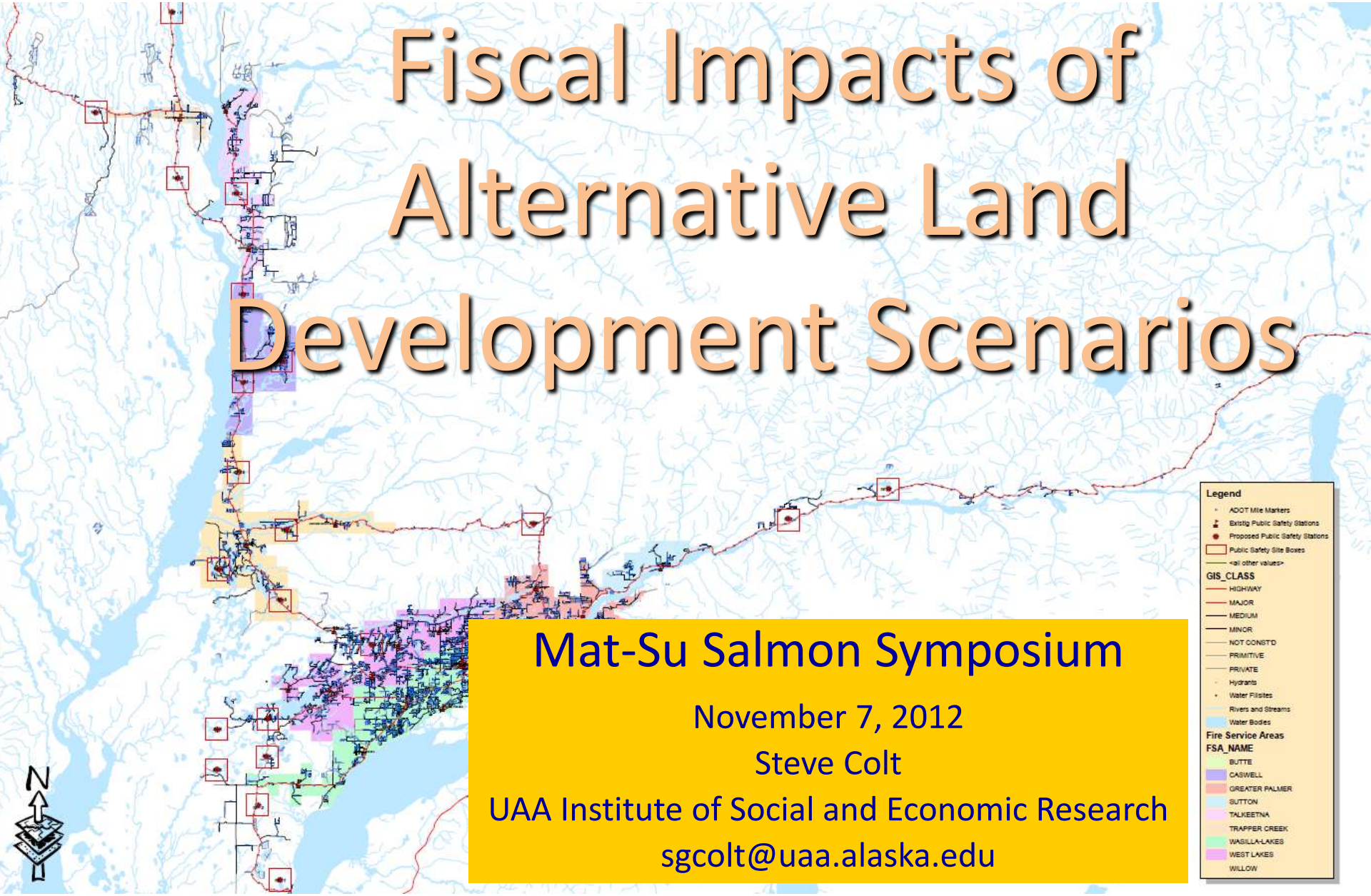
Fiscal Impacts of Alternative Land Development Scenarios



Mat-Su Salmon Symposium

November 7, 2012

Steve Colt
UAA Institute of Social and Economic Research
sgcolt@uaa.alaska.edu

Outline

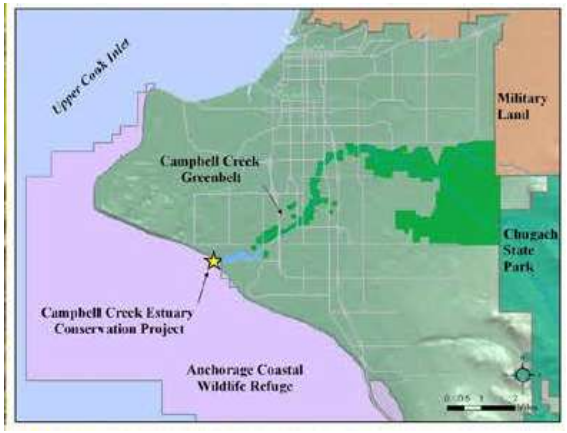
- Concepts of fiscal impact
- Sampling of literature
- Current research
  - Alaska fiscal environment
  - Scenarios
  - Initial results on cost side
- Next steps

Concepts

- Fiscal impact means to local and borough government entities
- Costs:
  - Roads
  - Schools
  - Water/sewer
  - Other
- Revenues:
  - Property taxes
  - Increased claim on state (oil!) dollars

Example of Concepts

- Campbell Creek estuary 60 acres
- Revenue from development:
  - Additional property taxes from new houses: $188,000
  - Sales tax: $0.00



Cost of development

- Education

50	additional households
0.84	school-aged students per household
42.08	additional students
4,717	average local contribution per student
198,506	required local contribution at average rates

(does not include school construction)

Cost of development

- General gov't:

Category	Total FY09 $ million	Avoidable fraction	Avoidable amount	Avoidable $ per person
Public Safety	158.2	80%	126.6	436
Development Services	114.6	80%	91.7	315
Econ & Community Development	53.3	80%	42.6	147
HHS	13.3	80%	10.6	37
Admin Svcs	66.0	0%	-	-
Public transportation	21.8	50%	10.9	38
Convention ctr operating reserve	12.9	0%	-	-
Total	440.1			972

- Total direct avoidable cost of development

  $339,000 (per year)

Cost of development

- Foregone property tax revenue from adjacent properties' higher value with park (+10.5%)

  $286,000

- Net Fiscal cost of development: $437,000

Sampling of literature

- Compare capital cost of planned high-density to low-density sprawl (10,000 dwelling units)
  - Roads are 40% less expensive
  - Utilities 64%

  (assumed schools are same)

  (Real Estate Research Corp 1974)

- Annual O&M cost savings to public sector
  - $200/dwelling or 20%

Literature

- Capital cost roads, water, sewer, school: varies from:
  - $48,000/dwelling @ 12 dwellings/acre
  - $96,600/dwelling @ 3 dwellings/acre
  - 184,000/dwelling @ 0.25 dwellings/acre

(Frank Urban Land Inst. 1987 adjusted for inflation by Colt)

- Nationwide savings from “compact development” = 12% roads; 6% water/sewer

  (Muro & Puentes, Brookings 2004)

Literature

- Actual capital + operating costs in FL: "compact/contiguous" vs. "linear/scattered":
  - Roads 60% less expensive
  - Schools 7.4% less expensive
  - Utilities 40% less expensive

  (Duncan et al. OTA 1989)
- "Planned" vs. "trend" development in NJ:
  - Roads 23% savings
  - Water/sewer 13% savings

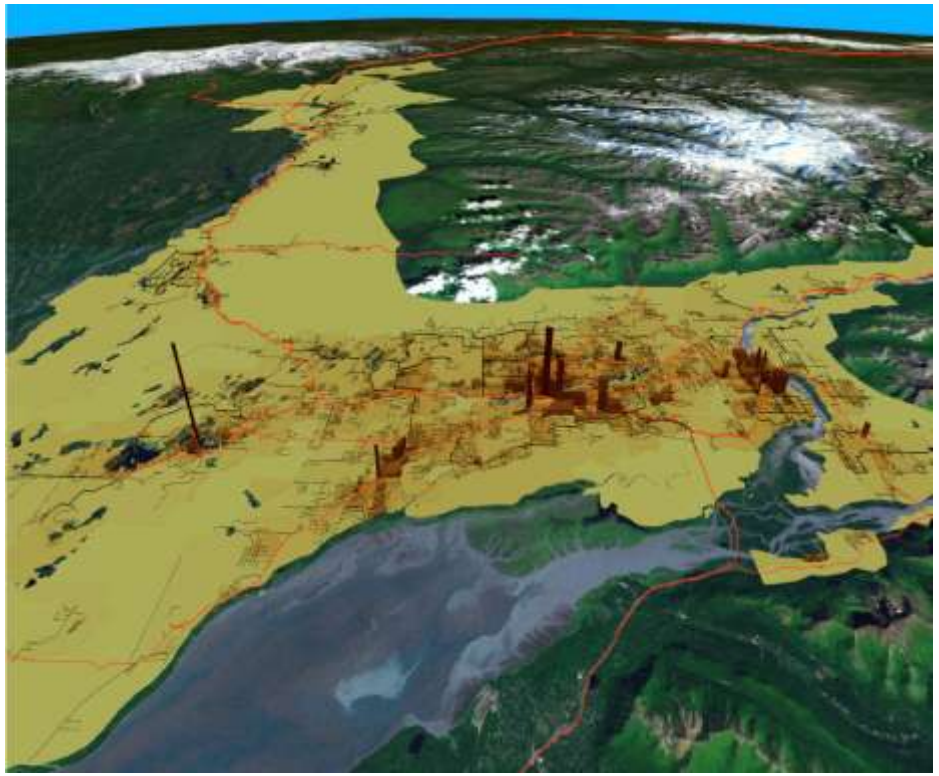
  (Burchell et al 1992, 1997)

Current Project

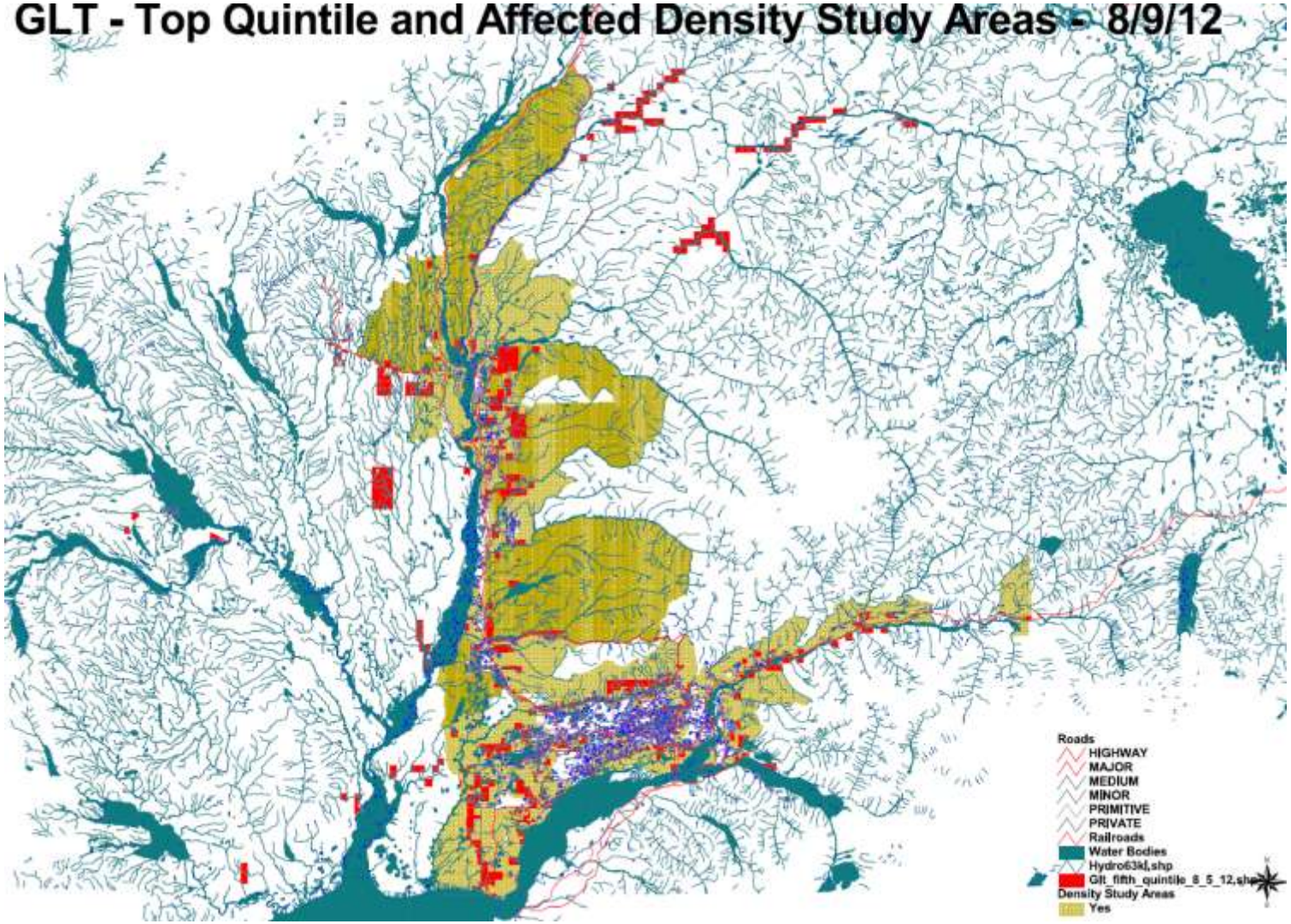
- Multiple scenarios
- Some have different density and different overall population
- Some hold population constant with different patterns

Base Case

- 50 yrs buildout
  + 320,000 people
  + $70 billion roads
  + $6 billion other

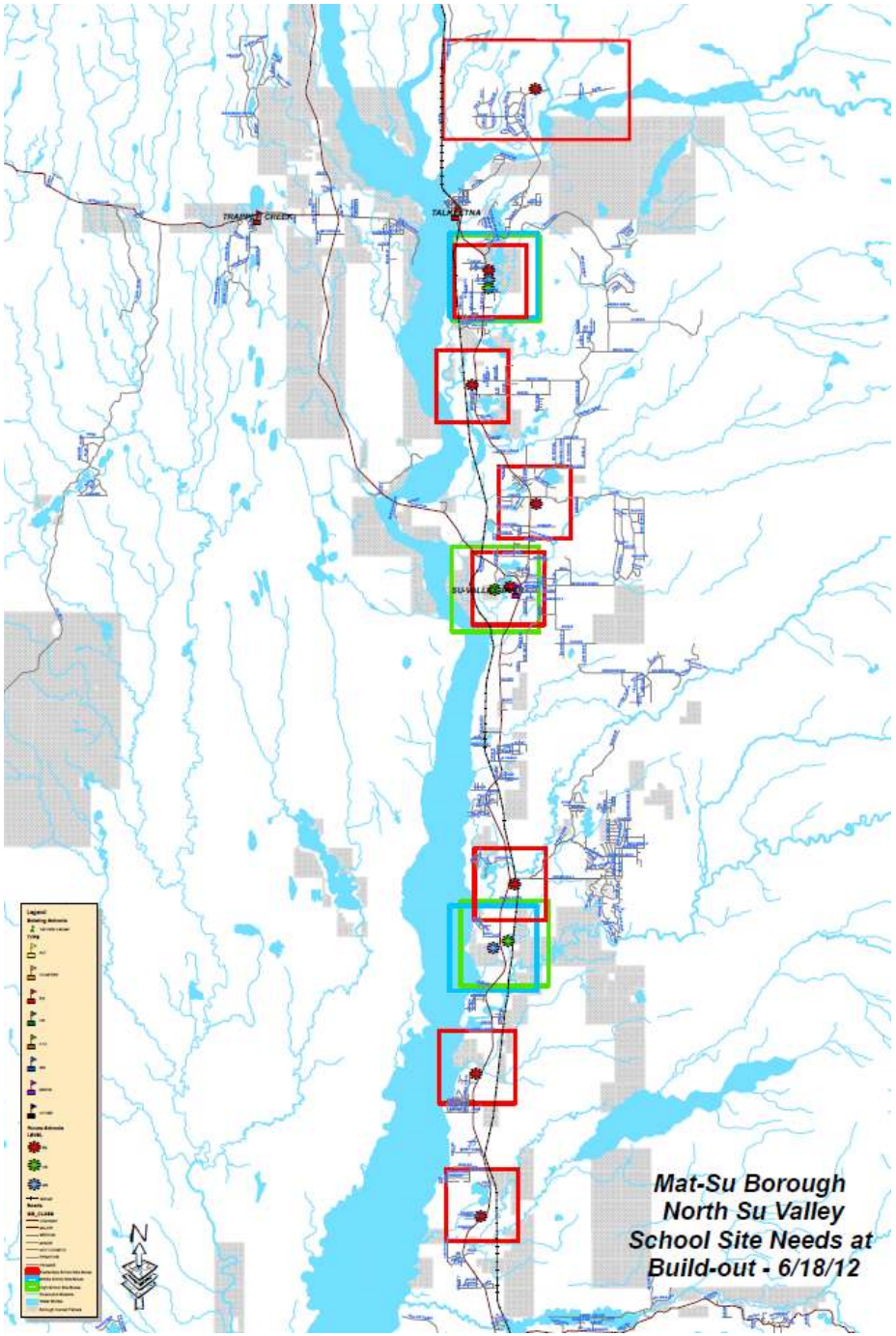


Alternative case: Key natural priorities



Alternative:
Lower density in North

potentially 63,000 fewer people over 50 yrs



Complications

- State of Alaska revenue situation
  - SOA currently pays 60% of education
  - SOA capital budgets
- Alaska disconnect
  - Jobs may bring expenses not revenue

Next Steps

- Six scenarios
- Finalize cost data
- Revenue model
- Report January 2013