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TECHNICAL BULLETIN # 09-001

DEVELOPMENT OF REGIONAL IMPACT (DRI) GUIDELINES FOR MITIGATION CREDIT AND REDUCTION FOR MINIMUM PERFORMANCE STANDARD AH 3.2

BACKGROUND

The 2009 Regional Policy Plan (RPP) includes a requirement in Minimum Performance Standard (MPS) AH 3.1 that various types of non-residential development mitigate the impacts of the development on the need for affordable housing. This MPS was developed as a result of the findings of the 2005 Barnstable County Nexus Study by John Ryan of Development Cycles. The amount of mitigation is based upon the projected number of below-average-wage jobs that will be created by the development.

In MPS AH 3.2, the RPP also specifies: “An applicant that provides information satisfactory to the Commission that the development will result in a higher percentage of employees earning wages greater than the regional average wage than that determined by the Nexus Study shall receive an adjustment to the mitigation amount outlined in MPS AH 3.1 and AH 3.3.”

This technical bulletin summarizes (a) the information that should be submitted by the applicant, and (b) the methodology the Cape Cod Commission will use to reduce the mitigation amount required in MPS AH 3.1, AH 3.3, and/or AH 3.5, as applicable.

INFORMATION TO BE SUBMITTED

For the Commission to consider an alternative mitigation amount under MPS AH 3.2, the applicant should provide the following data for the most recent prior three years (if applicable) from Cape locations for the businesses that will be occupying the space in the project. If any of the businesses has offices/outlets/etc. both inside and outside of the region, the applicant should

submit data only for the locations on the Cape. If any of the businesses has offices/outlets/etc. only outside of the region, the Commission will determine the appropriate locations for which to submit the data.

1) Workforce Data:

For the prior three years: Total number of people employed.
Specify numbers of part-time, full-time, temporary, and seasonal. Please note if a position was held by more than one employee over the course of the year.

2) Wage and Payroll Data:

For the prior three years: Total annual wage and payroll.
Provide the total wages paid annually to all employees and the annual wage paid per employee or by position denoting the number of employees holding each position.

MITIGATION REDUCTION METHODOLOGY

1) Upon receipt of the above workforce and wage/payroll data from the applicant, the Commission will use the annual regional average wage for all employers—private and public—as reported by the U.S. Bureau of Labor Statistics (BLS) in order to determine the percentage of jobs that paid more than the regional average wage for each year reported. The Commission will average the percentage of above-average-wage jobs over the time period that is reported. If the entities occupying the proposed space do not have any Cape locations, the Commission will use the BLS average wage from the regions reported.

2) The differing amounts of mitigation in MPS AH 3.1 were based upon the findings, data, and analysis from the Commission’s 2005 Nexus Study, along with regional real estate and income data from 2005 through 2007.

The Nexus Study analysis first projected the number of employees that would result from different types of non-residential development.

Estimated # of Employees per 10,000 square feet by Use	OFFICE	HEALTH/MEDICAL	FOOD SERVICE	RETAIL	WAREHOUSE
Total Square Feet (SF)	10,000	10,000	10,000	10,000	10,000
Median SF/ Employee	250	250	300	400	1800
# of Employees	40	40	33.3	25	5.6

The study then analyzed the percentage of employees who would be earning wages greater than and less than the regional average wage and then determined the number of below-average-wage jobs that would be created for every 10,000 square feet by each type of development.

Projected Wage Distribution relative to the County Average Wage	OFFICE	HEALTH/MEDICAL	FOOD SERVICE	RETAIL	WAREHOUSE
Percent Earning up to 99% of Average Wage	41%	54%	95%	89%	94%
Percent Earning 100% or more of Average Wage	59%	46%	5%	11%	6%
Total # of Employees Earning Less than Average Wage per 10,000 square feet	16	21	31	22	5

3) Since the amount of mitigation required in MPS AH 3.1 was determined by the projected number of employees who will be earning less than the regional average wage, the Commission will reduce the mitigation amount based upon information that shows that fewer below-average-wage jobs will be created by the new development. The reduction in the mitigation will be based upon the percentage reduction in below-average-wage jobs that will be created.

EXAMPLE: An applicant proposes a 20,000 square foot office development outside of an Economic Center (as identified on the Regional Land Use Vision Map). The projected employment from the Nexus Study is 80 employees with 59% (47) above average wage and 41% (33) below average wage. The applicant provides data that shows that 75% of the jobs will be above average wage and only 25% will be below average wage. Using the Nexus Study as the basis for the total number of jobs (that is, 80), there will be 60 above-average-wage and 20 below-average-wage jobs created. Thus, there will be 13 fewer below-average-wage jobs created, or 39% (13/33) fewer lower wage jobs. The mitigation would therefore be reduced by 39%. If the mitigation amount specified in the 2009 Regional Policy Plan originally was \$143,200 (20,000 x \$7.16), the adjusted amount would now be \$87,400 (20,000 x \$4.37).

STEPS IN ANALYSIS FOR THE EXAMPLE:

1) Calculate Mitigation

Development Type	Square Footage	Mitigation
Office	20,000	\$143,200 (\$7.16 x 20,000)

2) Calculate Adjustment for Mitigation Based Upon Applicant Wage Data and Nexus Study for Total Employees

	Total # of Employees	#/% Employees Above Average Wage	#/% Employees Below Average Wage
Nexus Study	80	47 (0.59 x 80)	33 (0.41 x 80)
Applicant Data	N/A	75%; therefore 60 (0.75 x 80)	25%; therefore 20 (0.25 x 80)

3) Calculate total and percentage reduction in below-average-wage jobs:

$$33 \text{ minus } 20 = 13; 13/33 = 39\%$$

4) Calculate PSF mitigation reduction:

$$\$7.16 \times 0.39 = \$2.79 \text{ reduction}$$

5) Calculate PSF mitigation:

$$\$7.16 \text{ minus } \$2.79 = \$4.37$$

6) Calculate adjusted mitigation:

$$\$4.37 \times 20,000 = \$87,400$$