

Cost of Land Uses Fiscal Impact Analysis Overview

Davidson Town Board Meeting

August 27, 2019

L. Carson Bise, AICP, President

TischlerBise

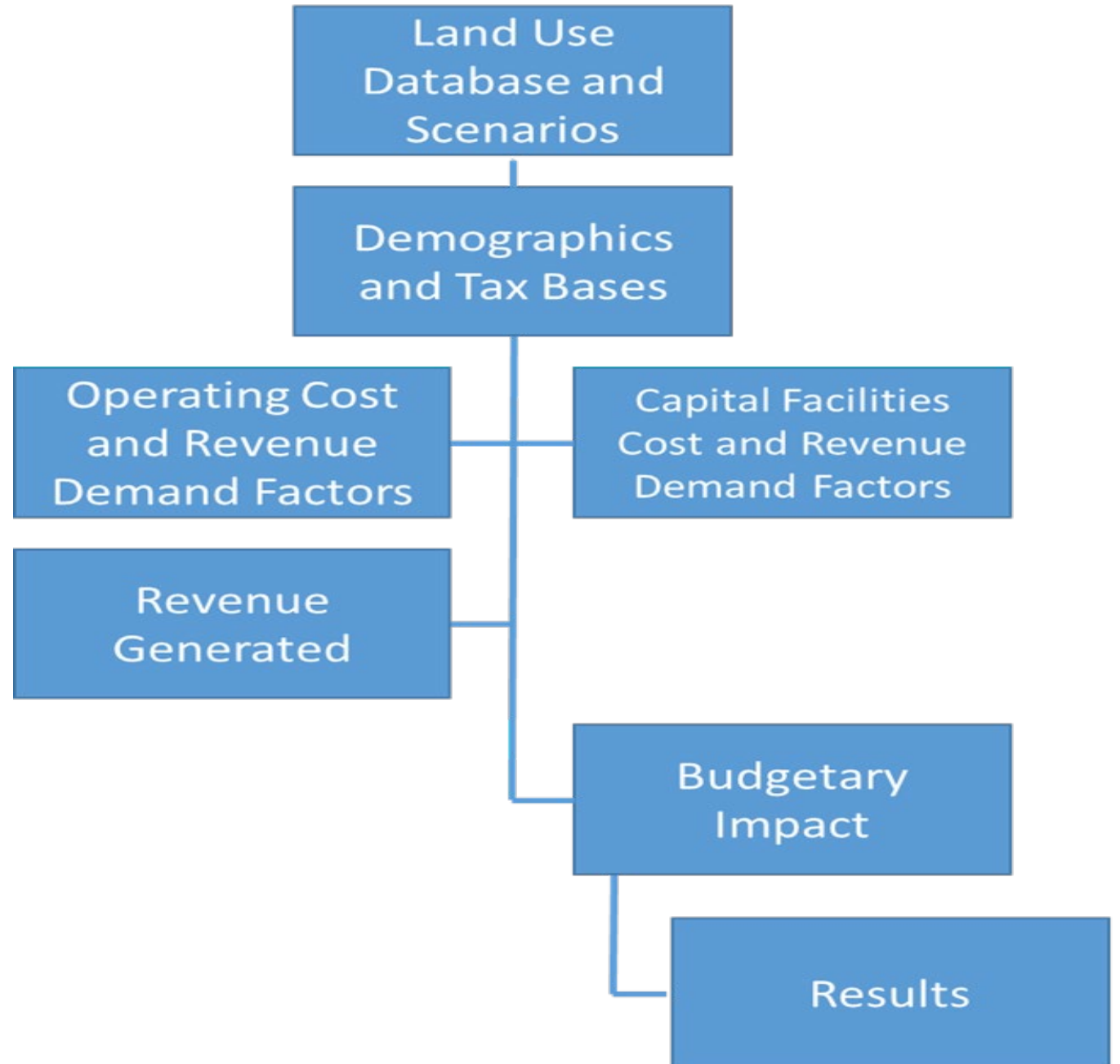


- Fiscal, economic, and planning consultants
- National Practice
- Fiscal Impact Evaluations (800+)
- Impact Fees (900+)
- Infrastructure Needs & Revenue Strategies
- Public and Private Sector Experience

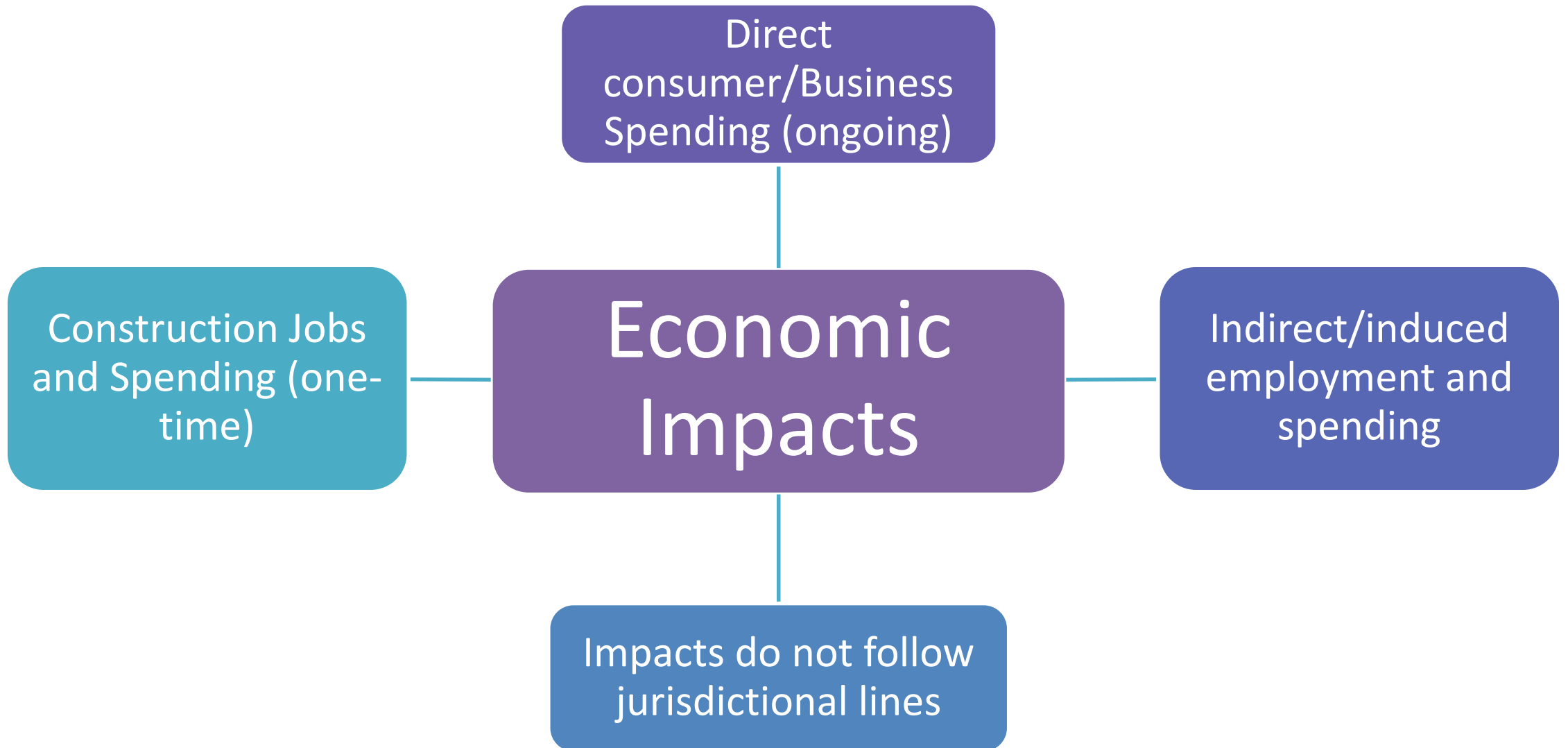
The Planning Process Today

- Most local governments do not know the true cost of development decisions or if the current land use plan is fiscally sustainable
 - Has/Is growth really paying for itself?
 - Many communities are still feeling a "slight hangover" from the Great Recession
- What is the market for certain uses?
- Should development be incentivized? If so, what types?
- Increased funding responsibilities on localities
 - Decreasing state and federal funding
 - How can localities make up the difference?

Elements of the Fiscal Equation



Elements of the Economic Equation

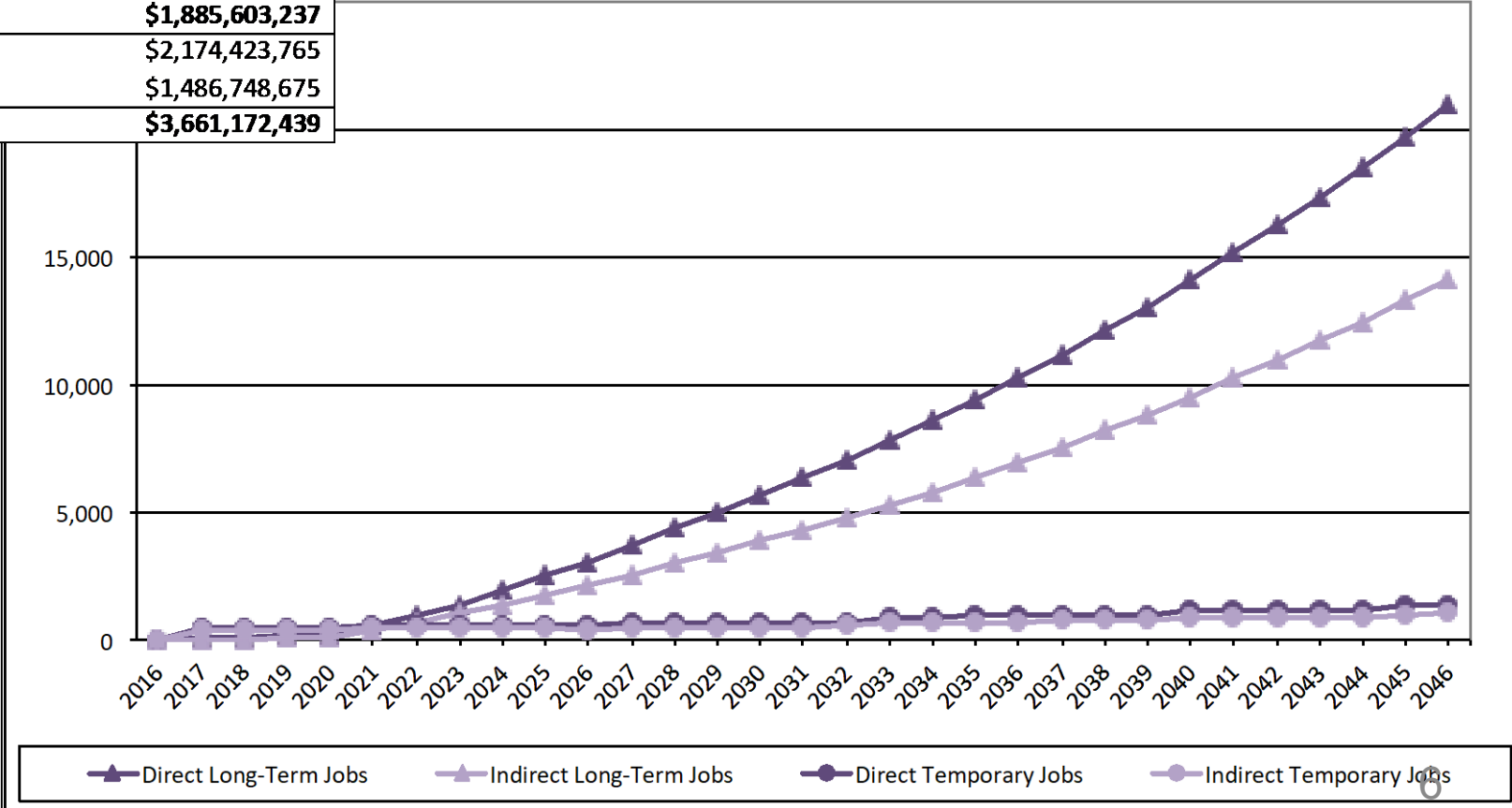


Economic Impact Analysis

30-Year Cumulative Long-Term Economic Effects
City of Colorado Springs Banning Lewis Ranch Fiscal and Economic Impact Model

Category	Look Forward
Direct Effect Jobs	20,979
Indirect and Induced Effect Jobs	14,143
TOTAL LONG-TERM JOBS CREATED	35,122
Direct Effect Labor Income	\$1,262,898,798
Indirect and Induced Effect Labor Income	\$622,704,439
TOTAL LABOR INCOME	\$1,885,603,237
Direct Effect Output	\$2,174,423,765
Indirect and Induced Effect Output	\$1,486,748,675
TOTAL LONG-TERM ECONOMIC IMPACT (Output \$)	\$3,661,172,439

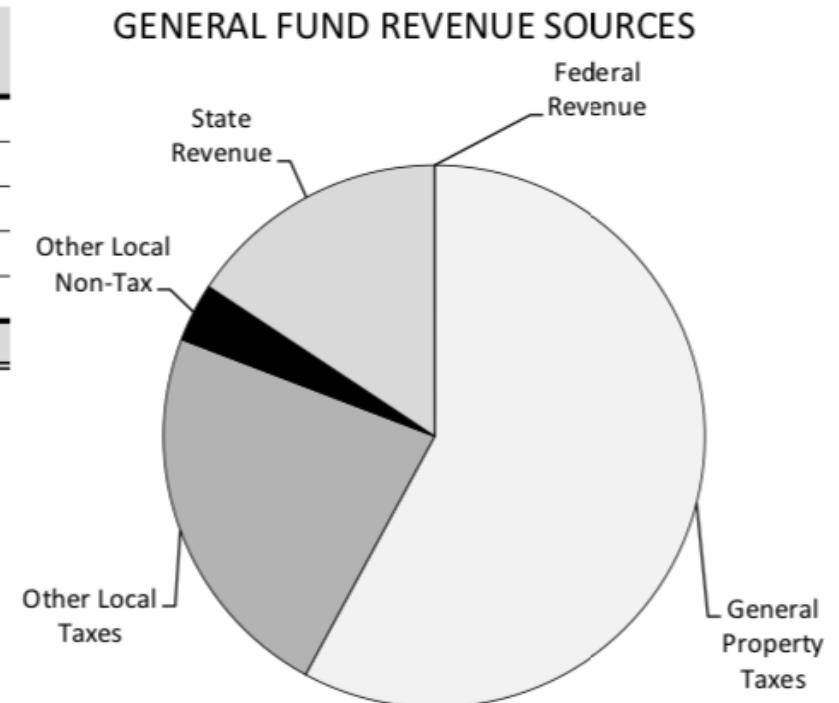
Cumulative Total Jobs - Banning Lewis Ranch
Look Forward: Long-Term and Temporary Jobs
Colorado Springs, Colorado



Fiscal Impact vs. Revenue Forecasting

- Municipal budgeting is primarily “revenue driven”
 - Revenue forecast is used to establish spending target
- Fiscal impact analysis is not revenue constrained
 - Forecast expenses needed to maintain current levels of service

Source	FY-20 Estimate	Component Share
General Property Taxes	\$ 348,907,916	57.90%
Other Local Taxes	\$ 138,147,102	22.92%
Other Local Non-Tax	\$ 21,058,169	3.49%
State Revenue	\$ 94,469,167	15.68%
Federal Revenue	\$ 35,000	0.01%
Total General Fund	\$ 602,617,354	100.00%

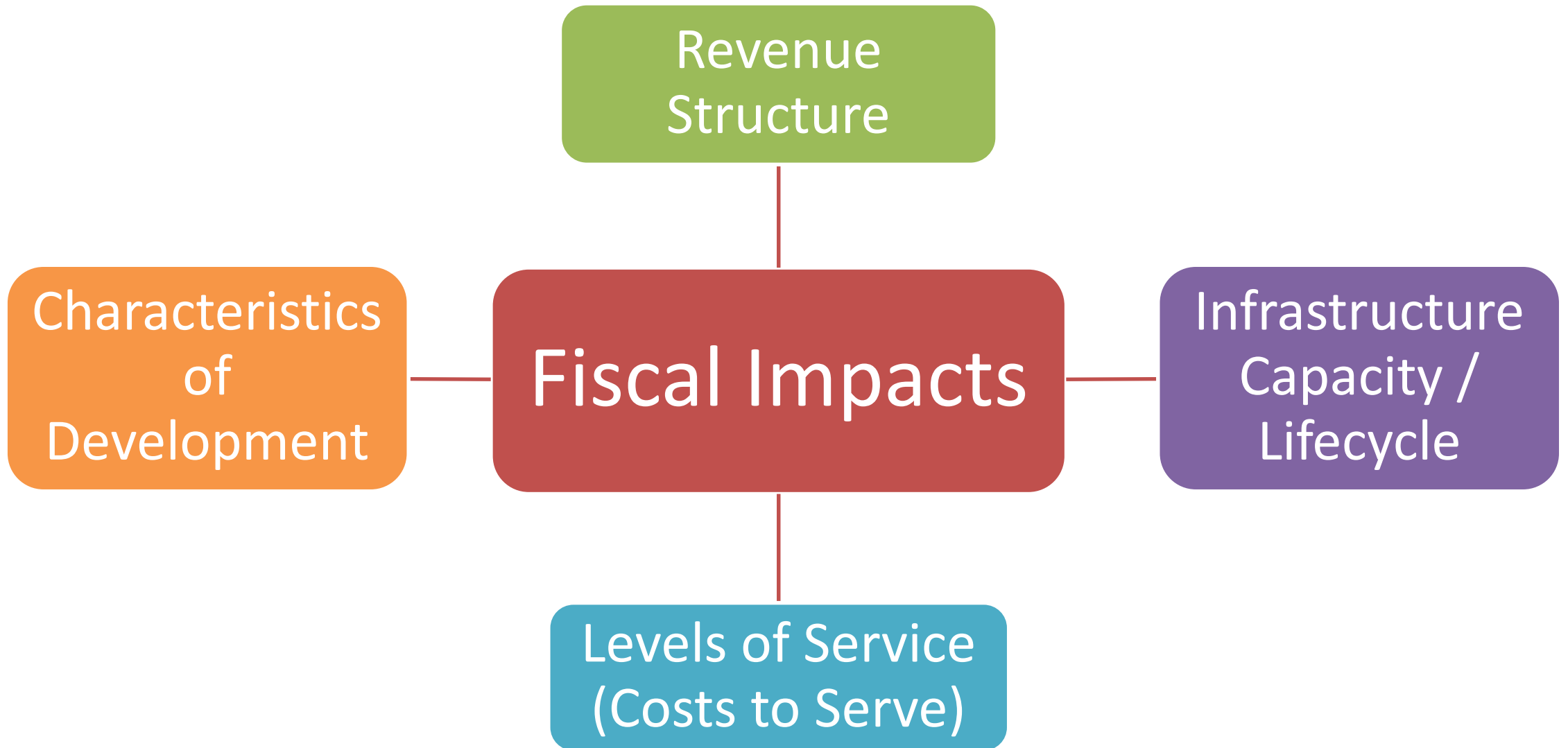


What Questions Can be Answered?

- Land use policies and development patterns
 - What is the relationship between development densities and infrastructure costs?
 - What is the optimum mix of land uses?
 - What is the relationship between the geographic location of new development and the cost?
- Leveraging public dollars for economic growth (incentives)
 - How to invest limited funds to maximize return
 - Redevelopment
 - Tax increment financing
- Timing on impacts
 - Are we living off tomorrow's growth?
- Annexation

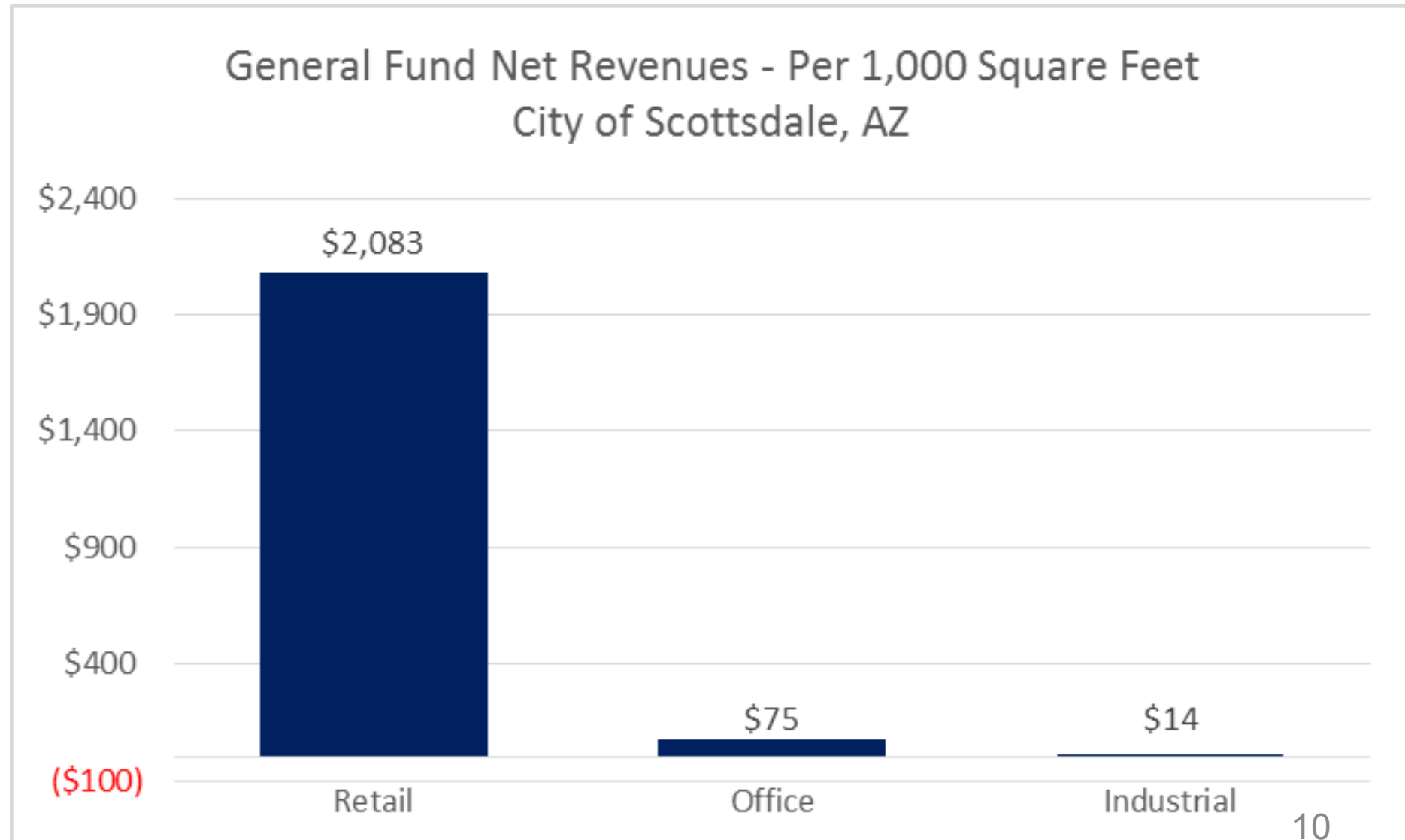


Drivers of the Fiscal Equation



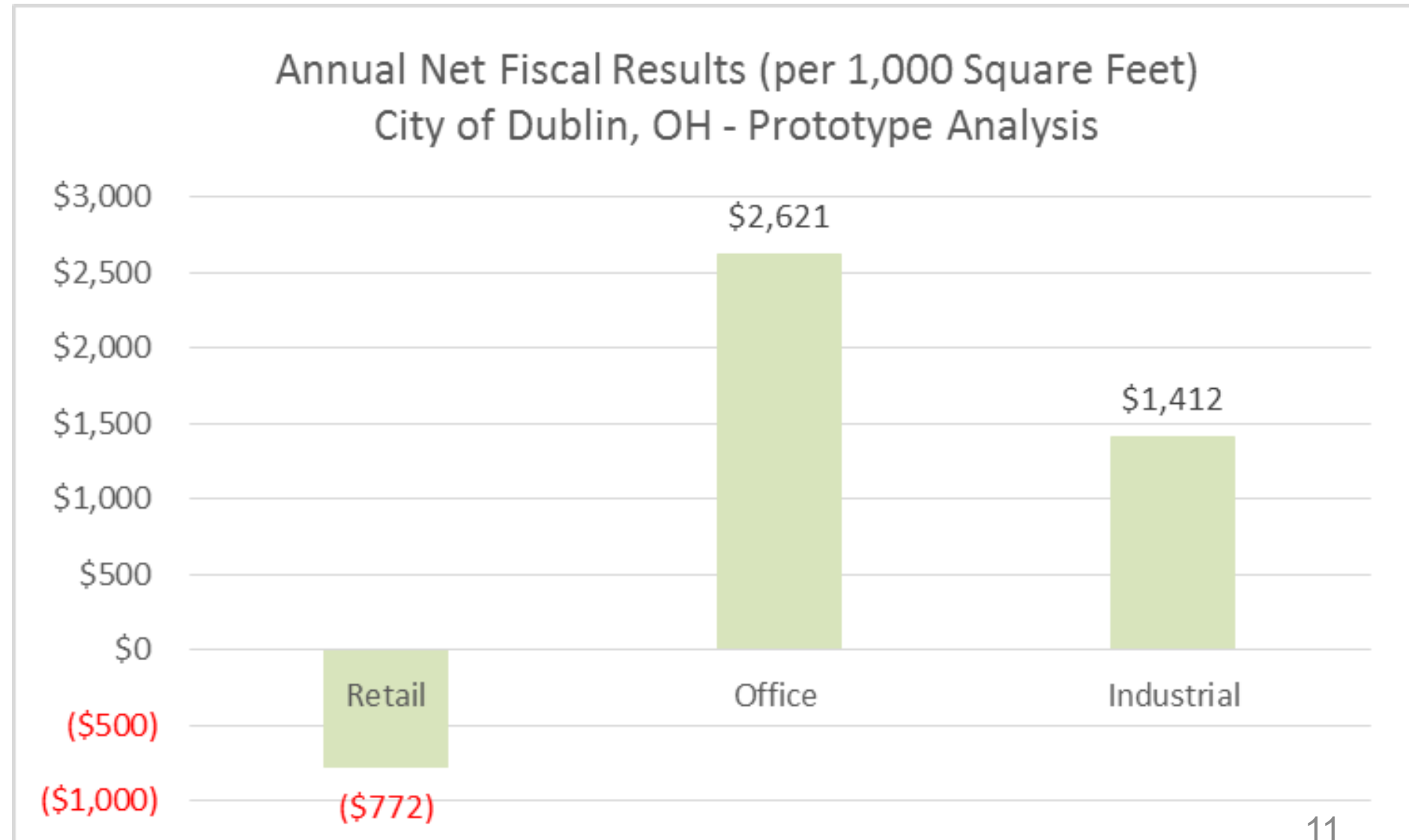
Revenue Structure as Driver

- Locality with **Point of Sale** Sales Tax



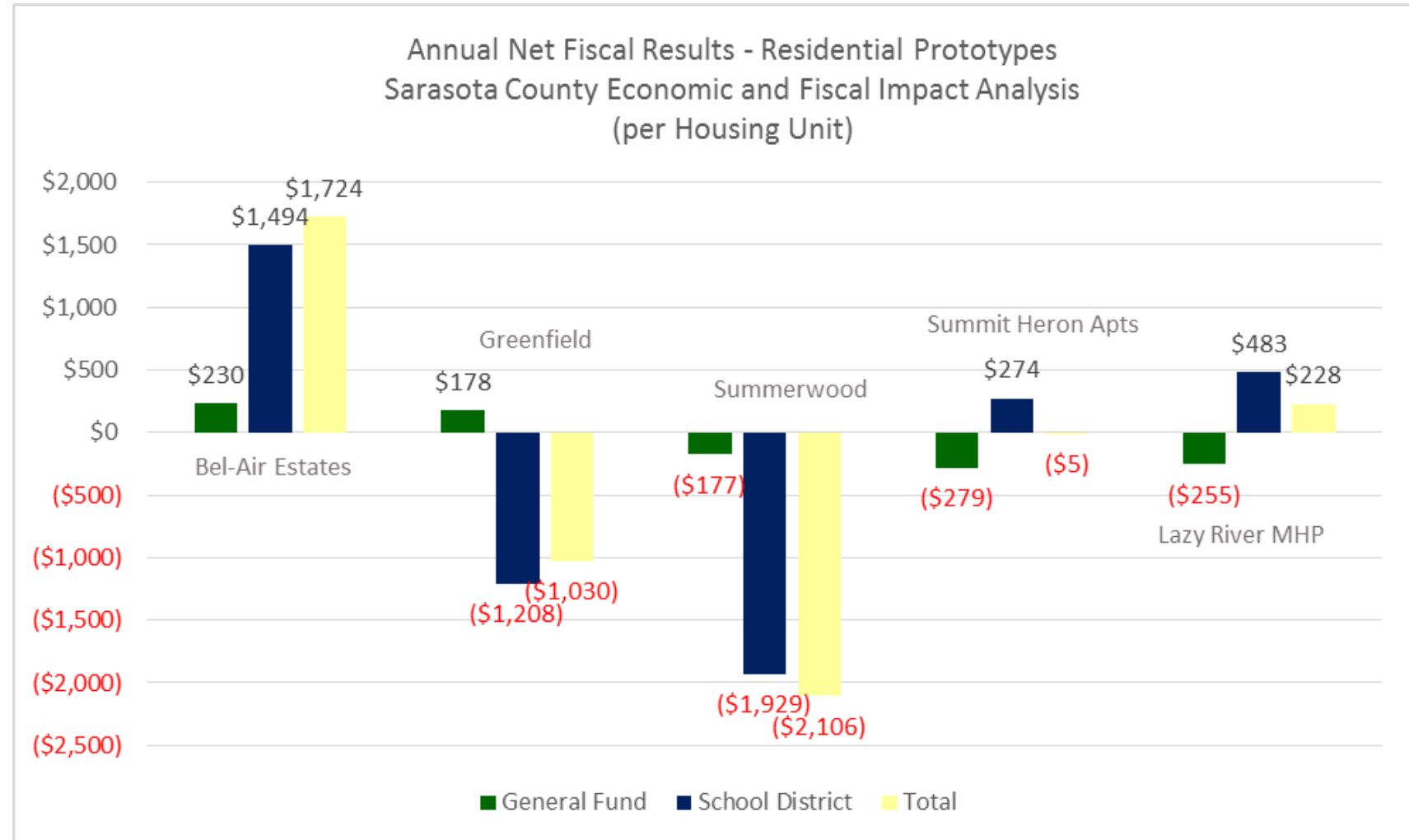
Revenue Structure as Driver

- Locality with **Local Income Tax by Job Location**



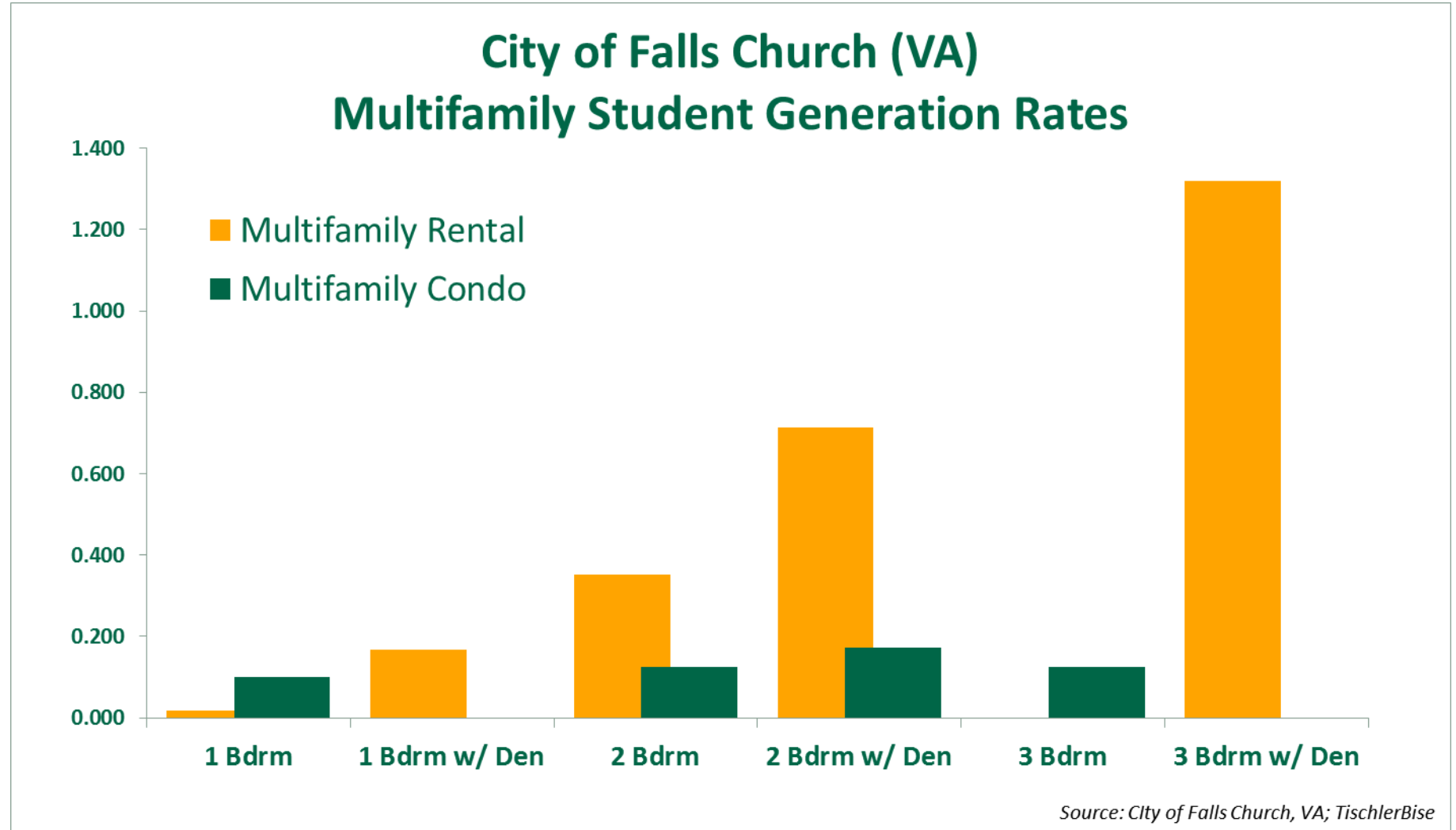
Demographic Characteristics as Driver

- Influence of Single Family Characteristics



Demographic Characteristics as Driver

- Influence of Multifamily Characteristics



Levels of Service/Services Provided as Driver

			Admin.	Animal Control	Dev. Services	Facility Maint.	Fire	Health	Library	Mayor/ Council/ Manager	Muni. Court	Planning	Parks & Rec.	Police	Public Works	Other	Total
	Pop. [1]	Jobs [2]	Pop. and Jobs	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop.	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs
Balcones Heights	2,817	5,043	\$67	\$2	\$11	\$6	\$185			\$9	\$30		\$5	\$175	\$20	\$108	\$612
Castle Hills	4,217	4,096	\$79	i			\$183			i	\$46			\$247	\$84	\$16	\$656
Fair Oaks Ranch*	6,162	437	\$97		\$15		i	\$45		i	\$13		\$35	\$218	\$124	\$57	\$598
Grey Forest	494	46	\$244				\$109	\$4		i	\$50			\$446	\$265	\$1	\$1,120
Helotes	7,523	1,642	\$73	i	\$6	\$25	\$107			\$0.17	\$52			\$157	\$26		\$446
Hollywood Park	3,138	943	\$65			\$22	\$232			i	\$19		\$15	\$210	\$38	\$124	\$721
Kirby	8,199	547	\$115	\$16			\$89			\$2	\$16		\$42	\$104	\$55		\$434
Leon Valley	10,402	21,025	\$7		\$14		\$70		\$42	\$10	\$5		\$11	\$68	\$35	\$1	\$228
Live Oak	13,455	5,032	\$75	\$16	\$18		\$106			\$25	\$11	\$7	\$50	\$197	\$67	\$40	\$594
Schertz*	32,478	10,458	\$105	\$12	i	i	\$68		\$26	\$24	\$9	\$4	\$38	\$149	\$31	\$58	\$506
Selma*	5,689	3,365	\$381		i		\$188			\$5	i		\$9	\$321	\$61	\$1	\$962
Universal City	18,987	4,620	\$68	\$16	\$14	\$40	\$83		\$15	i	\$11		\$13	\$133	\$7		\$391
Windcrest	5,493	2,392	\$71	\$15	\$10	\$14	\$32			\$16	\$33		\$71	\$205	\$67	\$135	\$642
Average			\$111	\$13	\$12	\$21	\$121	\$24	\$28	\$11	\$24	\$6	\$29	\$202	\$68	\$54	\$608

Total G.F. Expenditure [3]	\$15,611,479	\$1,132,379	\$1,402,464	\$1,414,572	\$16,757,233	\$277,081	\$1,574,116	\$2,080,972	\$2,663,204	\$321,383	\$3,329,477	\$28,125,133	\$7,615,001	\$6,202,369	\$88,506,863
Pop./ Pop. And Jobs [4]	178,700	81,429	105,030	52,598	172,101	7,139	61,867	135,560	169,646	61,423	104,875	178,700	178,700	137,182	178,700
Weighted Avg Cost (per Pop /Pop and Job)	\$87	\$14	\$13	\$27	\$97	\$39	\$25	\$15	\$16	\$5	\$32	\$157	\$43	\$45	\$495

*Partially located in Bexar County but total citywide population and jobs used.

Projection Methodology

[1] Source: US Census, 2011 Population Estimates

[2] Source: US Census, LED, "On the Map," 2011 Estimate.

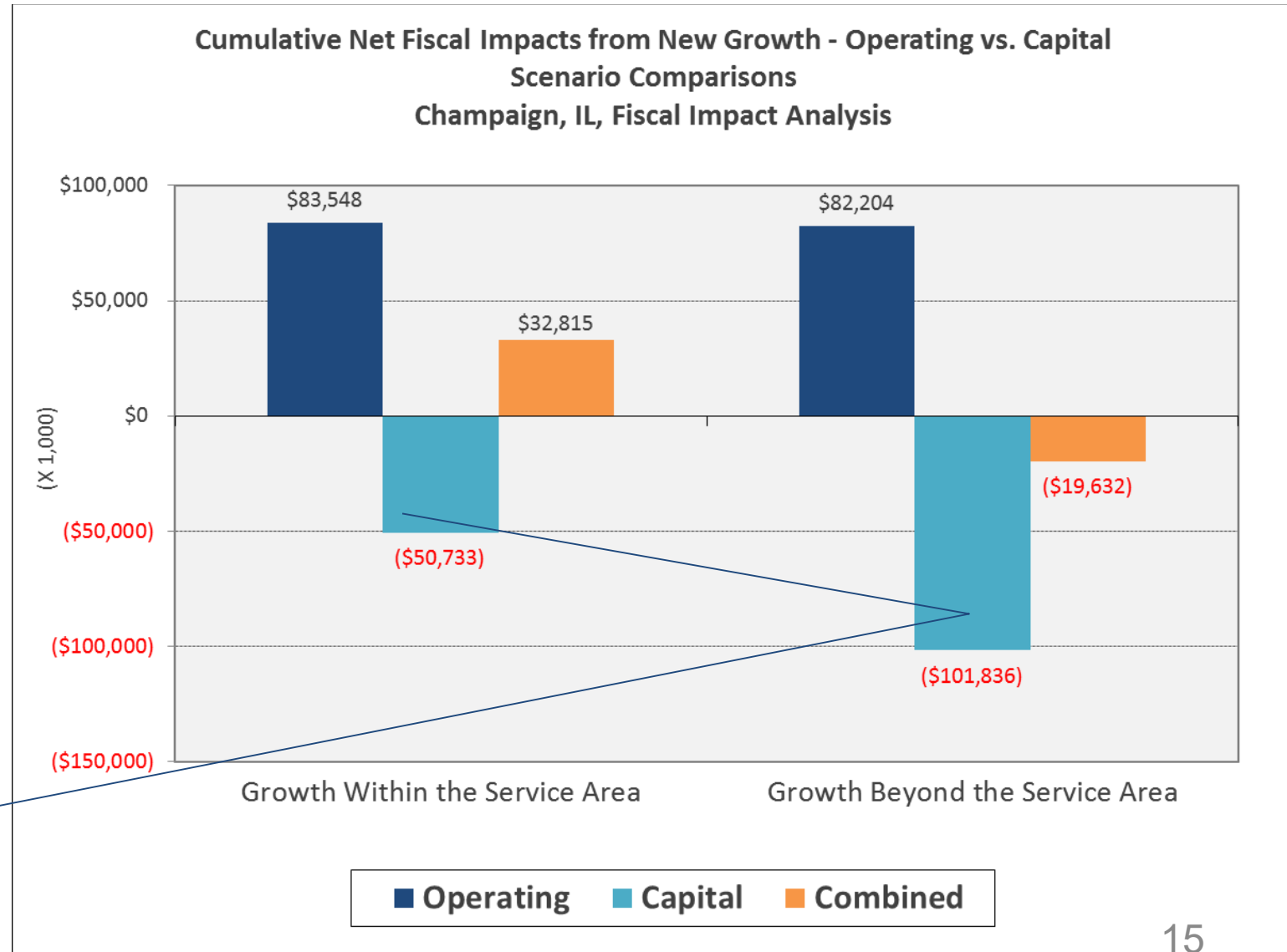
[3] Represents total expenditures of selected Bexar County cities under each department.

[4] Represents total population or population and jobs of selected Bexar County cities that fund the department through their General Fund.

Infrastructure Capacity as Driver

- Fiscal effects of not extending infrastructure

\$50 million difference due to NOT extending infrastructure



Infrastructure Lifecycle as Driver

Infrastructure Category	PROJECTED RANGE OF COSTS Existing Unfunded + Future City Growth (20 Years)* (x\$1,000s)		
	Scenario 1	Scenario 2	Scenario 3
Roads and Bridges (DOS)	\$158,573	\$162,001	\$247,860
Drainage (DOS)	\$14,103	\$14,103	\$14,103
Police	\$13,641	\$14,905	\$23,174
Fire	\$32,830	\$33,880	\$51,355
SPAR	\$31,965	\$31,965	\$50,865
General Government	\$0		
Solid Waste ***	\$9,360		
Transit***	\$1,425		
SUBTOTAL Costs	\$261,897		
Water (DOS)	\$200,724		
Sewer (DOS)	\$175,139		
SUBTOTAL Costs	\$375,864		
TOTAL Costs	\$637,761		

	PROJECTED EXISTING REVENUE SOURCES (x\$1,000s)		
Debt Service Millage	\$92,592	\$98,043	\$156,338
Other Existing Sources-Local**	\$40,000	\$40,000	\$40,000
Other Existing Sources-State & Federal***	\$63,776	\$66,417	\$93,705
TOTAL Existing Revenue Sources	\$196,368	\$204,461	\$290,043
SHORTFALL (20-Yr Cumulative)****	(\$441,393)	(\$459,713)	(\$647,011)
Average Annual Shortfall or Surplus	(\$22,070)	(\$22,986)	(\$32,351)

Notes:

* From TischlerBise Phase II Fiscal Impact Analysis; all capital costs reflect Pay-Go

** Assumed at \$2 million per year for 20 years

*** Assumed at 10% of expenditures, based on historic funding levels

**** Includes water and sewer costs

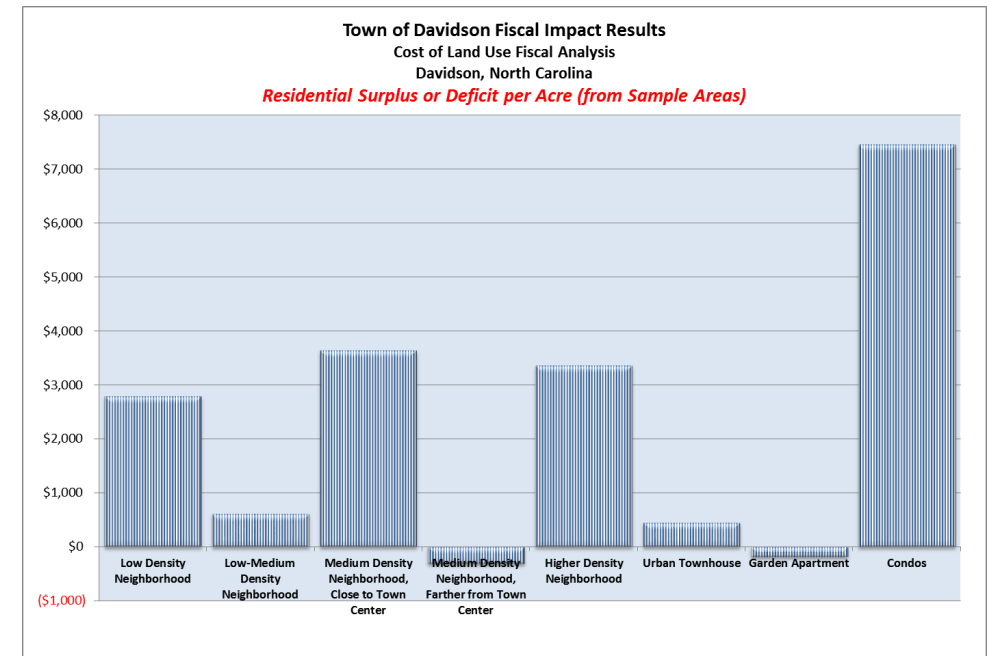
Source: City of Shreveport; TischlerBise

Town of Davidson Cost of Land Use Study

- Snapshot” approach to determine direct costs and revenues for different types of land uses and/or areas
- Results show fiscal effect land uses and/or areas have on a jurisdiction’s budget
- It seeks to explore the question:
 - ***“What type of development pays for itself?”***
- Limitations to this approach are the reliance on average costing, particularly for one-time capital costs.
 - That is, marginal “lumpy” costs—due to events or thresholds (such as reaching a certain population)—are not necessarily captured.

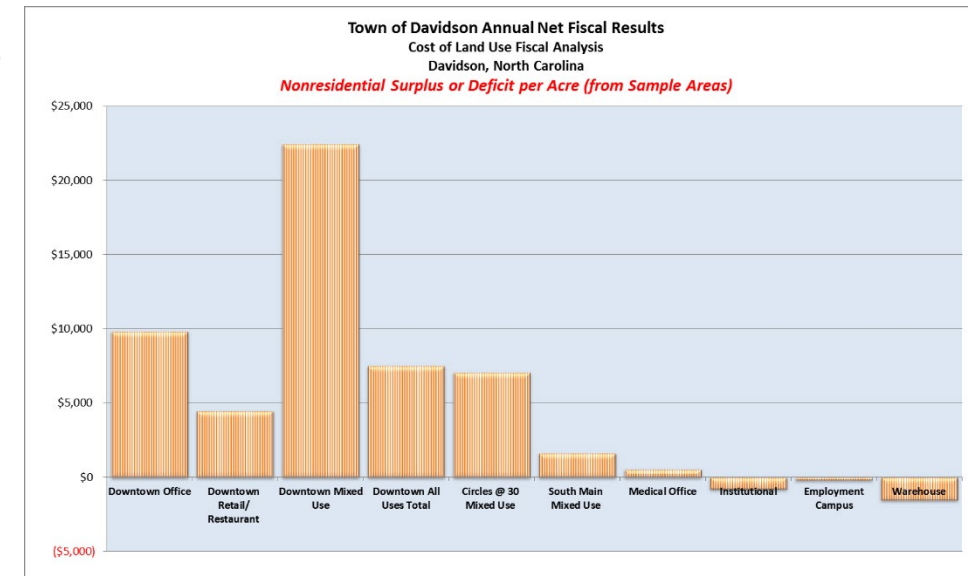
2014 Study Residential Land Use Categories

- Low Density Neighborhood
- Low-Medium Density Neighborhood
- Medium Density Neighborhoods, Close To Town Center
- Medium Density Neighborhoods, Farther from Town Center
- Higher Density Neighborhoods
- Urban Townhouses
- Garden Apartments
- Condos



2014 Study Nonresidential Land Use Categories

- Downtown Office
- Downtown Retail/ Restaurant
- Downtown Mixed Use
- Downtown All Uses Total (total of the first three prototypes)
- Circles@30 Mixed Use (Office/Retail/Restaurant/Lodging)
- South Main Mixed Use (Office/ Retail/ Restaurant)
- Medical Office
- Institutional
- Employment Campus
- Warehouse



Next Steps

- Meet with Staff to define land use prototypes for 2019 Study
- Update cost and revenue assumptions
- Present preliminary results to Staff
- Prepare Fiscal Sustainability Policy Document
- Finalize Study and present findings

Questions

Thank You

Carson Bise, AICP, President
carson@tischlerbise.com

www.tischlerbise.com
301.320.6900