) than the garden style units (.483). This is a common occurrence as families with children gravitate to townhome units to a larger degree than garden style buildings. The proposed development does not include any townhome units. As such, the garden SAC of .483 was used to estimate 102 (211 x .483) students from the Quarry complex.

To fully understand current school operations, Fougere arranged a meeting with School Superintendent Robert Tremblay, School Committee Chair Danielle Black and Assistant

Superintendent Cynthia Mahr to discuss the current state of the town’s school system and the proposed development project. The enrollment projections were discussed along with school operations, bus access¹⁸, budget and development timelines. Although school capacity presently is not an issue, the School District has greater flexibility to accommodate additional middle and high students than elementary level students. With the loss of 250 students over the last six years (156 at the elementary level) and declining enrollment trends that are expected to continue, Weston public schools have the ability to accommodate the anticipated new enrollments from the proposed development.

Based upon the projected enrollments, the School Board Chair was hesitant to accept the projected estimate of school age children from only the garden style units at the Concord Mews. Ms. Black believes the proposed apartment complex will attract transitory professionals working locally in universities and business, and that a higher impact is more likely. The Chair believed that the type of unit available will not deter those who want to live in Weston given the high quality of its school system. Taking these comments into consideration, the estimated SAC per unit was increased to .518. Applying this increased SAC to the 211 two and three bedroom units planned at the Quarry apartment complex results in an estimated **109 school children**. With the loss of 250 students over the last six years (156 at the elementary level) and declining enrollment trends that are expected to continue, Weston public schools have the ability to accommodate the anticipated new enrollments from the proposed development, including in this case of 109 additional school children. Using the grade distribution of students presently seen at the Concord Mews to the Quarry school children, project students from the new development are outlined in Table 17.

Table 17
Estimated School Age Children – By Grade

Total Estimated SAC	211 units x .518 = 109 Students
Grades K - 5	61 Students¹⁹
Grades 6 – 8	22 Students
Grades 9 - 12	26 Students

¹⁸ Biogen, the current master lease holder of BP’s existing commercial building at 133 Boston Post Road, has agreed to allow bus access to the residential site via the corporate entrance off Boston Post Road.

¹⁹ This breakdown is consistent with finding from students living in apartment complexes, 60% of enrollments are traditional grades K – 5.

Based upon the estimated 61 elementary students, costs impacts are more likely to occur at these grades levels than the middle and high school level. Presently teacher groups comprise of approximately 20 students at the elementary level with a cost of \$130,000 for a teacher and support staff. With the anticipated elementary enrollments, this translates into an estimated cost of \$390,000. Another potential cost could be the English language specialist program which presently works with approximately 100 students. If additional students were added to this program, \$150,000 would be needed to add appropriate staffing. To account for some potential impact to this program, this analysis will assign a cost of \$45,000.

It is not expected that all of the potential students will appear in the school system simultaneously. The two proposed residential buildings each carry roughly half of the 345 proposed units, and will be delivered in a phased manner. Based on construction and lease-up periods, there is an expected lag between full occupancy of the two buildings.

FISCAL SUMMARY

Table 18 summarizes the fiscal impact from the proposed development. Fougere is not suggesting that budgets should be increased to offset the noted costs, but these findings should be viewed as potential costs and future budget increases will be addressed by Town officials.

Table 18
Estimated Annual Fiscal Impact

Gross Rev. Taxes, Excise Taxes & CRA	\$2,074,436
Estimated Municipal Costs	
Police	\$65,880
Fire	\$167,445
Recreation	\$28,864
Other Departments	\$10,000
Health & Human Services	\$48,273
School Costs	\$435,000
Total Costs	\$755,462
Net Annual Positive Fiscal Impact	\$1,318,974

Summary of Findings

- The proposed development project will result in a net annual positive fiscal impact of \$1,318,974. Anticipated costs total \$755,462.
- Manageable increased emergency call volume will occur to emergency service departments, with police calls increasing 1.3% a year and fire department calls increasing 3.5%.
- An estimated 109 school age children are anticipated to reside at the Quarry. Past and future enrollment declines at all grade levels have created capacity in the school system and the ability to accommodate these additional children. Enrollments have declined 10.5% over the last six years and 14.8% at the elementary level.
- Limited measurable impacts are foreseen to other town departments.
- Analysis does not take into account intangible economic benefit of creating additional affordable and market rate housing.