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It All Adds Up: How Planning Decisions Affect the Bottom Line

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Overview of Presentation

- Overview
- Fiscal Impact Analysis (FIA) Defined
- Influencing Factors
- Use of FIA in Planning and Budgeting
- Beware of Advocacy Passed off as Analysis
- Funding the Gap
- Issues Discussion/Q&A

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- 40-year national practice
- Fiscal Impact Analysis (800+)
- Impact Fees/Cash Proffers (900+)
- Economic Impact Analysis
- Real Estate and Market Feasibility
- Revenue Enhancement Options

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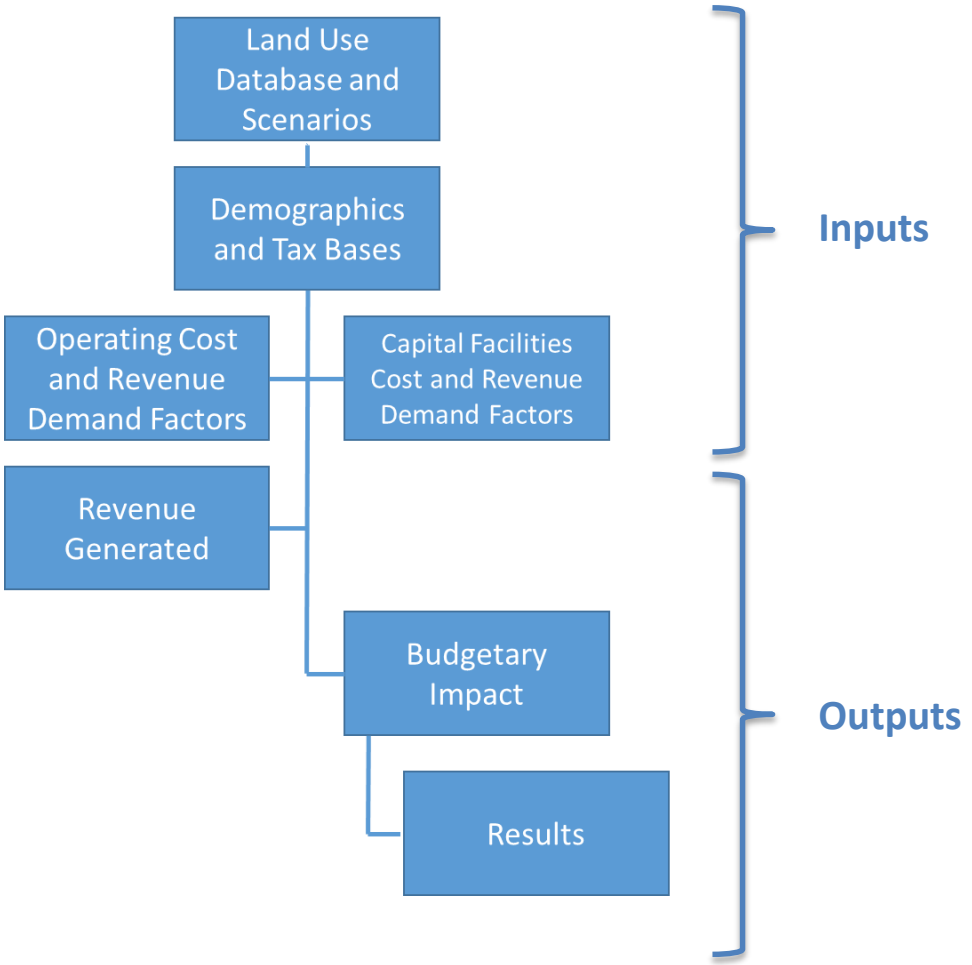
Idaho Experience

- Hailey
- Hayden
- Nampa
- Post Falls
- Sandpoint
- Shoshone Fire District
- Southeast Idaho Council of Governments
- Treasure Valley Partnership
- Twin Falls
- Victor

Fiscal Impact Analysis Defined

What is Fiscal Impact Analysis?

- Cash flow to the public sector
  - Are the revenues generated by new growth enough to cover service and facility demands?
- Reflects operating expenses and capital costs
- All Revenues
- Revenues *minus* Costs = Net **Surplus** or **Deficit**



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How is FIA Different than Economic Impact Analysis?

- Reflects overall economy of the community
- Residential impacts
  - Primary factors are construction and consumer spending
- Nonresidential impacts
  - Primary factors are job creation and disposable income
- Doesn't follow jurisdictional lines; data limitations
  - Large portion of economic output flows out of jurisdiction, region, and possibly State
- Resident spending for mortgages, car payments, insurance are not typical sources of sales tax for local governments

Fiscal Impact vs. Revenue Forecasting

- Municipal budgeting is primarily “revenue driven”
  - Revenue forecast is used to established spending target
- Fiscal impact analysis is **not** revenue constrained
  - Forecast expenses needed to maintain current LOS
  - Revenues and expenditures are projected **separately**

Market Analysis

- Measures support/demand for a real estate product
  - Differs from Feasibility Analysis
- “Highest and best” use questions
- Is there unmet demand for project?
  - Quantity and/or quality?
- Who are competitors (supply)?
- How quickly will project be sold/leased (absorption assumptions)?

What Questions Can be Answered?

- What is the relationship between development densities and infrastructure costs?
- What is the relationship between property tax and densities?
- What is the return on government investment at various densities?
- What is the optimum mix of land uses?
- What is the relationship between the geographic location of new development and the cost?
- Are we living off of tomorrow's growth?

Incorporating Market Analysis

- Lends sense of “reality” to analysis
    - Capacity of the land versus demand for the land use
- Without market study, analysis of multiple scenarios is imperative
    - Fiscal model can be invaluable in this effort
    - Seeing an increasing trend of requiring market analysis as part of submittals
    - Particularly for TIF

Provides Context to Fiscal Analysis

- What are the region's competitive advantages?
- Where will employment growth likely locate?
- Is there a transitioning of the area's economy
    - E.g., transition from manufacturing focus to office/services
- Are jobs shifting from urban areas to suburbs or vice versa?
- What impact will changing demographics and lifestyle choices have on the jurisdiction's economy and government services?

Why Should We Care?

- As we transition from the slow economic recovery to normalized growth there will be demands on localities to:
  - Understand fiscal impact of projects—What does it mean to the locality's bottom line?
  - Understand the economic impacts of projects and how that filters through the community
  - Determine if re-zonings, annexations, incentives are *worth it* and if not, how to mitigate the impacts
- Relationship to Idaho property tax limitations

Fiscal Impact Analysis in Practice

- Most local governments do not know:
  - The true cost of development decisions
  - If the current land use plan is fiscally sustainable
- Rarely required but gaining in popularity after Recession
- Lack of formal standards
- Considerable variation in methodologies employed
- Cumulative impacts are not tracked
  - Project-level analyses are typically reviewed in a vacuum
- Costs can change over time
- Does not address infrastructure replacement
- Seldom reflects geographic differences

Factors Influencing an Analysis

Common Perceptions

- Residential development doesn't pay for itself
- Nonresidential development generates surpluses

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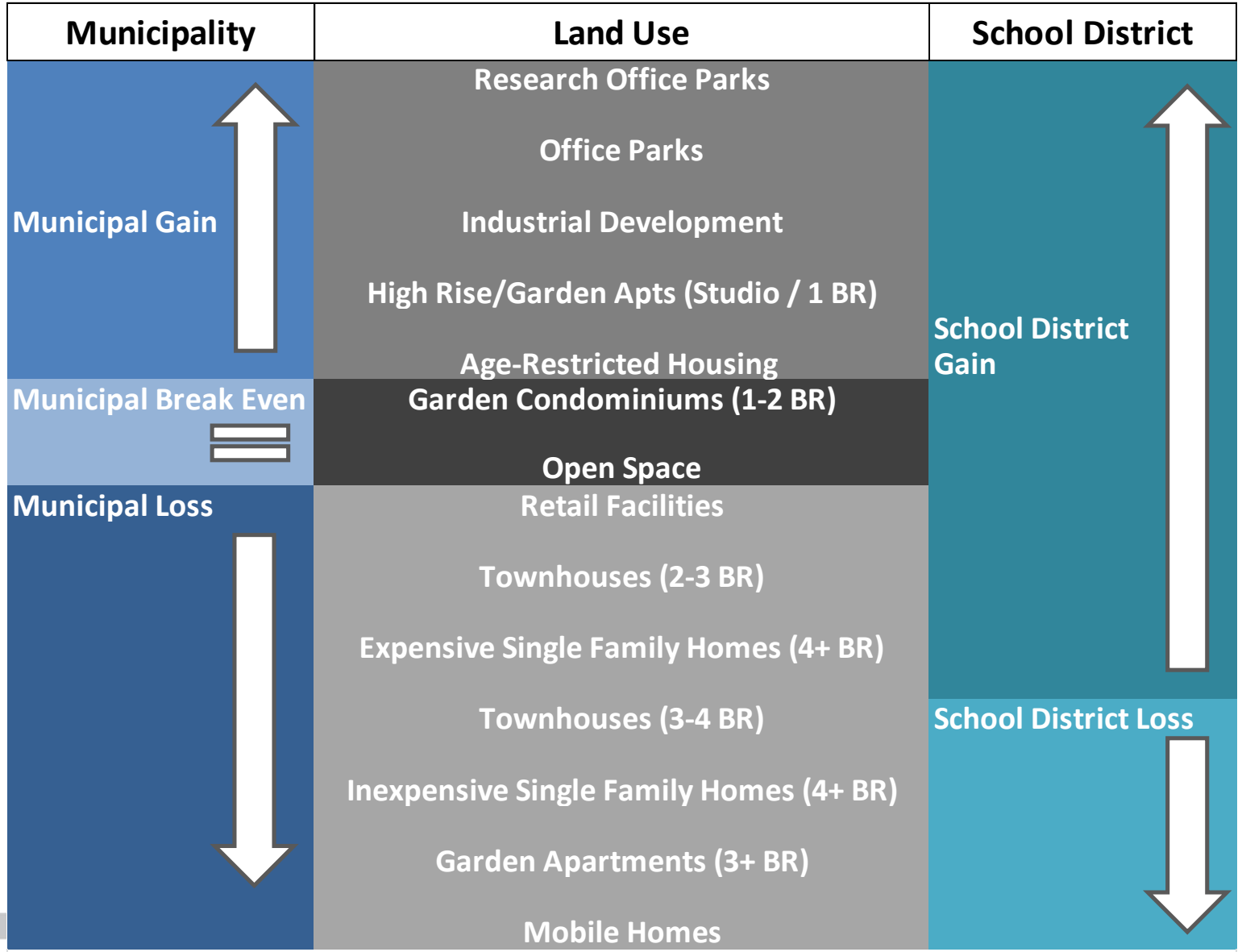
Overview

- Revenue structure
  - Sources
  - Distribution formulas
- Levels of service
- Infrastructure lifecycle
  - Existing capacities
- Characteristics of Development
  - Demographic
  - Socioeconomic

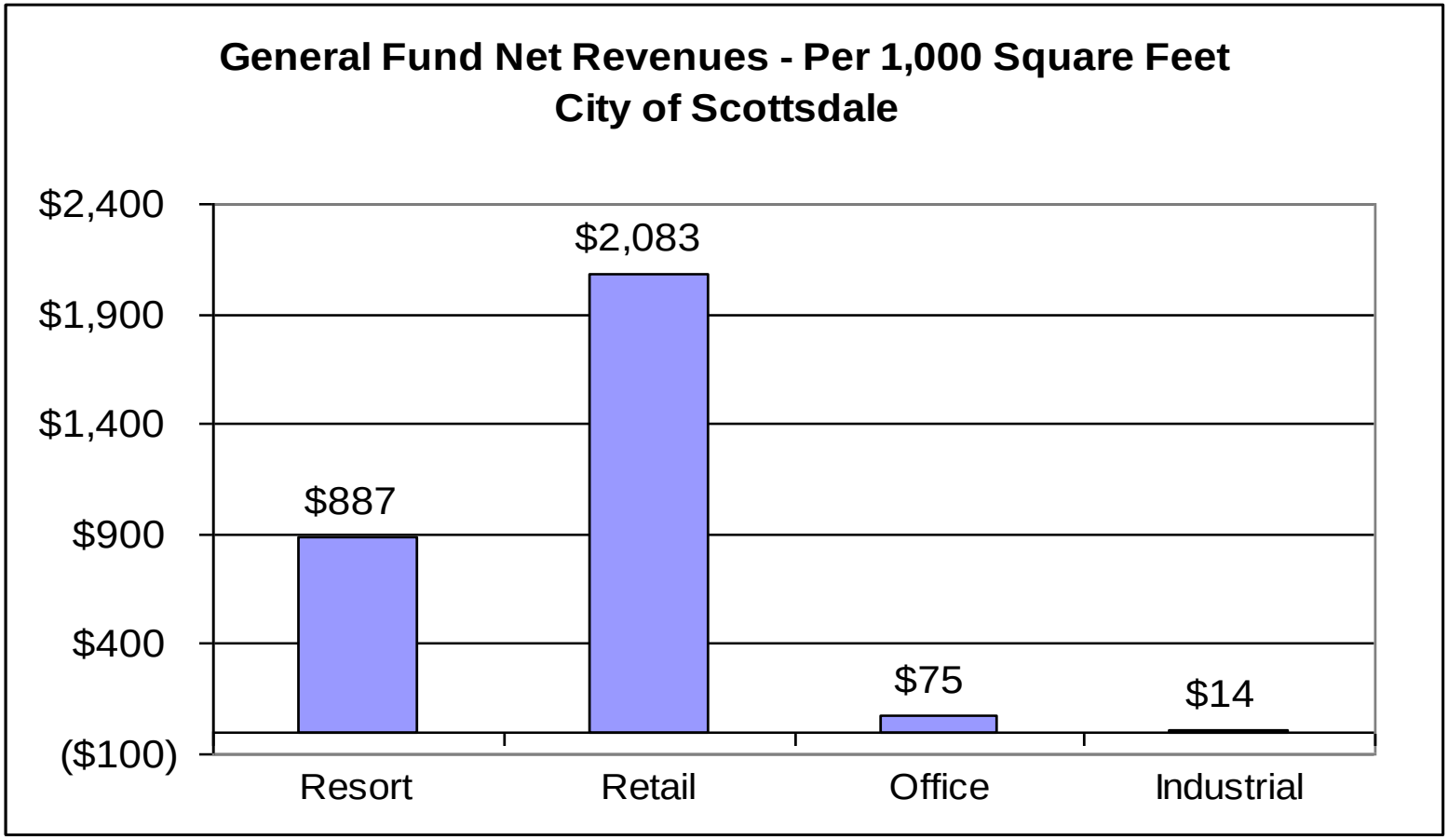
Fiscal Hierarchy: Always the Case?



Source: Burchell and Listokin, 1978

Revenue Structure

Gross Receipts Tax



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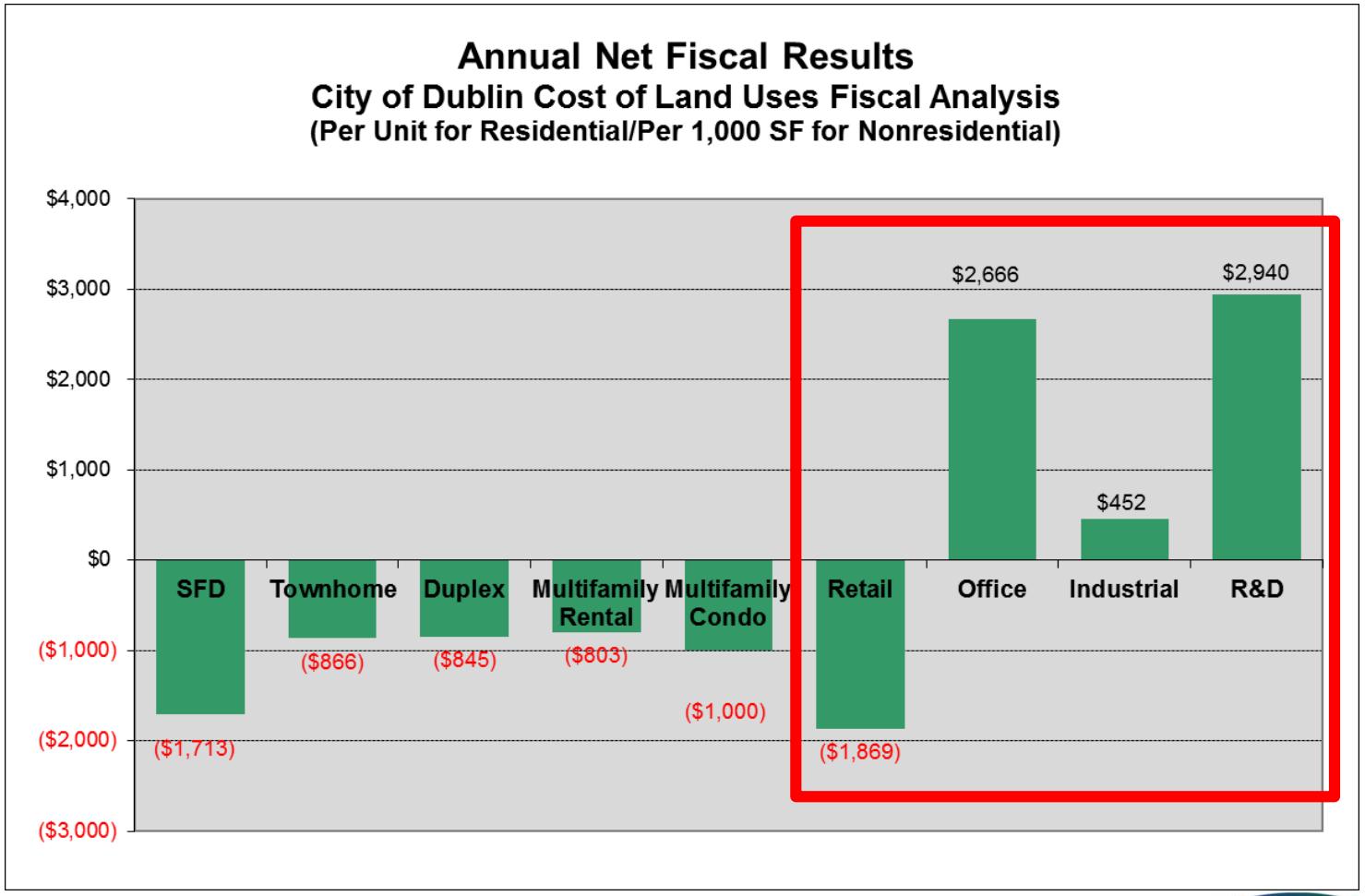
Revenue Structure

Income Tax by Place of Employment



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Idaho Fiscal Conditions

Although principles of fiscal impact analysis are the same, some specific conditions in Idaho are different.

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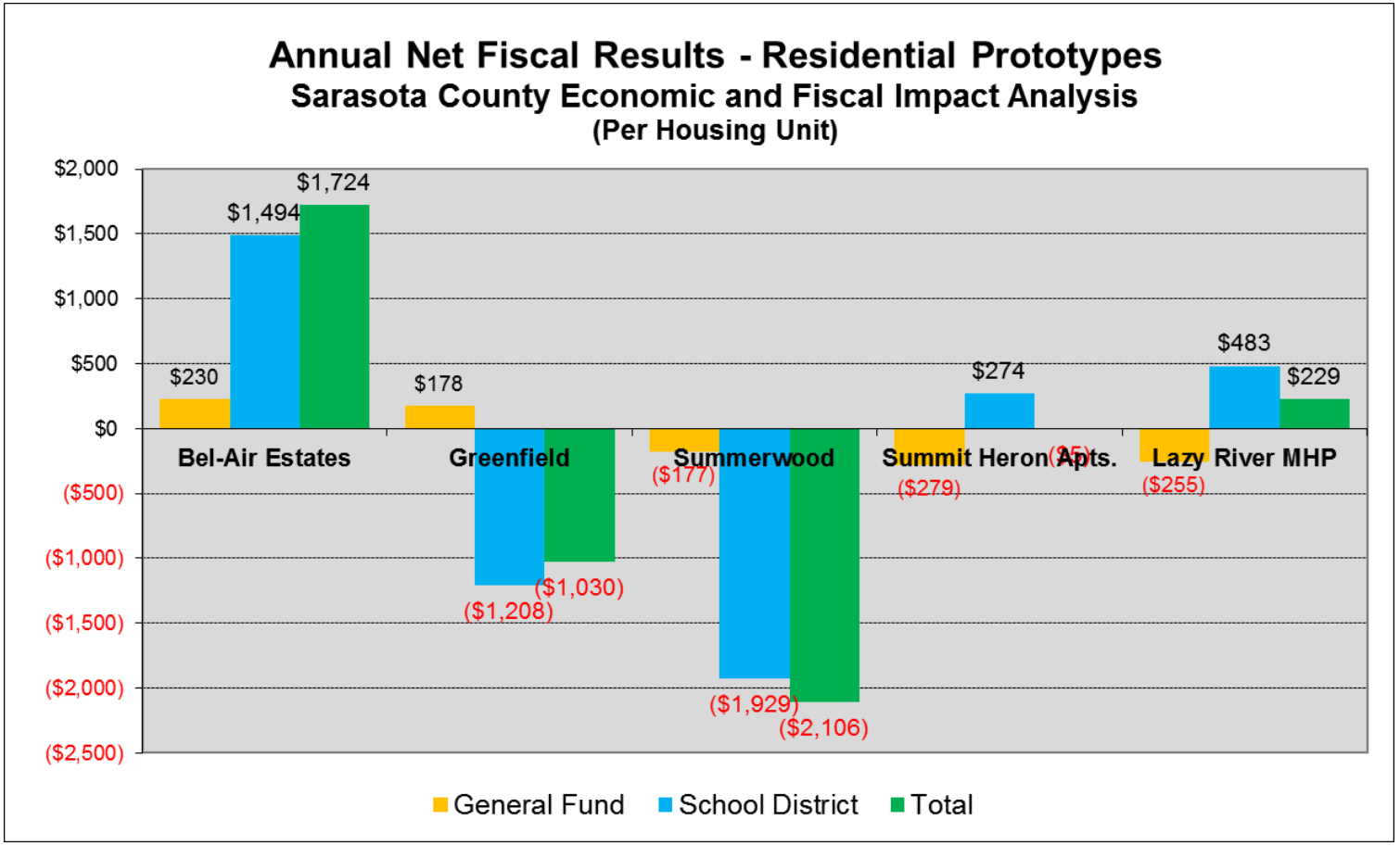
Idaho Local Government Revenue Structure

- Property tax is limited
  - Limited to 3% increase with estimated new construction and annexation
  - Up to 50% of home value can be exempted
- Sales tax
  - Part of state shared revenue
  - Not based on point of sale
- Charges for services
  - Recreation fees, licenses and permits
- Other fees
  - Fees (user, regulatory, impact, franchise)

Demographic Characteristics

Influence of Single Family Characteristics



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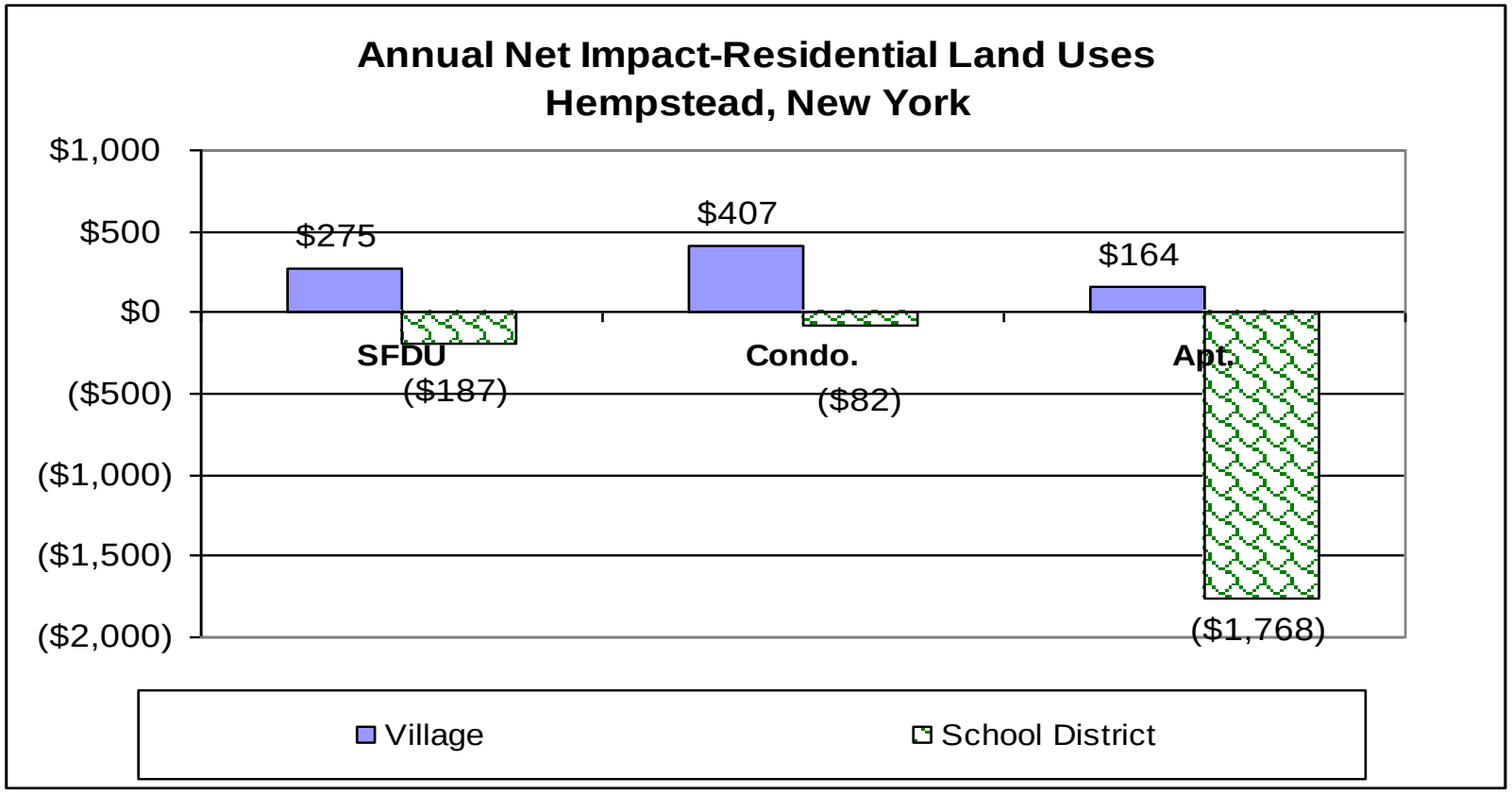
Overlapping Government Entities

Service Providers: Town vs. School District



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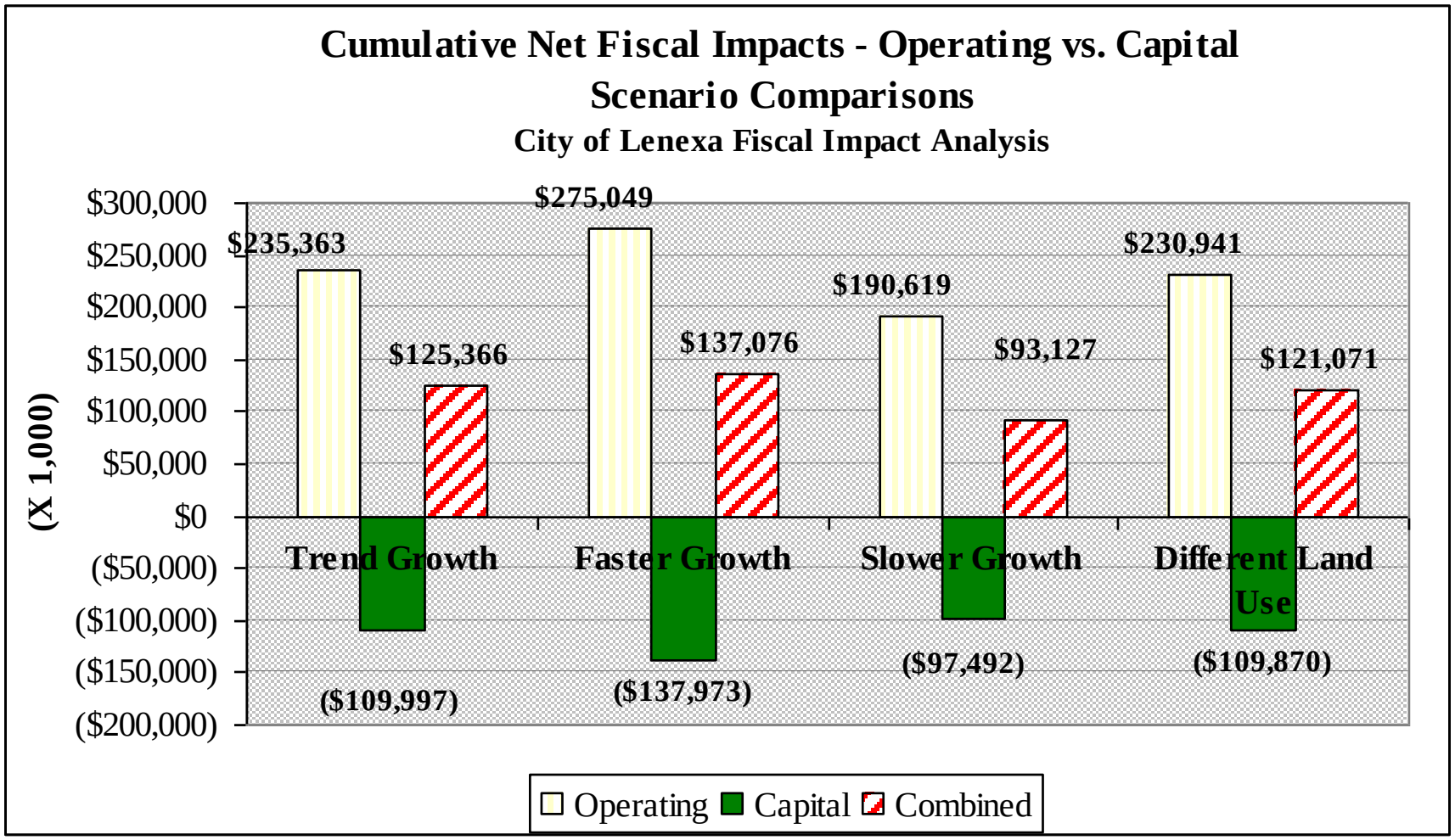
Infrastructure Lifecycle Examples



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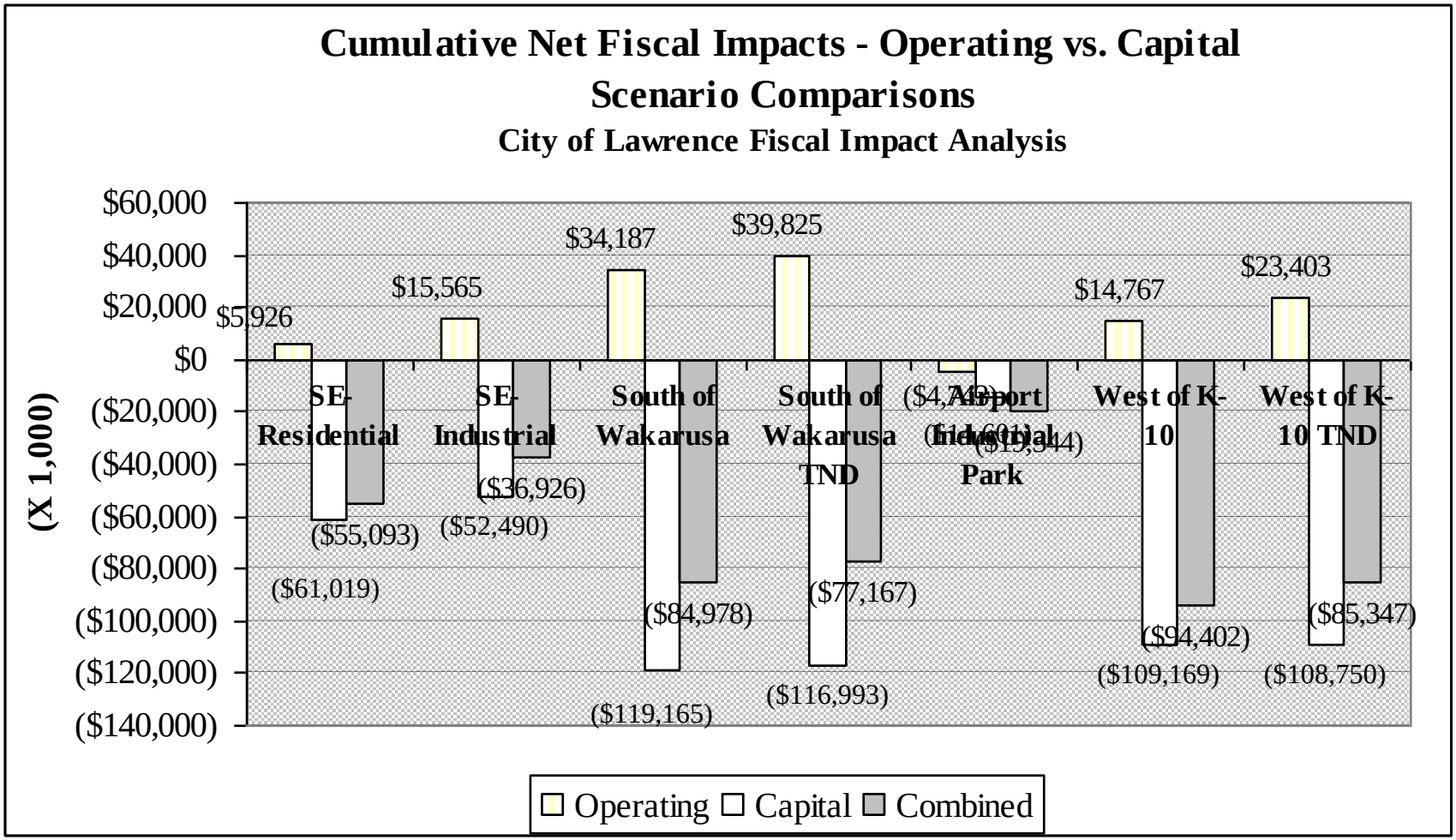
Infrastructure Lifecycle Examples



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Use of Fiscal Impact Analysis in Planning and Budget/Finance

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Types of Fiscal Impact Analysis

- Cost of Land Use
  - Single family
  - Multifamily
  - Retail
  - Office
  - Industrial
- Project Analysis
  - Return on Investment
  - PUD and DRIs
- Growth Scenarios
  - Citywide
  - Area plans
  - Annexation
  - Redevelopment

Cost of Land Uses

- Analyzes fiscal impact of *discrete* land uses
- Characteristics of various residential (SF, town house, apartment) and nonresidential (retail, industrial, office) prototypes
  - Factors: Persons per household, equivalent dwelling units, road frontage, employment per 1,000 sq. ft., vehicle trips, assessed value etc.
- Generalized impacts
- Warning!!!
  - Can lead to fiscal zoning

Cost of Land Uses Examples

Co. LU Code	Land Use Prototype	Assessed Value Per Unit (rounded) [1]	Market Value Per Unit (rounded) [2]	Persons Per Unit [3]	Lot Width Per Unit [4]	Vehicle Trips Per Unit [5]
	Single Family Detached (SFD) [6]					
200	SFD High Value	$122,000	$350,000	2.62	250	4.79
200	SFD Medium Value, 2.5 acre lot [7]	$76,000	$217,000	2.62	200	4.79
	SFD Medium Value, 1 acre lot	$76,000	$217,000	2.62	125	4.79
	SFD Medium Value, 5000 sf lot	$76,000	$217,000	2.62	50	4.79
200	SFD Low Value	$45,000	$130,000	2.62	125	4.79
220	Mobile/Manufd Home (Real Property) [6]	$49,000	$140,000	2.72	50	4.79
n/a	Condo (owner-occupied) [8]	$33,000	$95,000	2.03	20	2.91
300,310,320,340	Multifamily Units[9]	$22,000	$64,000	1.24	20	3.33

[1] Lincoln County Assessor Database
[2] Calculated based on assessed value of 35% of market value
[3] U.S. Census
[4] Lincoln County
[5] Trip Generation, Institute of Transportation Engineers, 2008. Trip rate is adjusted to account for portion attributable to residential unit.
[6] Units built 2000-09; reappraisal years 2004-2009.
[7] Assuming average values for Medium Value SFD and varying densities.
[8] Anticipated new type of development in Lincoln County; proxy prototype from Mesquite, NV.
[9] All construction years included; includes only structures with number of units specified; reappraisal years 2004-09.

Project Analysis

- Most common type of fiscal impact analysis
- 1 or multiple proposed development programs in a limited geographic area over specified period of time
- Analyzes the fiscal impact of *combination* of proposed uses
- Usually prepared in conjunction with development proposal, so incremental (does not evaluate impact of development in rest of jurisdiction)

Example: West Windsor, NJ, TOD Project

- Redevelopment project with three properties
- Included multi-disciplinary project team with several noted national experts
- $3 million entitlement budget
- Included seven-day charrette

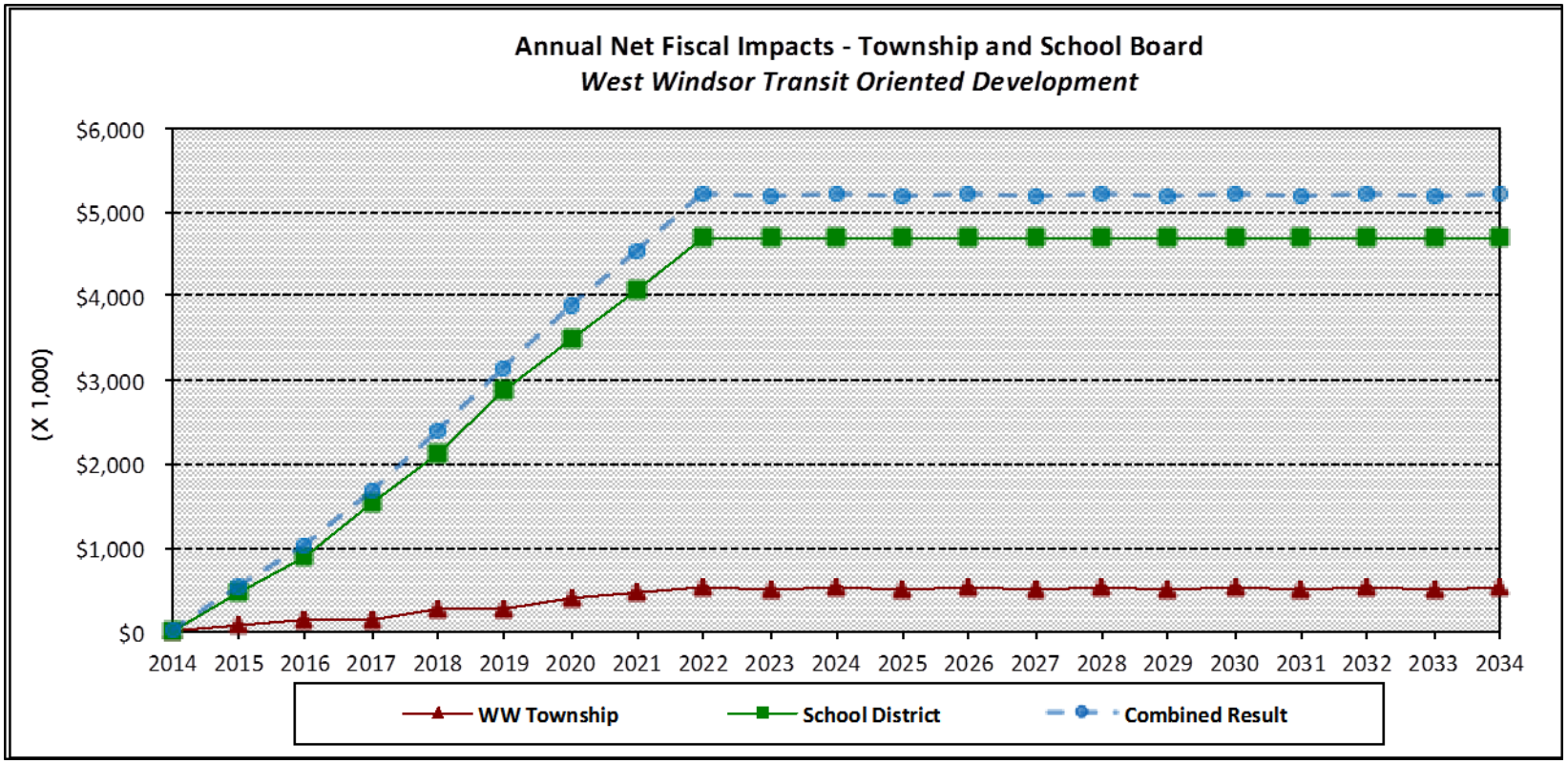
	Buildout # of Units	Buildout Population#	Buildout Students**	Mkt Val. Per DU (1)	Assessed Val. Per DU (2)
Residential Housing Units					
Market Rate Condominiums	702	1,495	197	$450,000	$437,850
COAH Units-For Sale	18	38	5	$107,884	$104,971
COAH Units-For Rent	80	170	22	$87,504	$85,141
Total	***800***	***1,704***	***224***		

	Buildout Sq. Ft.	Buildout Jobs	*Mkt Val. Per SF (1)*	*Assessed Val. Per SF (2)*
Nonresidential				
Retail	100,000	250	$300	$292

(1) InterCap Holdings, LLC
(2) Assessed value is 97.3% of market value
U.S. Census Bureau 2.13 pph for multifamily units
** Assumes 0.28 students

West Windsor, NJ, TOD Project

- Total assessed value of $345.3 million at buildout



REVENUES

- $1.27 million *annual* property taxes to Township
- $5.2 million *annual* property taxes to School District

EXPENDITURES

- $819,252 annually for Township
- $628,983 annually for School District

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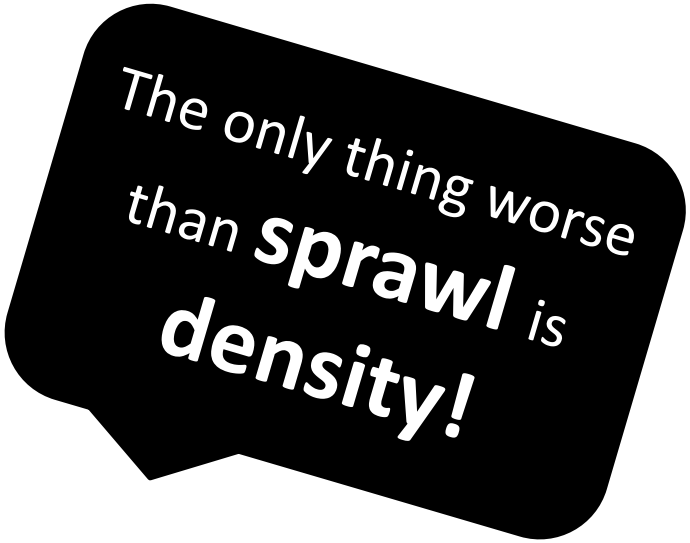
West Windsor, NJ, TOD Project

- Township would benefit from over **$2.8 million** in offsite infrastructure provided by the developer
- Township and School District can absorb additional development without substantial outlays for infrastructure and operating costs
  - Sufficient classroom capacity is available based on the School District's projected decline in system-wide enrollment
- **Development proposal was denied**



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Area-wide Analysis

- Can be applied to a neighborhood, several contiguous neighborhoods, entire city, county, or region
- Usually 10-20 year timeframe
- Common to evaluate multiple development scenarios with various land use mixes/patterns, paces of growth, or economic activity

Area-wide Analysis Examples

SCENARIO 2: INNER CORE FOCUS TOTALS
NW URBAN AREA SCENARIO TOTALS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
Residential Land Uses											
Rural Single Family	14	14	14	14	14	10	10	10	10	10	**120**
Duplex	22	22	22	22	22	15	15	15	15	15	**185**
Multifamily	225	225	225	225	225	170	170	170	170	170	**170**
Single Family	214	214	214	214	214	159	159	159	159	159	**170**
Total Units	**475**	**475**	**475**	**475**	**475**	**354**	**354**	**354**	**354**	**354**	**645**
Nonresidential Land Uses											
Retail	54,886	54,886	54,886	54,886	54,886	84,942	84,942	84,942	84,942	84,942	**699,140**
Industrial	188,179	188,179	188,179	188,179	188,179	139,392	139,392	139,392	139,392	139,392	**1,637,855**
Office	5,227	5,227	5,227	5,227	5,227	0	0	0	0	0	**26,135**
Institutional	61,855	61,855	61,855	61,855	61,855	46,174	46,174	46,174	46,174	46,174	**540,145**
Total Square Footage	**310,147**	**310,147**	**310,147**	**310,147**	**310,147**	**270,508**	**270,508**	**270,508**	**270,508**	**270,508**	**2,903,275**

Source: TischlerBise, City of Oklahoma City and BWR

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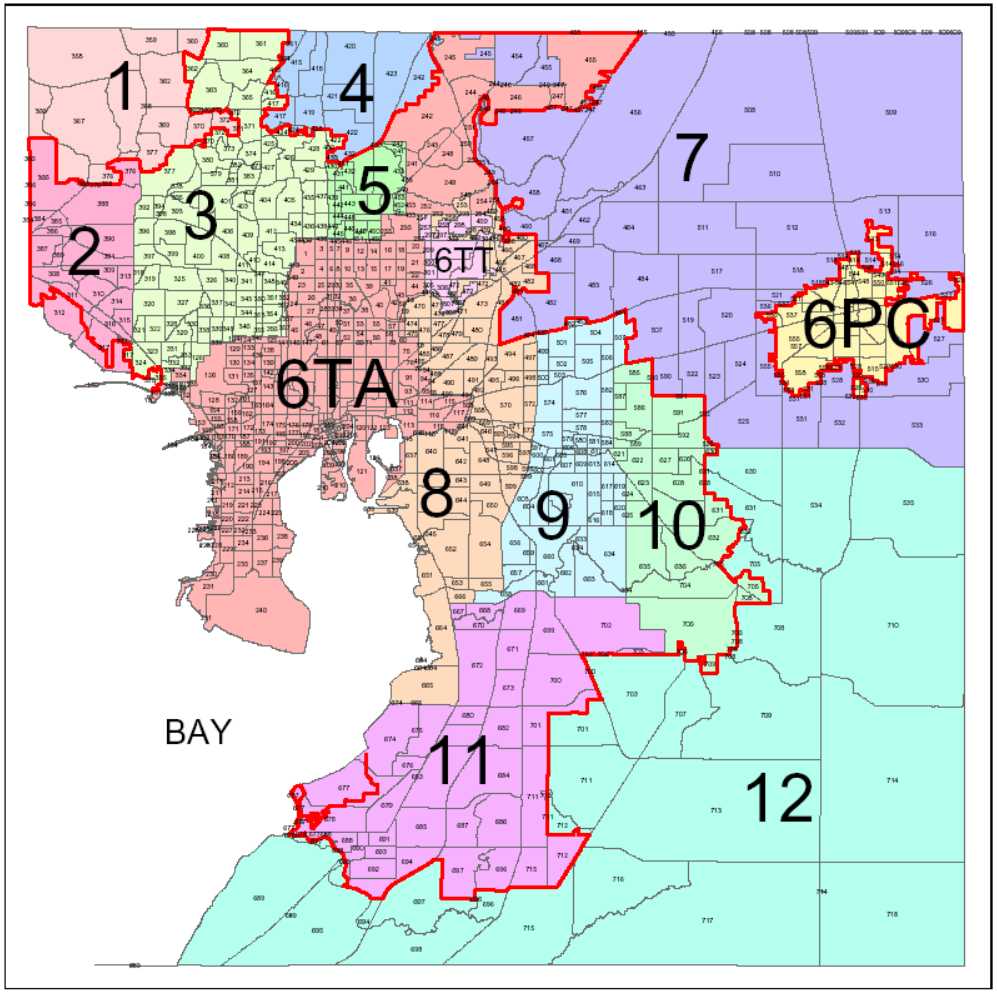
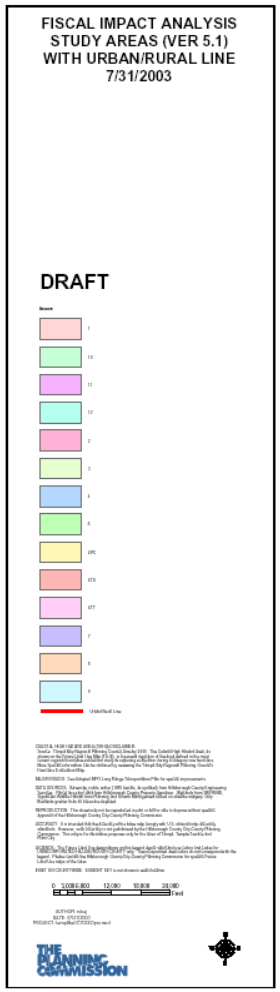
Area-wide Analysis Examples

Hillsborough County





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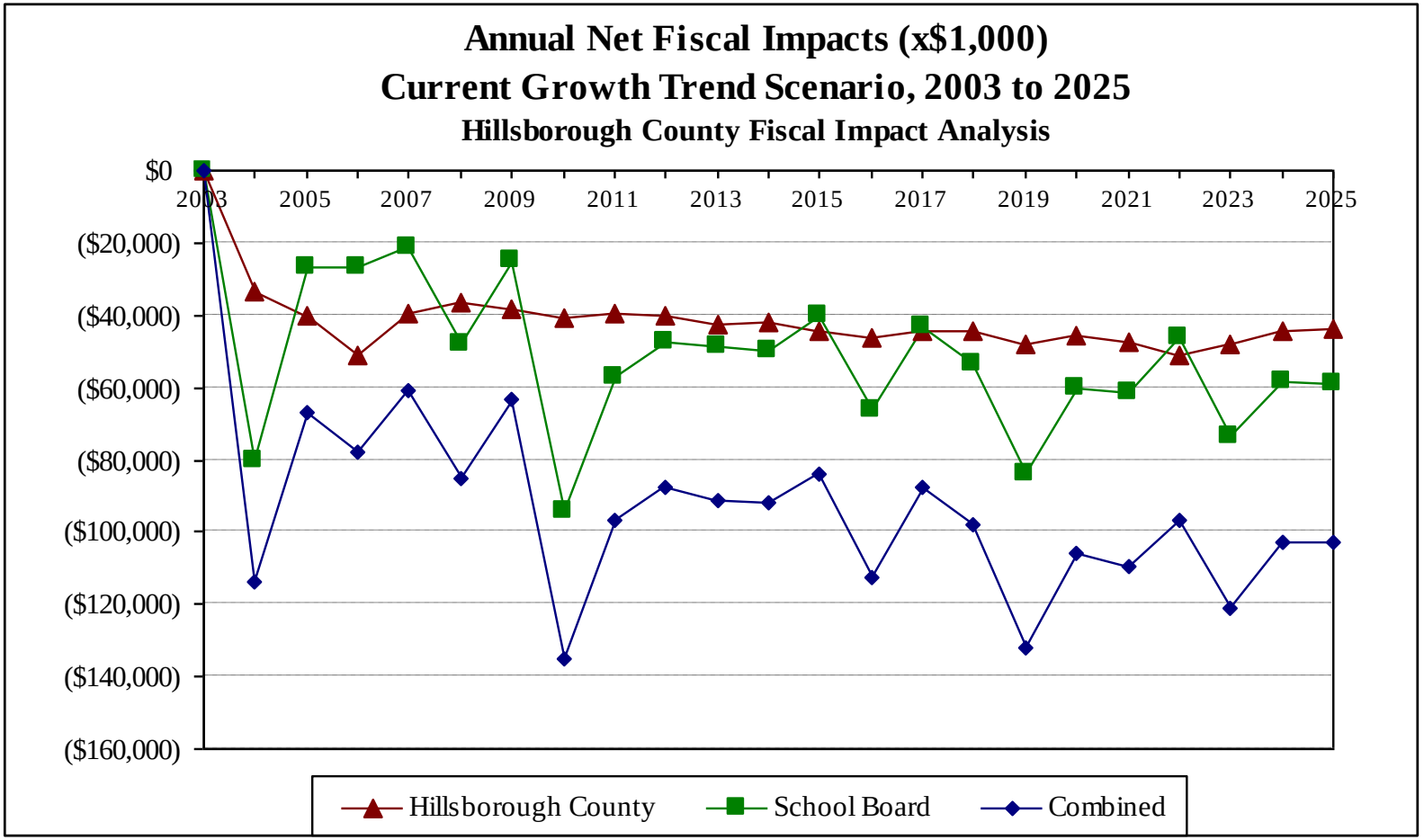

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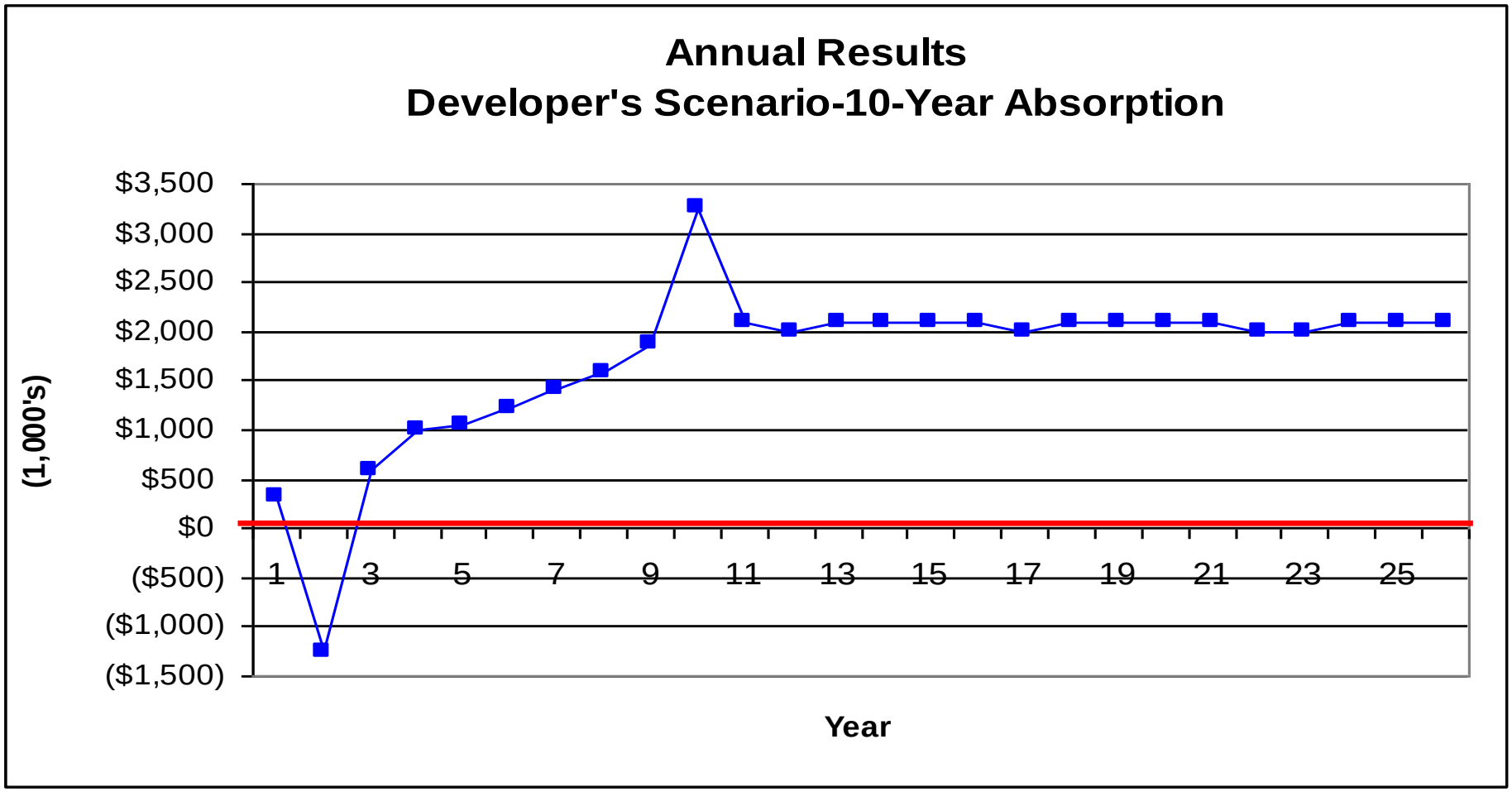
Planning Applications

- Evaluating Fiscal Sustainability
  - Comprehensive Plan validation
  - Is growth really paying for itself?
  - Comprehensive rezonings
  - Is annexation fiscally beneficial?
  - Did the Recession reveal revenue structure issues?
- Should development be incentivized? If so, what types and how much?
- Evaluating development projects and individual re-zoning applications

Budget and Finance Applications

- Long-term financial planning
- Capital improvement programming
  - Infrastructure replacement
- Revenue forecasting
- Addressing increased funding responsibilities due to decreased state and federal funding
- Level of service changes
- Demographic shifts

Developer Scenarios



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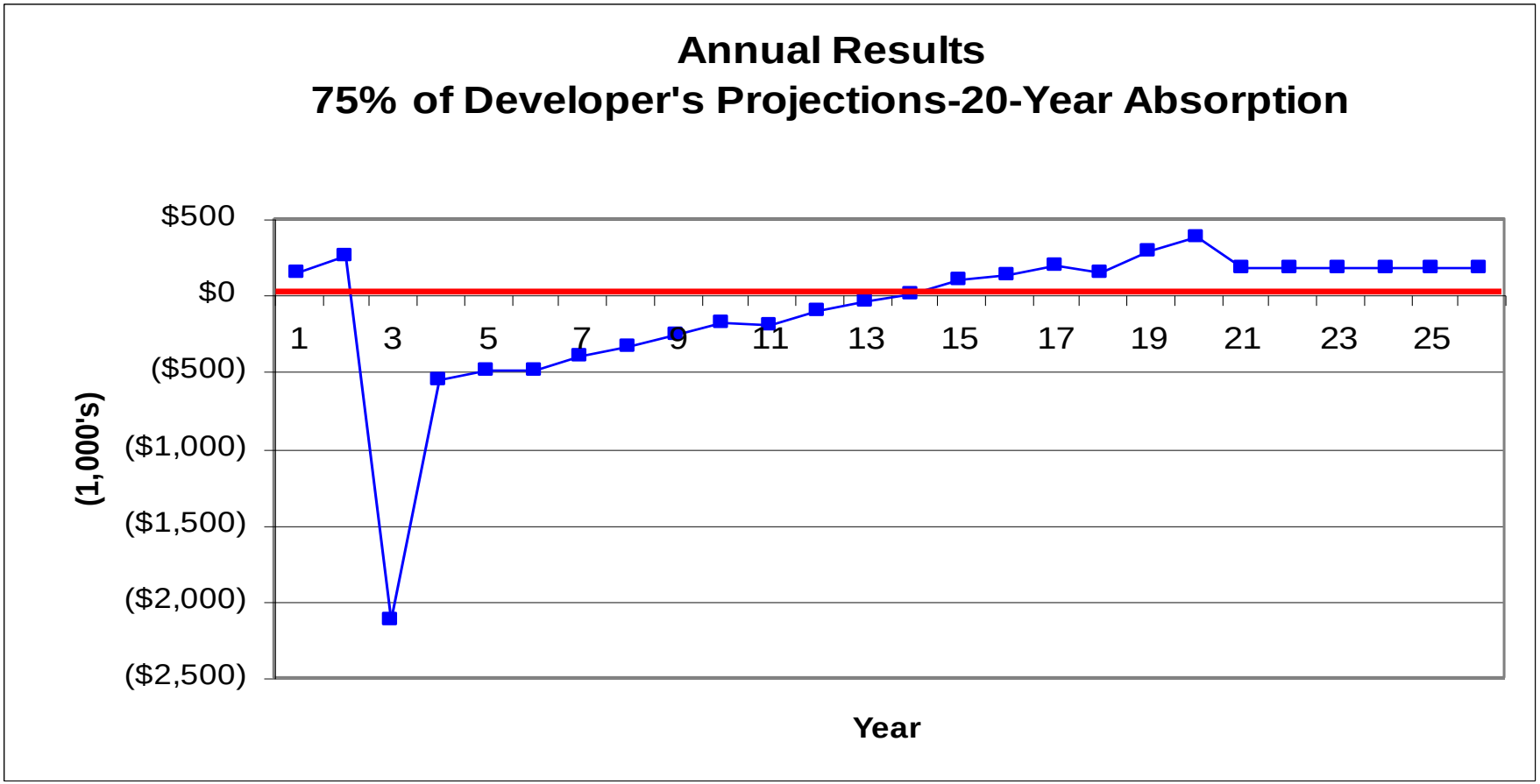

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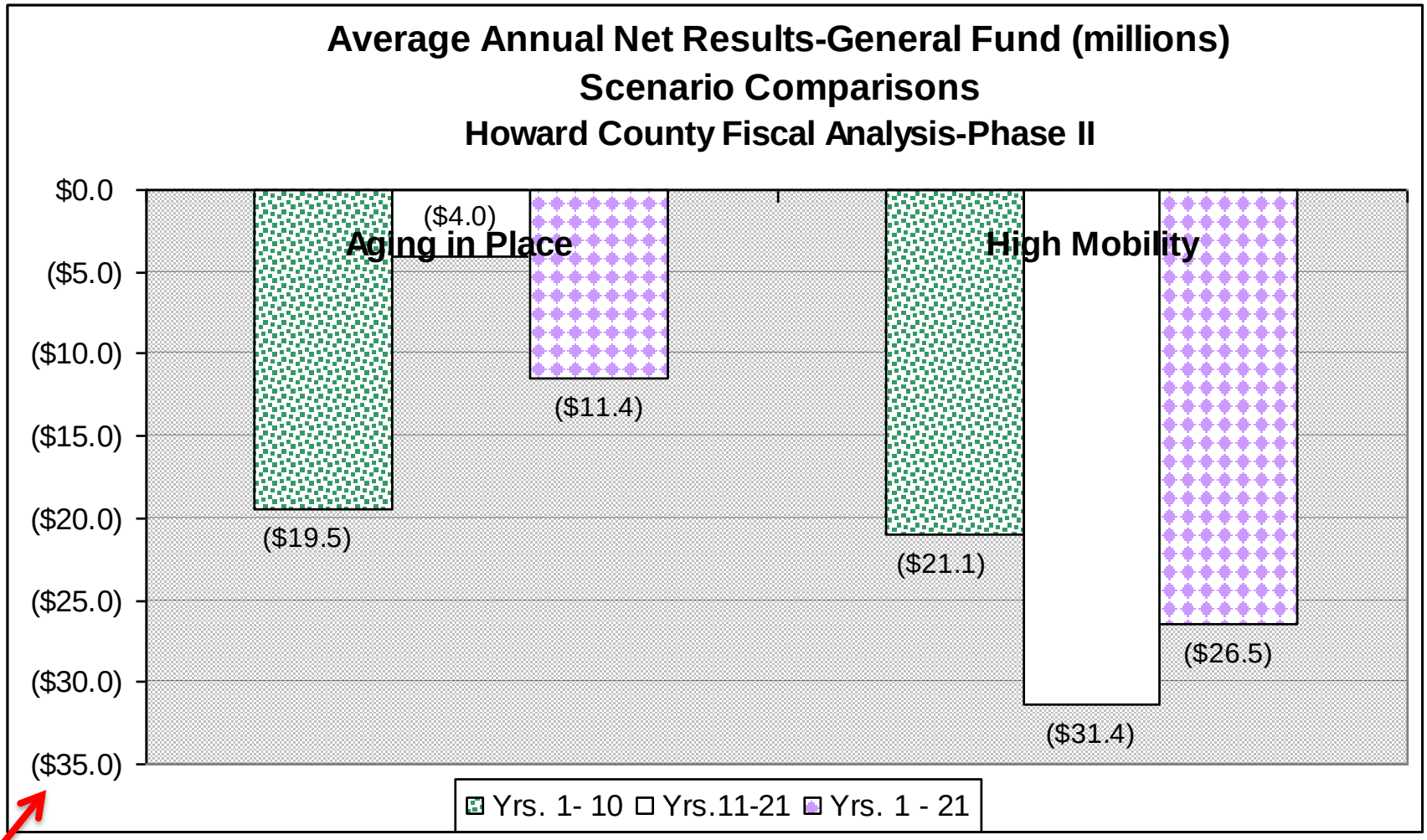
Demographic Shifts



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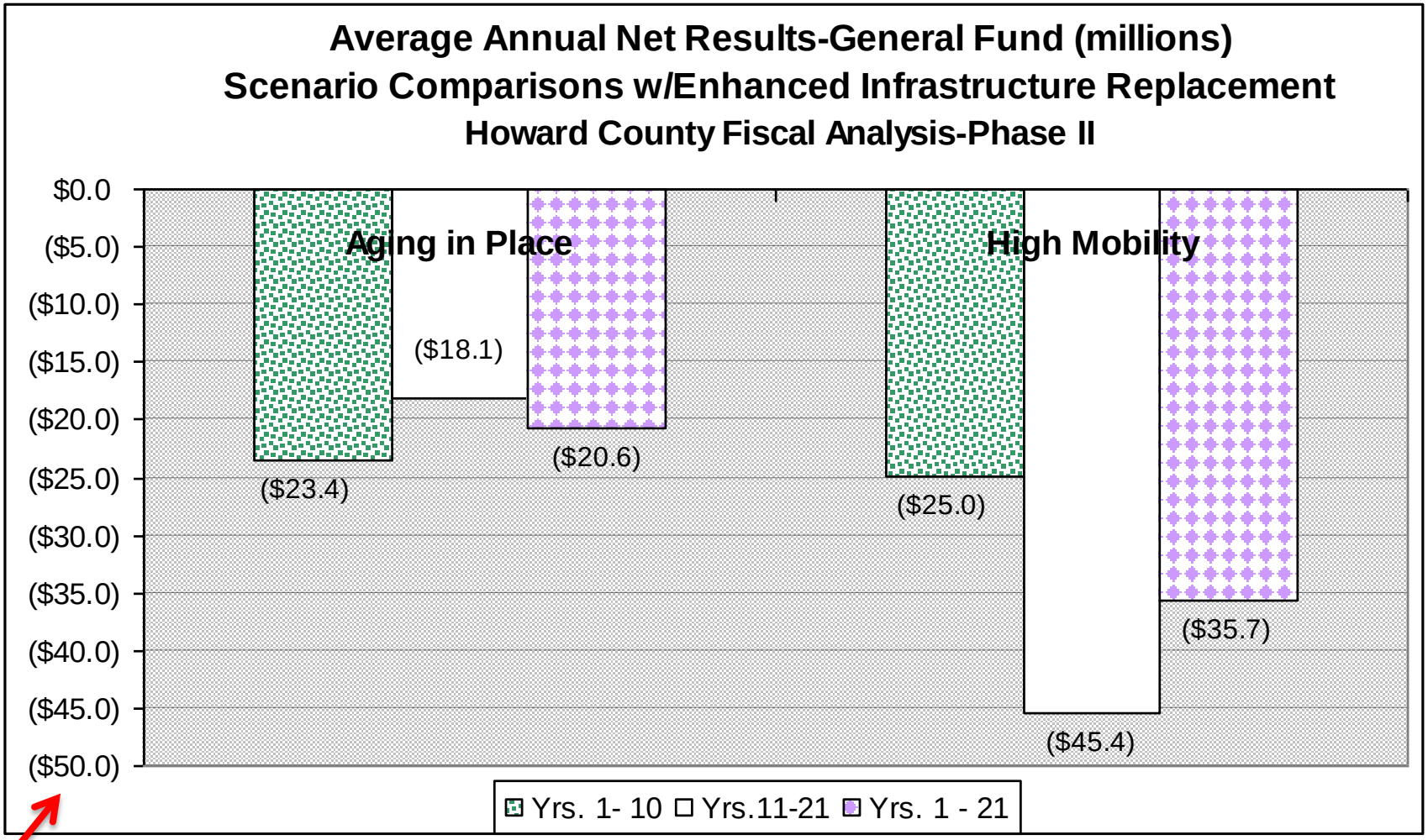

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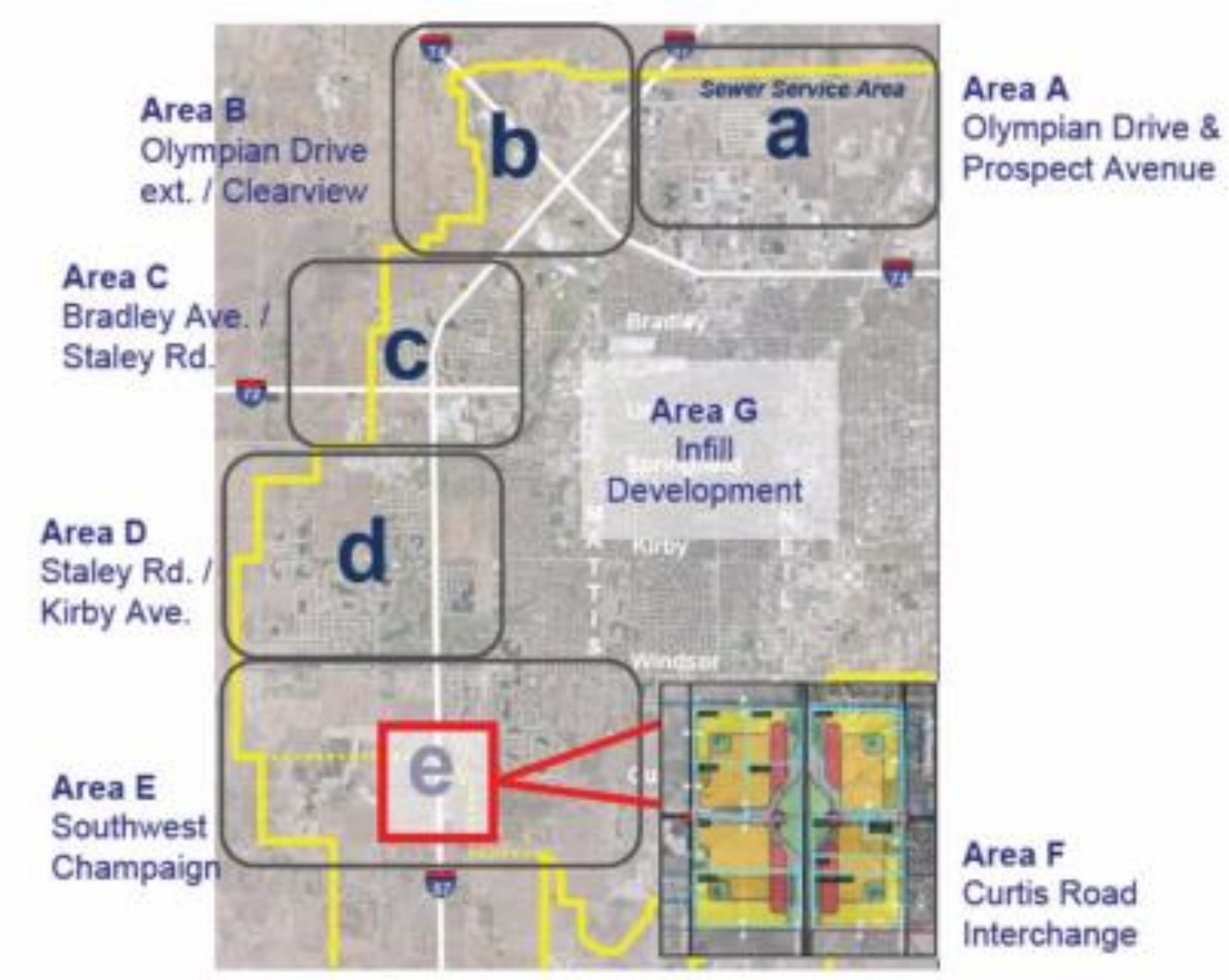
Land Use Planning Scenarios



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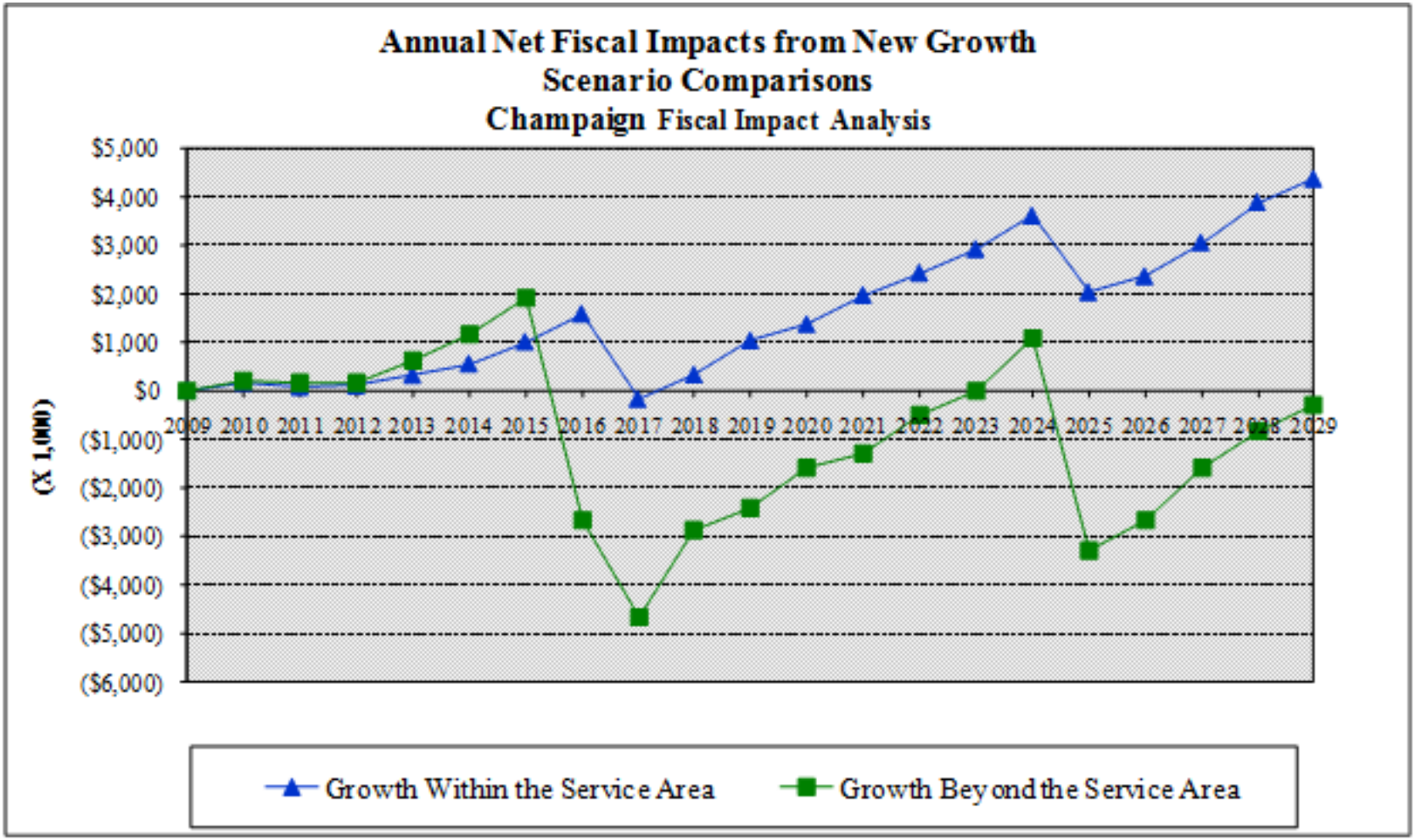
Champaign, IL: Citywide Results



Source: TischlerBise

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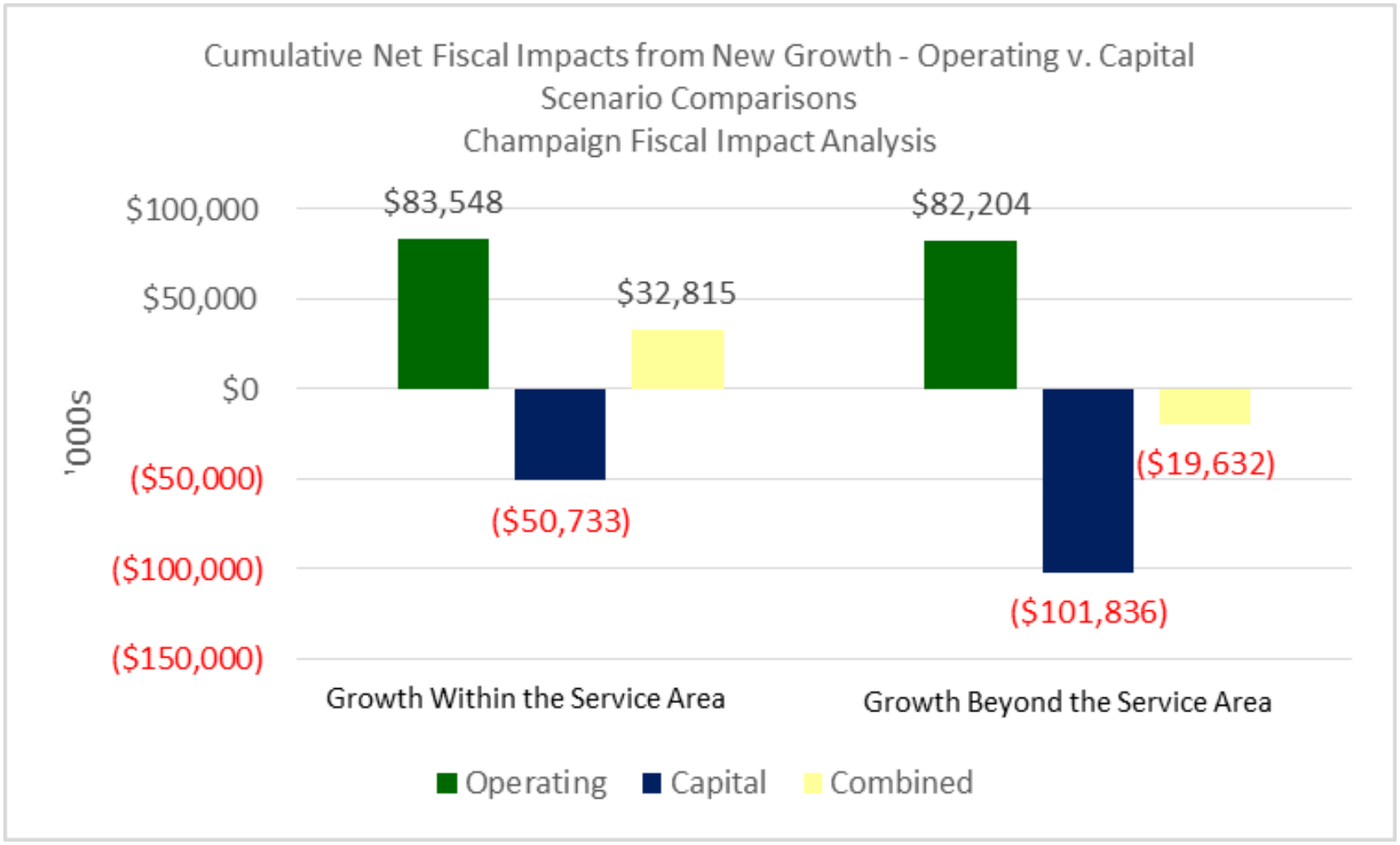
Champaign, IL: Net Impact by Type



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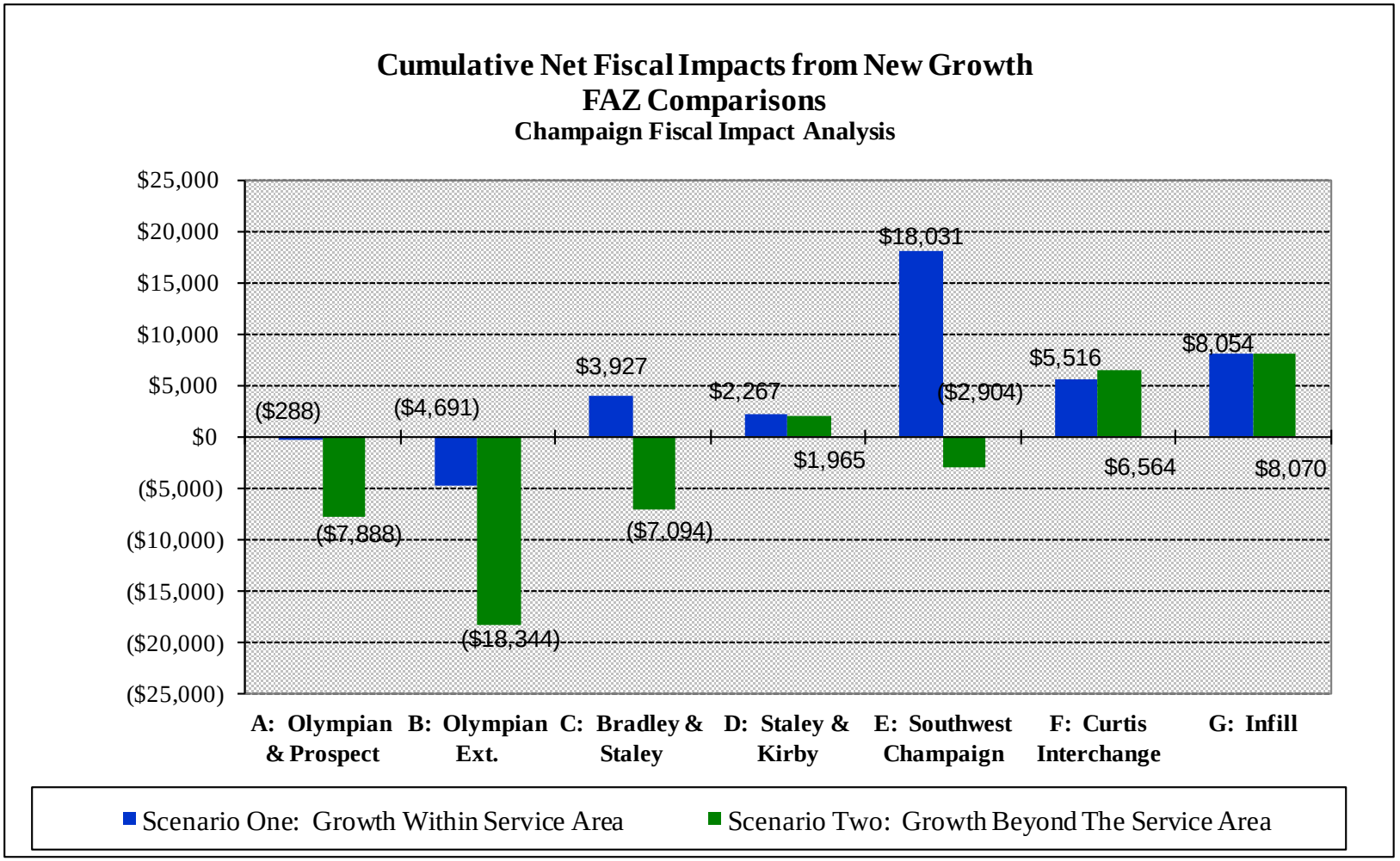
Champaign, IL: Subarea Analysis



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Champaign, IL: Findings

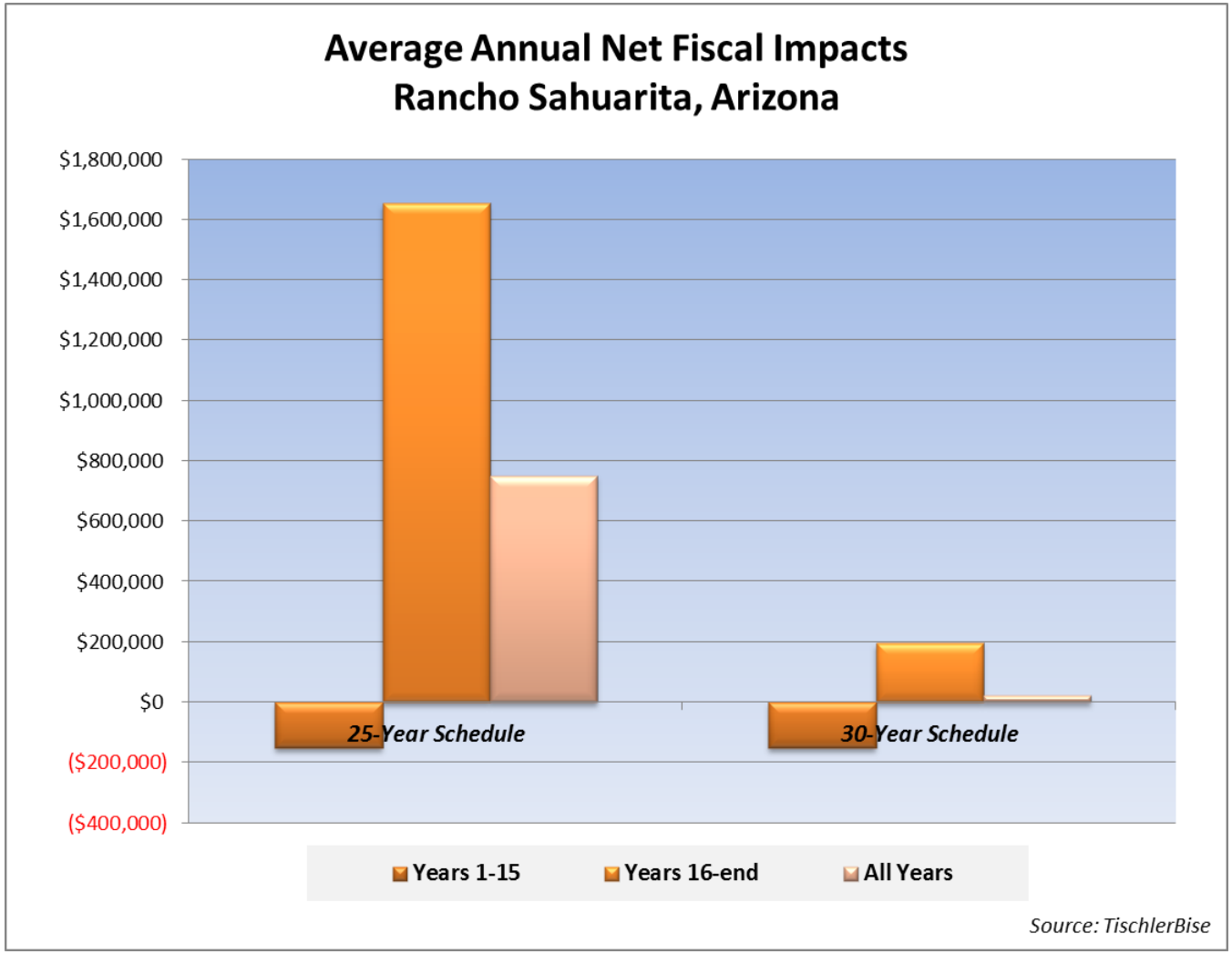
- The difference in fiscal impact results of the two scenarios is driven mainly by much higher capital costs—$52.3 million higher—for the Growth Beyond the Service Area scenario
  - Acreage available for development is more than double that of the Growth Within the Service Area scenario
  - Larger area available leads to a more scattered and leapfrog approach to development which requires the expansion of fire service areas as well as the road network
  - The results show this is an inefficient development pattern

Incentive Analysis

Sahuarita, AZ, Rancho Sahuarita Town Center Development

- Fifteen-year old Town outside Tucson
- Most development is single family residential
- Developer proposing mixed-use Rancho Sahuarita Town Center project
- Asking for sales tax rebate of 50% for infrastructure projects
- *Does this incentive make financial sense?*

Incentive Analysis



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Incentive Analysis Findings

- Rancho Sahuarita Town Center project generates net surpluses to the General Fund
  - Due to the amount of nonresidential development assumed
  - More importantly, approximately 75 percent of this nonresidential development is **retail**
- Analysis based on current levels of service
  - Community is changing—likely demand for a higher level of service, which will increase cost assumptions

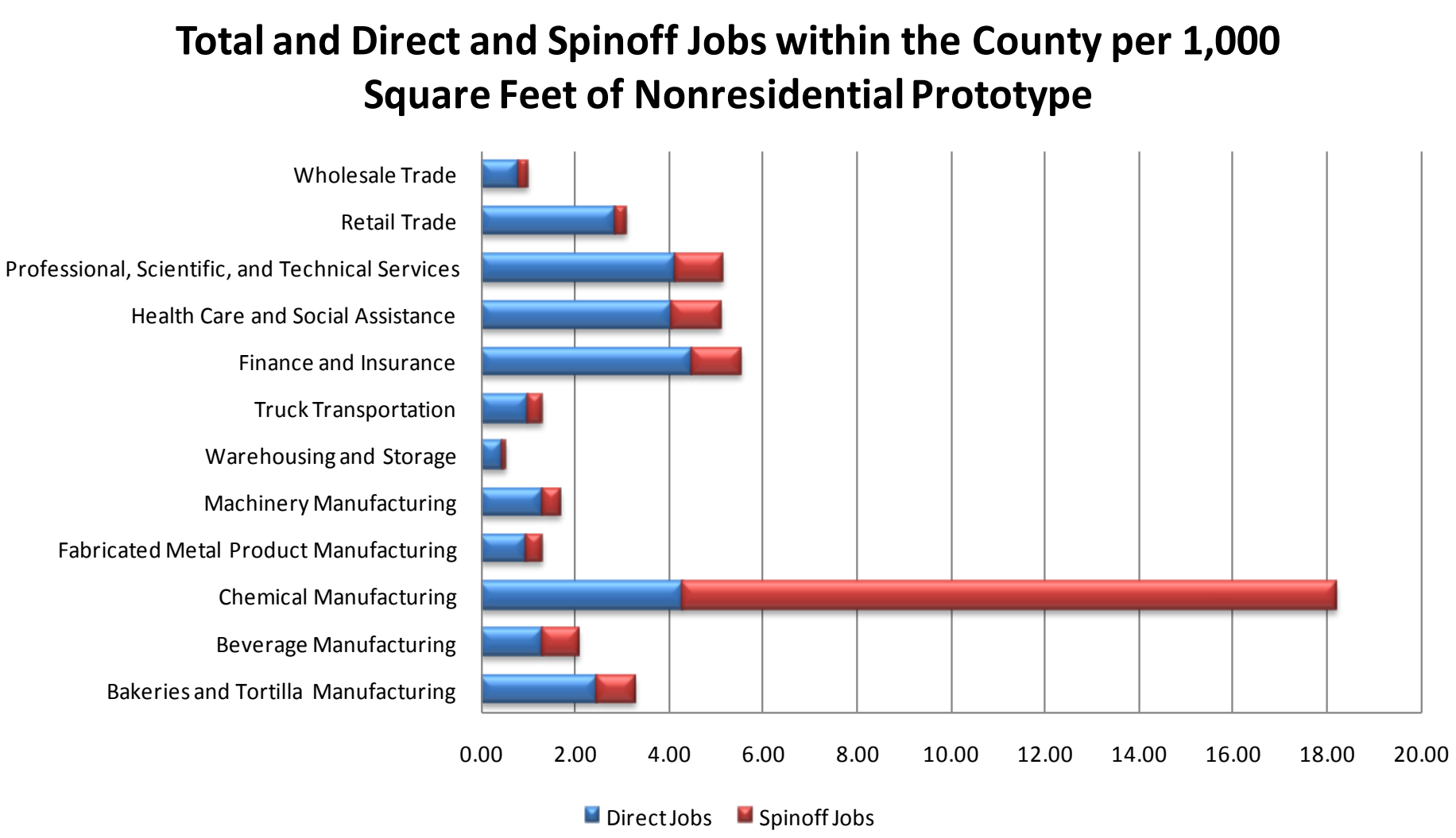
Incentive Analysis Findings

- Market analysis confirmed **major retailers** will be coming **regardless of incentives** developer can pass through in lease savings
- New **sales tax revenue** is needed to **support residential development**
  - Town does not currently have a significant sales tax base
  - Analysis didn't include 7,000 housing units from Phase I that already exist—and the Town gets virtually no revenue from residential development
  - Town is likely to have to improve levels of service to meet community demands

Orangeburg County, SC

- Fiscal impact analysis of combined direct and indirect employment impacts on the County
- Conducted as part of the County's Sustainability Plan
- Industries studied are identified as County Targeted Industries
- Questions to be answered by the study:
  - What type of growth pays for itself?
  - What nonresidential land uses provided best economic and fiscal return? And therefore should be considered for incentives?
  - What are direct and indirect economic effects of those industries?
  - Are we losing jobs to neighboring counties?

Total Employment (Direct & Spinoff)



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Direct and Spinoff Fiscal Results

DIRECT JOBS

Nonresidential Prototype	*Revenue*	*Expenditures*	*Net Fiscal Result*
Bakeries and Tortilla Manufacturing	$643	$311	***$332***
Beverage Manufacturing	$596	$184	***$412***
Chemical Manufacturing	$712	$508	***$204***
Fabricated Metal Product Manufacturing	$586	$149	***$437***
Machinery Manufacturing	$599	$188	***$412***
Warehousing and Storage	$333	$89	***$243***
Truck Transportation	$543	$220	***$322***
Finance and Insurance	$779	$742	***$36***
Health Care and Social Assistance	$780	$849	***($70)***
~~Professional, Scientific, and Technical Services~~	~~$954~~	~~$657~~	~~***$298***~~
Retail Trade	$3,685	$921	***$2,764***
~~Wholesale Trade~~	~~$350~~	~~$163~~	~~***$187***~~

SPINOFF JOBS

Nonresidential Prototype	*Revenue*	*Expenditures*	*Net Fiscal Result*
Bakeries and Tortilla Manufacturing	$550	$187	***$363***
~~Beverage Manufacturing~~	~~$597~~	~~$174~~	~~***$422***~~
Chemical Manufacturing	$9,684	$3,017	***$6,668***
Fabricated Metal Product Manufacturing	$210	$73	***$137***
Machinery Manufacturing	$280	$84	***$196***
Warehousing and Storage	$73	$23	***$50***
Truck Transportation	$204	$72	***$132***
Finance and Insurance	$801	$264	***$537***
Health Care and Social Assistance	$913	$279	***$634***
Professional, Scientific, and Technical Services	$751	$250	***$501***
Retail Trade	$191	$59	***$132***
Wholesale Trade	$144	$48	***$96***

Combined Fiscal Results

Nonresidential Prototype	*Revenue*	*Expenditures*	*Net Fiscal Result*
Bakeries and Tortilla Manufacturing	$1,193	$498	***$695***
Beverage Manufacturing	$1,192	$358	***$834***
Chemical Manufacturing	$10,396	$3,524	***$6,872***
Fabricated Metal Product Manufacturing	$796	$222	***$574***
Machinery Manufacturing	$880	$272	***$608***
Warehousing and Storage	$405	$112	***$293***
Truck Transportation	$746	$292	***$454***
Finance and Insurance	$1,580	$1,007	***$574***
Health Care and Social Assistance	$1,692	$1,129	***$564***
Professional, Scientific, and Technical Services	$1,705	$907	***$798***
Retail Trade	$3,876	$979	***$2,896***
Wholesale Trade	$493	$211	***$282***

Takeaways from Incentive Analysis

- Must understand the market conditions and necessary public sector interventions
- Must put the fiscal results within context of economic, social, and other benefits and cost of doing nothing
- Marginal costing is critical
  - Average costing leads to generalizations
  - Must measure the cost of intervention strategies
  - Results can indicate the opposite of reality (e.g., advocacy)
- Understand the question being asked—and answered

Beware of Advocacy Passed off as Analysis

How Does “Smart Growth” Affect Fiscal Outcomes?

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3 Conclusions from Surveys on Smart Growth

Cost of Infrastructure

- *38% Savings*

Cost of Services

- *10% Savings (higher in rural areas)*

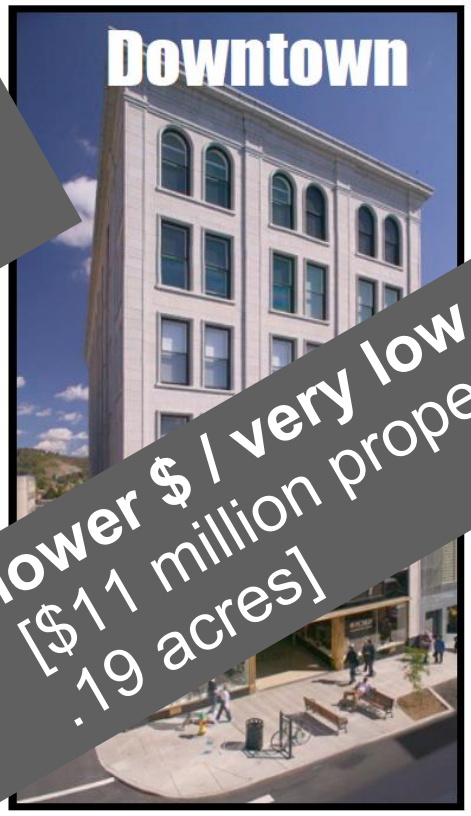
Tax Revenue Per Acre

→ *10x more*

Caution: Revenue Per Acre Approaches

large $ / large # of acres
[$20 million property value + retail sales taxes / 34 acres]

$ 50,800
Total Taxes/Acre to City



lower $ / very low # of acres
[$11 million property value / .19 acres]

$414,000
Total Taxes/Acre to City

Source: Urban3; TischlerBise

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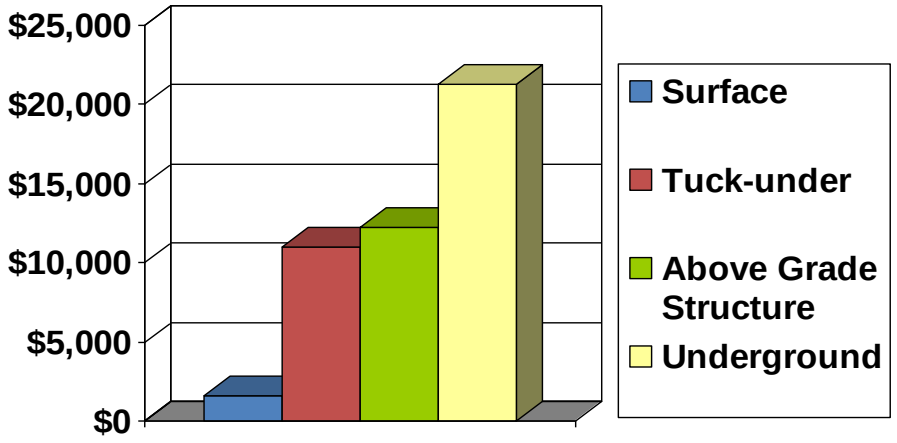
Problems with Revenue per Acre Approach

- Simplistic Analysis
  - Often used to indicate that one development strategy is better than the other
- Ignores market realities
- No real or credible analysis of costs
- Initially ignored sales tax
- Ignores the cost of parking



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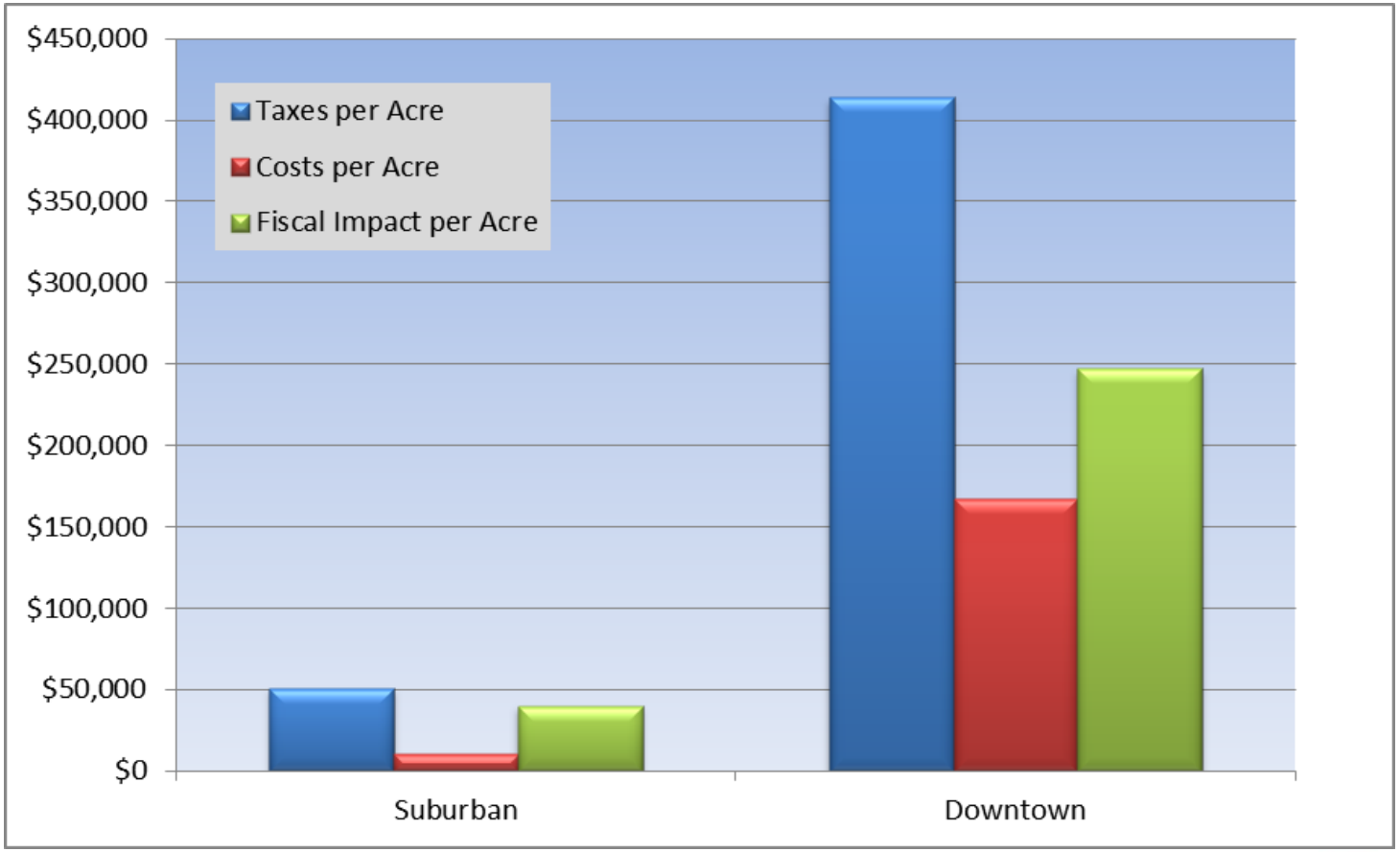
Fiscal Impacts per Acre

Asheville Suburban Wal-Mart vs. Downtown Mixed Use Building



Source: Tax Revenues from Urban3, "How We Measure the City" ; Cost estimates from TischlerBise

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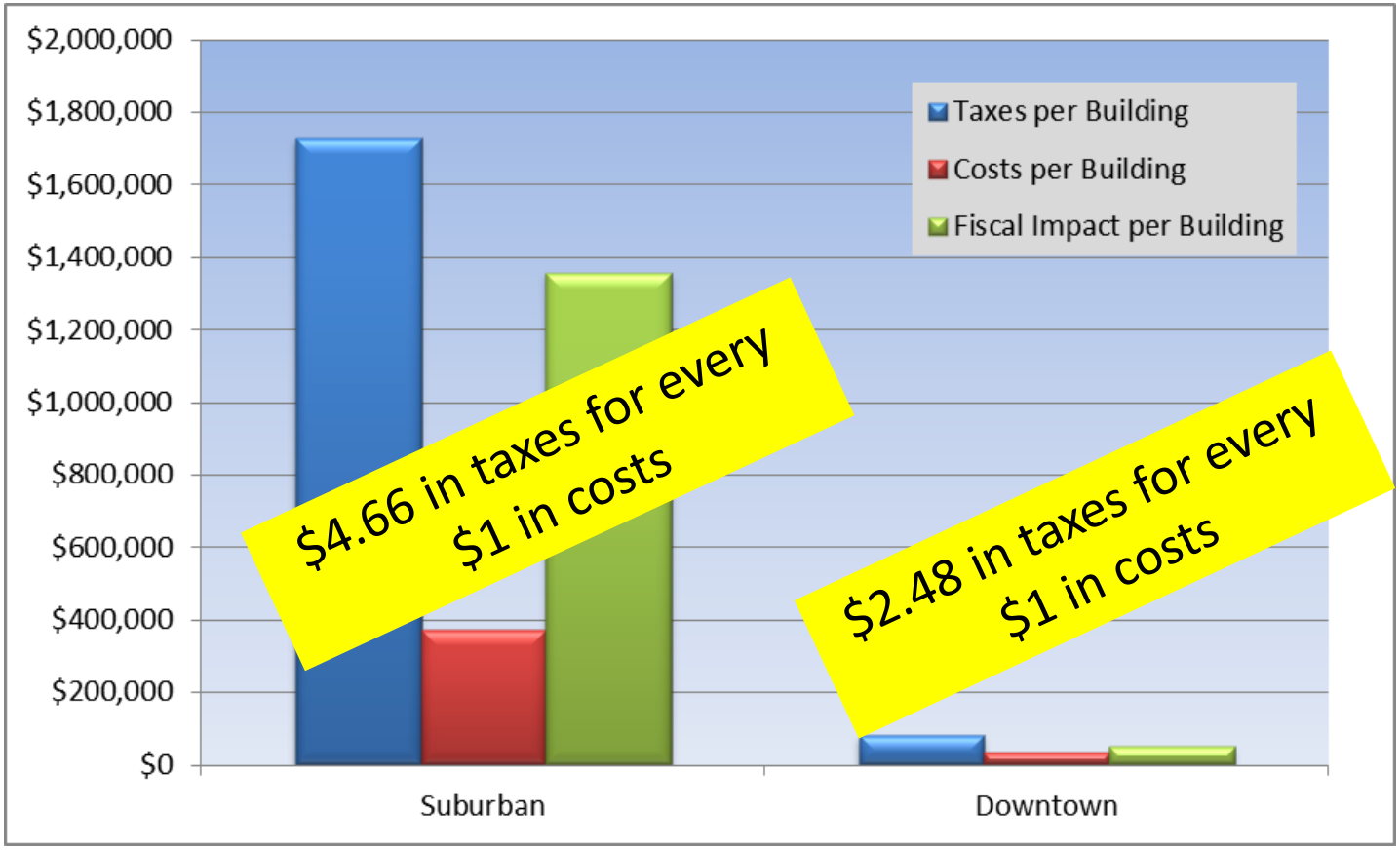
Fiscal Impacts per Building

Asheville Suburban Wal-Mart vs. Downtown Mixed Use Building



Source: Tax Revenues from Urban3, "How We Measure the City" ; Cost estimates from TischlerBise

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How Are Costs Being Measured?

TOTAL EXTERNAL CAPITAL PUBLIC FACILITY COSTS

(Per Single Family Dwelling Unit)

Rank	DSA	Urban Form	Unit Cost
1	Downtown	Compact	$9,251
2	Southpoint	Contiguous	$9,767
3	Countryside	Contiguous	$12,693
4	Cantonment	Scattered	$15,316
5	Tampa Palms	Satellite	$15,447
6	University	Linear	$16,260
7	Kendall	Linear	$16,514
8	Wellington	Scattered	$23,960
AVERAGE			$14,901

THE SEARCH FOR EFFICIENT URBAN GROWTH PATTERNS
A Study of the Fiscal Impacts of Development in Florida.
James Duncan and Associates, July 1989

Source: Urban3, "How We Measure the City"

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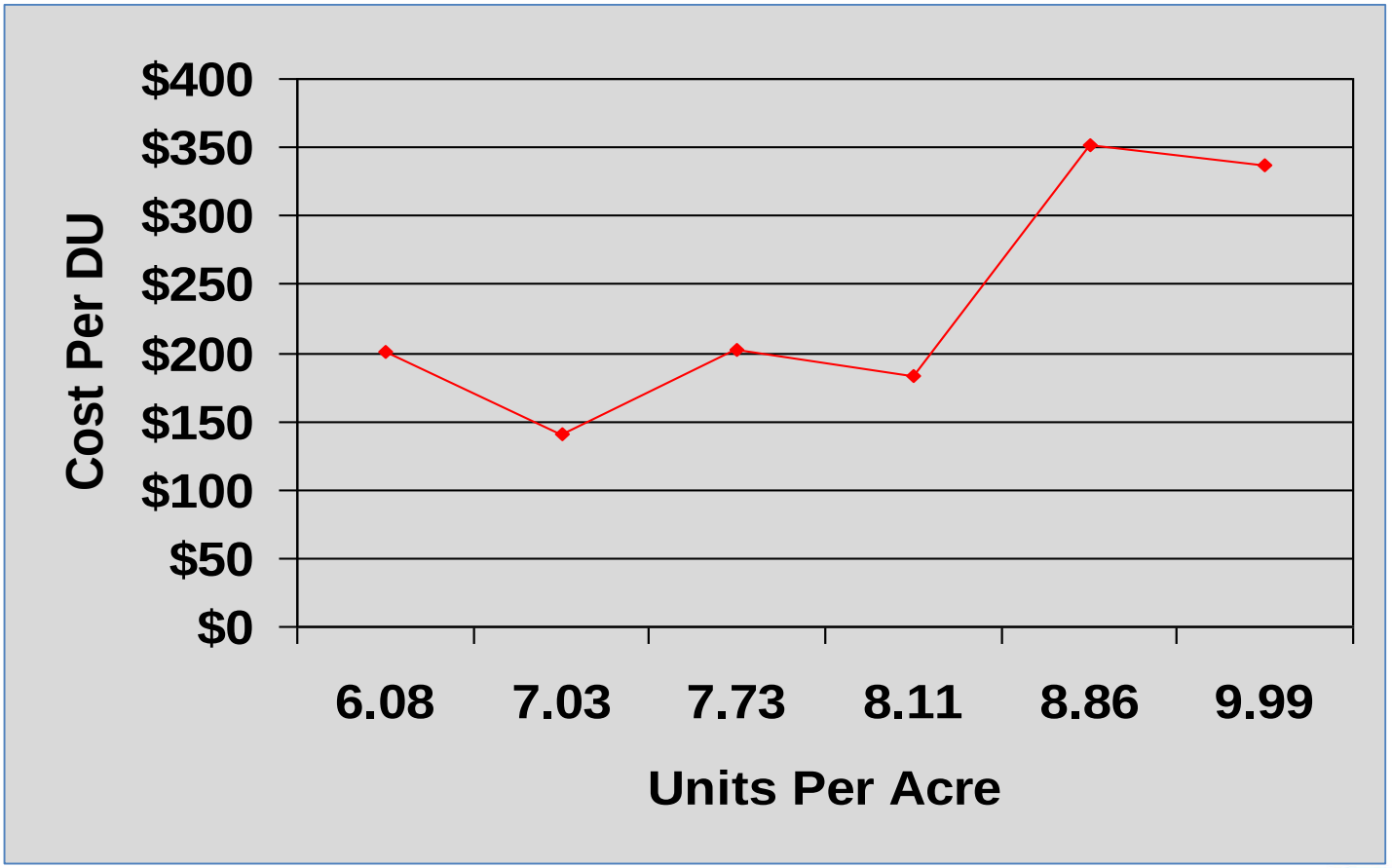
Cost Realities

Higher Density May **Increase** Costs: City in California: Police Service



Source: Economics Research Associates (ERA)

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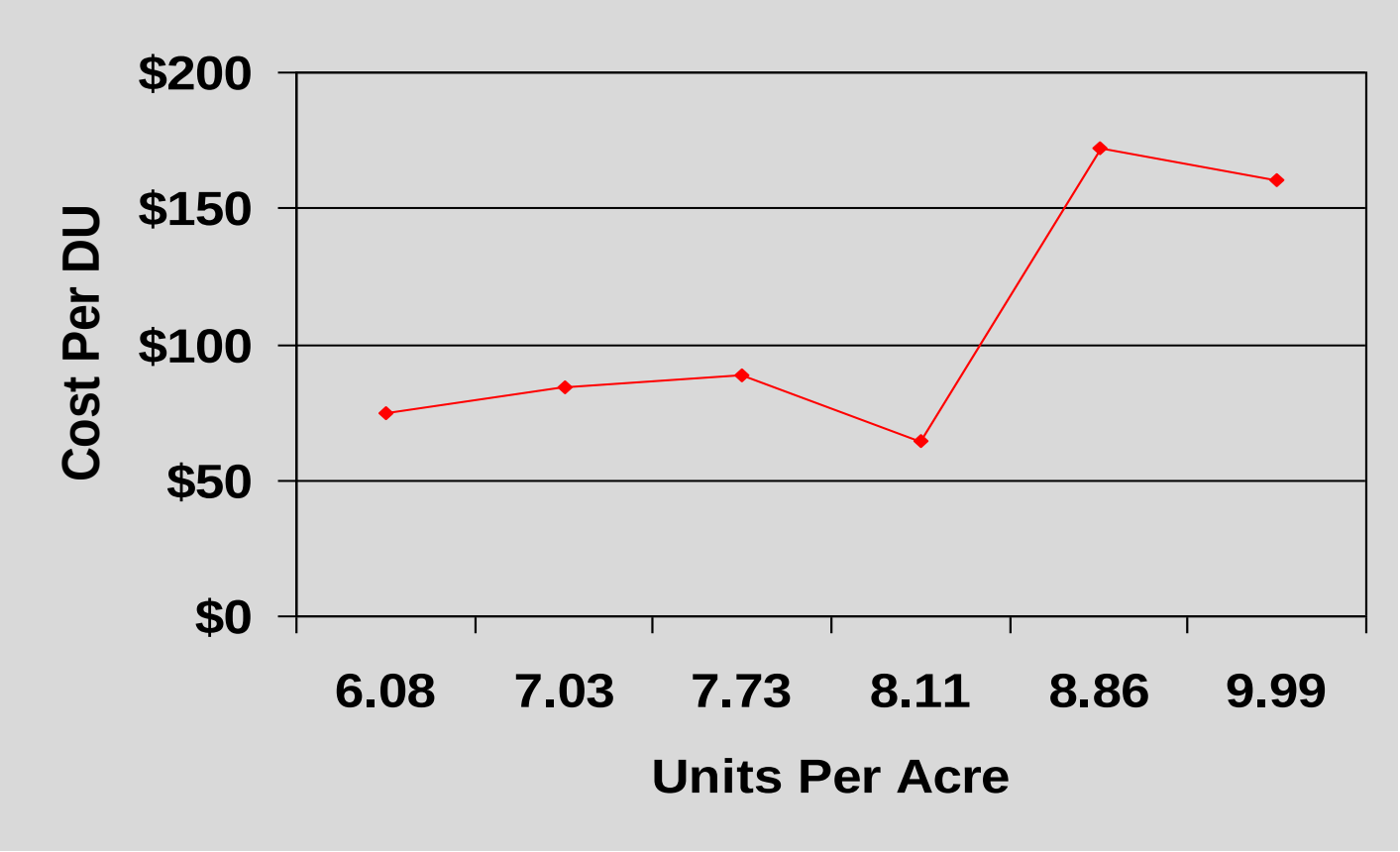
Cost Realities

Higher Density May **Increase** Costs: City in California: Fire Service



Source: Economics Research Associates (ERA)

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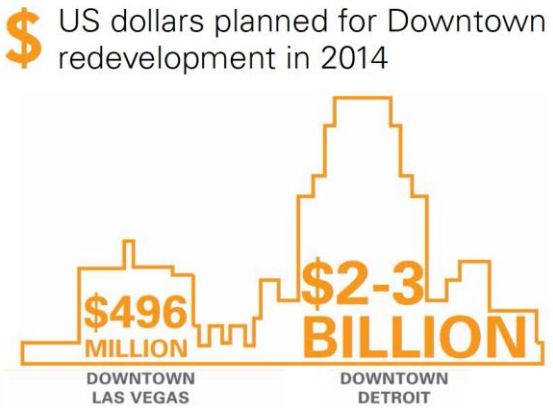
Downtown Las Vegas, Nevada

- Lack of existing investment implies the need to incentivize growth in the future
- Affordability and lack of diversity are issues
  - Vacancy rates are 300% more than that of Clark County
- Land assemblage issues
  - City has a policy of not using eminent domain
  - Prevailing wage requirements for City money
- Only 375 housing starts in Downtown since 2008
- Safety is an issue
- Expensive relative to competing product



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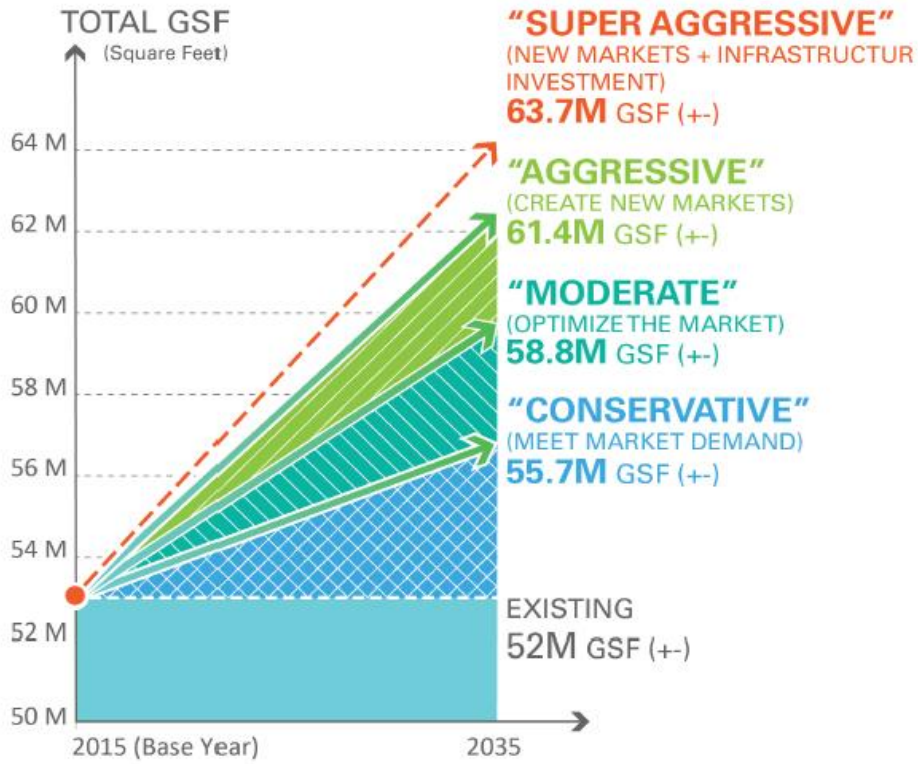
Downtown Las Vegas Market Demand

PREFFERED SCENARIO: SUPER AGGRESSIVE

DEVELOPMENT PROJECTIONS



TOTAL
11.7 M SF

RESIDENTIAL	6.8M SF (6,400 Units*)
RETAIL & RELATED	739K SF
HOTEL & GAMING	515K SF
OFFICE	2.1M SF
INSTITUTIONAL	1.2M SF
INDUSTRIAL / FLEX	339K SF

*ASSUME THE AVERAGE SIZE OF ONE HOUSING UNIT RANGES FROM 800 SQ. FT. TO 1,200 SQ. FT. BASED ON THE SPECIFIC HOUSING TYPES

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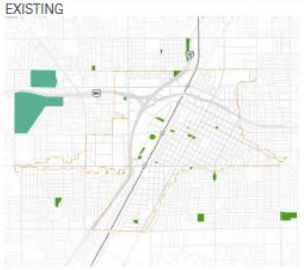
Improvements to the Public Realm

ENVIRONMENTAL BENEFITS

PUBLIC REALM IMPROVEMENT

PARKS + PLAZAS

EXISTING



24 AC

PROPOSED

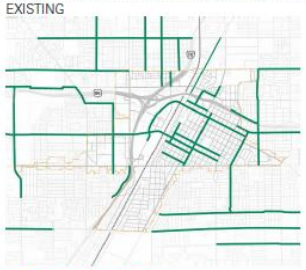
48 AC

200%

Parks and open spaces are essential to urban life. They provide a place for recreation, cool the ambient temperature, and provide a meaningful respite from the city. The Masterplan envisions a diversified complement of open spaces that promote a higher quality of life for residents, workers, and visitors to DTLV.

BIKE NETWORK

EXISTING



7 LINEAR MILES

PROPOSED

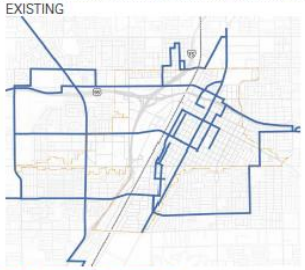
48 LINEAR MILES

685%

The ability to get around by bicycle expands the reach of the transportation network; providing much needed alternatives to the automobile for short trips within downtown, as well as recreational biking trails to regional open spaces.

URBAN TRAILS

EXISTING



15 LINEAR MILES

PROPOSED

45 LINEAR MILES

300%

Pedestrian areas are also greatly expanded from new and expanded sidewalks within urban areas to walking and running trails along the train right of way and beyond.

TREE CANOPY

EXISTING

15 AC

PROPOSED

245 AC

1600%

Trees are a real need in DTLV. "Urban heat island" is most effected by the lack of tree canopy within the CBD, where tall buildings and reflective materials are most prevalent. The Masterplan calls for a significant increase of drought tolerant trees lining most major streets. The cumulative effect of these plantings can significantly reduce ambient temperature, helping reduce energy.

*Images and proposals are for illustrative purposes only.

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Downtown Las Vegas Intervention

- Implement an aggressive Downtown housing strategy
- Residential housing incentives
- Establish a Local Entrepreneurship Program
- Establish an Economic Development Capital Fund
- City assemblage of property
- Buying down the cost of land

Union Square – Somerville, MA

Key Development Assumptions

Union Square

Residential		Assessed Value*	Persons Per HU**	Pupils Per HU***
Population	2,049 Persons			
Residential Units	867 Units	$190,000 Per Unit	1.89	0.13
Affordable Units	217 Units	$91,200 Per Unit	1.89	0.13
Nonresidential		**Assessed Value***	**Jobs/ 1,000 SF#**	
Jobs	4,829 Jobs			
Retail	166,455 Sq. Ft.	$340 Per Sq. Ft.	2.50	
Creative Enterprise	103,864 Sq. Ft.	$200 Per Sq. Ft.	2.86	
Office	1,118,617 Sq. Ft.	$340 Per Sq. Ft.	3.63	
Hotel Rooms	175 Rooms	$290,000 Per Room	0.33	

*Provided by the City of Somerville. Hotel assumes a full service hotel.

**US Census Bureau ACS data

***US Census Bureau Public Use Mircosample d

#Based on information from the Institute of Tra

Key Development Assumptions

Boynton Yards

Residential		Assessed Value*	Persons Per HU**	Pupils Per HU***
Population	3,330 Persons			
Residential Units	1,410 Units	$190,000 Per Unit	1.89	0.13
Affordable Units	352 Units	$91,200 Per Unit	1.89	0.13
Nonresidential		**Assessed Value***	**Jobs/ 1,000 SF#**	
Jobs	8,274 Jobs			
Retail	193,080 Sq. Ft.	$340 Per Sq. Ft.	2.50	
Creative Enterprise	181,134 Sq. Ft.	$200 Per Sq. Ft.	2.86	
Office	2,005,252 Sq. Ft.	$340 Per Sq. Ft.	0.00	

*Provided by the City of Somerville

**US Census Bureau ACS data

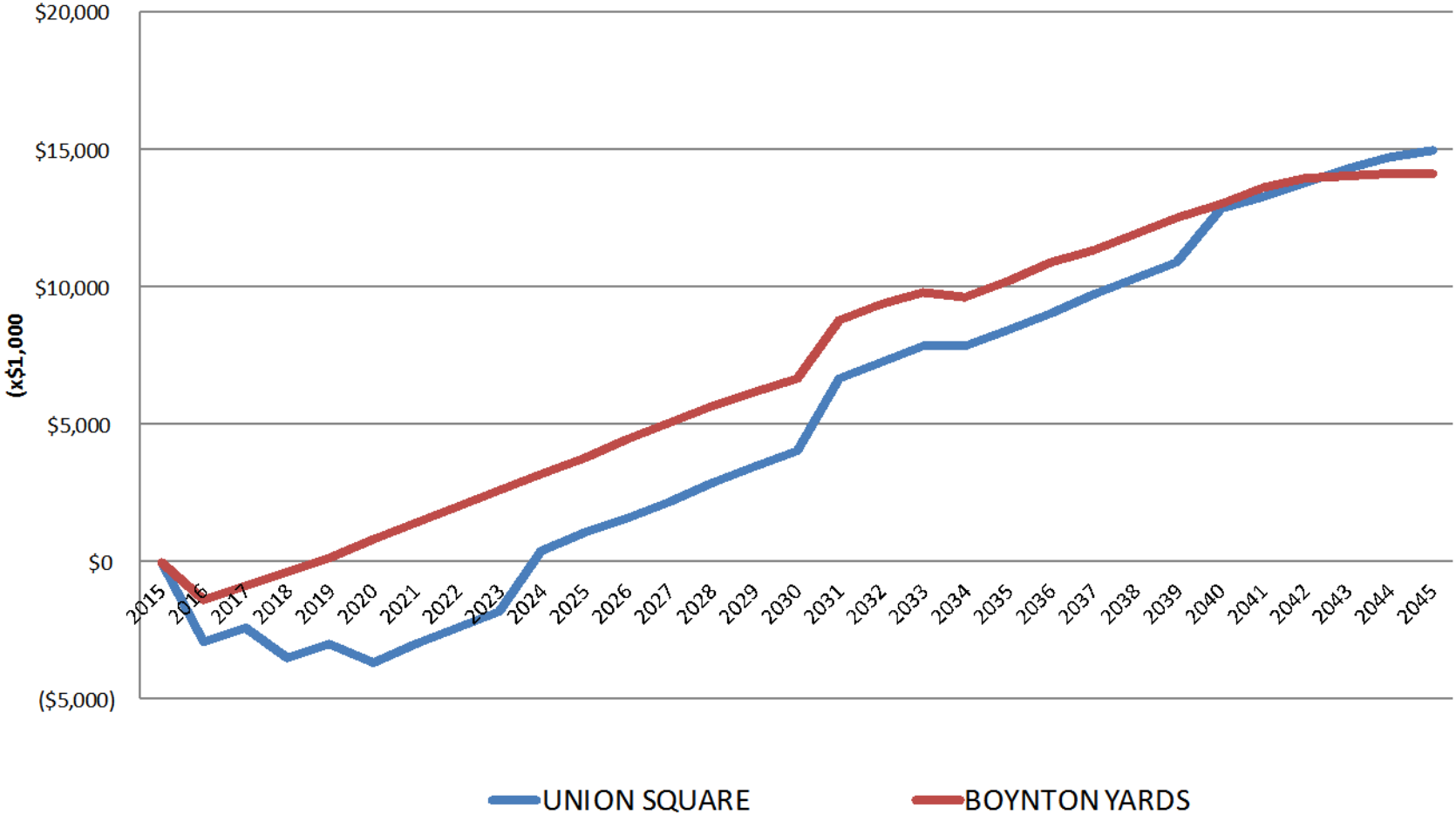
***US Census Bureau Public Use Mircosample data

#Based on information from the Institute of Transportation Engineers

Union Square – Major Cost Assumptions

- Road/Streetscape upgrades: $25 million for Union Square
- Road/Streetscape upgrades: $18.8 million for Boynton Yards
- Utility upgrades: $35 million for Union Square
- Utility upgrades: $21.2 million for Boynton Yards
- New Fire Station: $21 million

Union Square – Somerville, MA



Cautions

- Fiscal impact analysis is both a science and an art
- A “one size fits all” approach leads to generalizations
  - Each jurisdiction is unique
  - Results can indicate the opposite of reality
- Fiscal impacts are only one part of the equation
- Goal should be to educate

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Cautions

- Garbage in, garbage out
  - Analysis must include a clearly written rationale explaining methodology and assumptions
- Focusing on the fiscal impacts at the expense of other impacts
  - Environmental, social, economic, transportation
  - Fiscal zoning
- Overlap of government entities
  - What about School District?
- Beware of **advocacy** disguised as **analysis**!!!!

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Funding the Gap

Funding the Gap

- Impact fees
- Stormwater & transportation utilities
- Special purpose sales taxes
- Special authorities/taxing districts
- Excise/development taxes
- Insurance premium tax
- Jurisdictional revenue sharing

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Criteria for Evaluation Options

- Revenue yield
- Administrative ease
- Legality
- Proportionality
- Public acceptance

Infrastructure Financing Funding Criteria

	Revenue Potential	Technical Ease	Proportionate to Demand	Public Acceptance
Bonds	positive	negative	negative	negative
Special Districts	negative	negative	positive	positive
Developer Exactions	negative	neutral	negative	positive
Impact Fees	positive	negative	positive	positive
Excise Taxes	positive	neutral	positive	positive
Property Tax	positive	positive	negative	positive
Sales Tax	positive	positive	negative	negative
Transfer Tax	positive	positive	negative	neutral
User Charges	positive	positive	negative	negative

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Thinking Spatially About Transportation and Land Use

Analysis of mixed-use developments in six regions of the United States found an average 29% reduction in trip generation as a function of seven "D" variables

People/Household Characteristics
- *Demographics* (college students, young professionals and aging boomers)

Land Use Characteristics
- *Density*
- *Diversity* (horizontal and vertical mixed use)
- *Development Scale*

Transportation and Land Use Characteristics
- *Design* (place making and complete streets)
- *Destination Accessibility* (connectivity, urban grid, small blocks)
- *Distance to Transit*

Source: TischlerBise graphic based on Reid Ewing, Michael Greenwald, Ming Zhang, Jerry Walters, Mark Feldman, Robert Cervero, Lawrence Frank, and John Thomas. 2011. "Traffic Generated by Mixed-Use Developments: Six-Region Study Using Consistent Built Environmental Measures." Journal of Urban Planning and Development 137(3): 248–61.

Example of Service Area Results

- On average, urban residential has fewer vehicles available and persons per unit, thus lowering vehicular trip generation rates
- Urban settings provide options for walking, biking, and transit travel, thus lowering the vehicular mode share
- Mixed land use, more compact development, and better jobs-housing balance reduces average trip length

Service Area	Urban	Suburban
Vehicles Available per Housing Unit	1.05	1.70
Persons per Housing Unit	1.98	2.32
Single Units	40%	76%
2+ Units per Structure	60%	24%
Average Weekday Vehicle Trip Ends per Single Unit	7.02	8.44
Average Weekday Vehicle Trip Ends per 2+ Unit	4.51	5.70
Autos to Work	74%	90%
Walk/Bike/Bus to Work	26%	10%
Average Vehicle Trip Miles	3.93	5.40

Sandpoint, Idaho

- Included a progressive fee structure for residential units that varied the fee by size of housing unit
- The fee schedule promotes downtown development with a reduced fee to account for existing infrastructure capacity
- Fees structure includes multi-use pathways to support the City's planning and mobility objectives
- Extensive coordination with County

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Bozeman, Montana

- Included a progressive fee structure for residential units that varied the fee by size of housing unit
- The fee schedule promotes downtown development with a reduced fee to account for existing infrastructure capacity
- Fees structure includes multi-use pathways to support the City's planning and mobility objectives

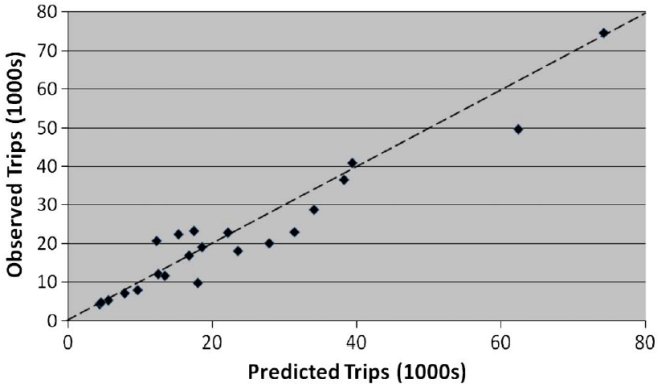

Fig. 4. Scatterplot of predicted versus observed external vehicle counts

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Issue Discussion and Q&A

TischlerBise
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Note on sources: Unless otherwise noted or sourced, all figures herein are from TischlerBise.