

Fiscal Impacts of Alternative Land Development Scenarios

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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

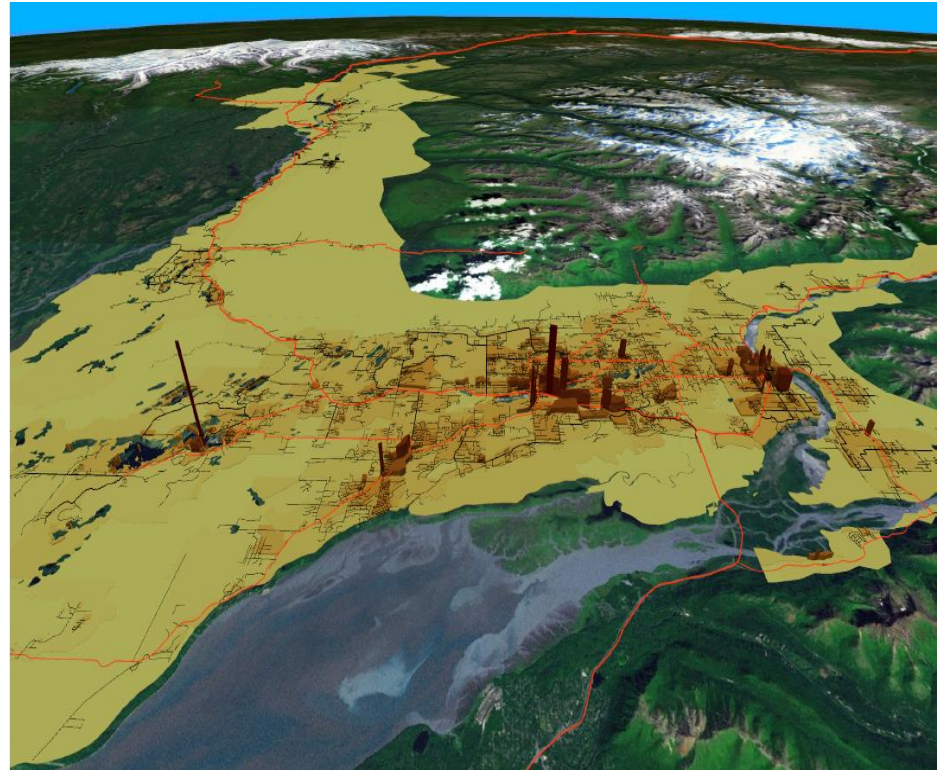
(Burchell et al 1992, 1997)

Current Project

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

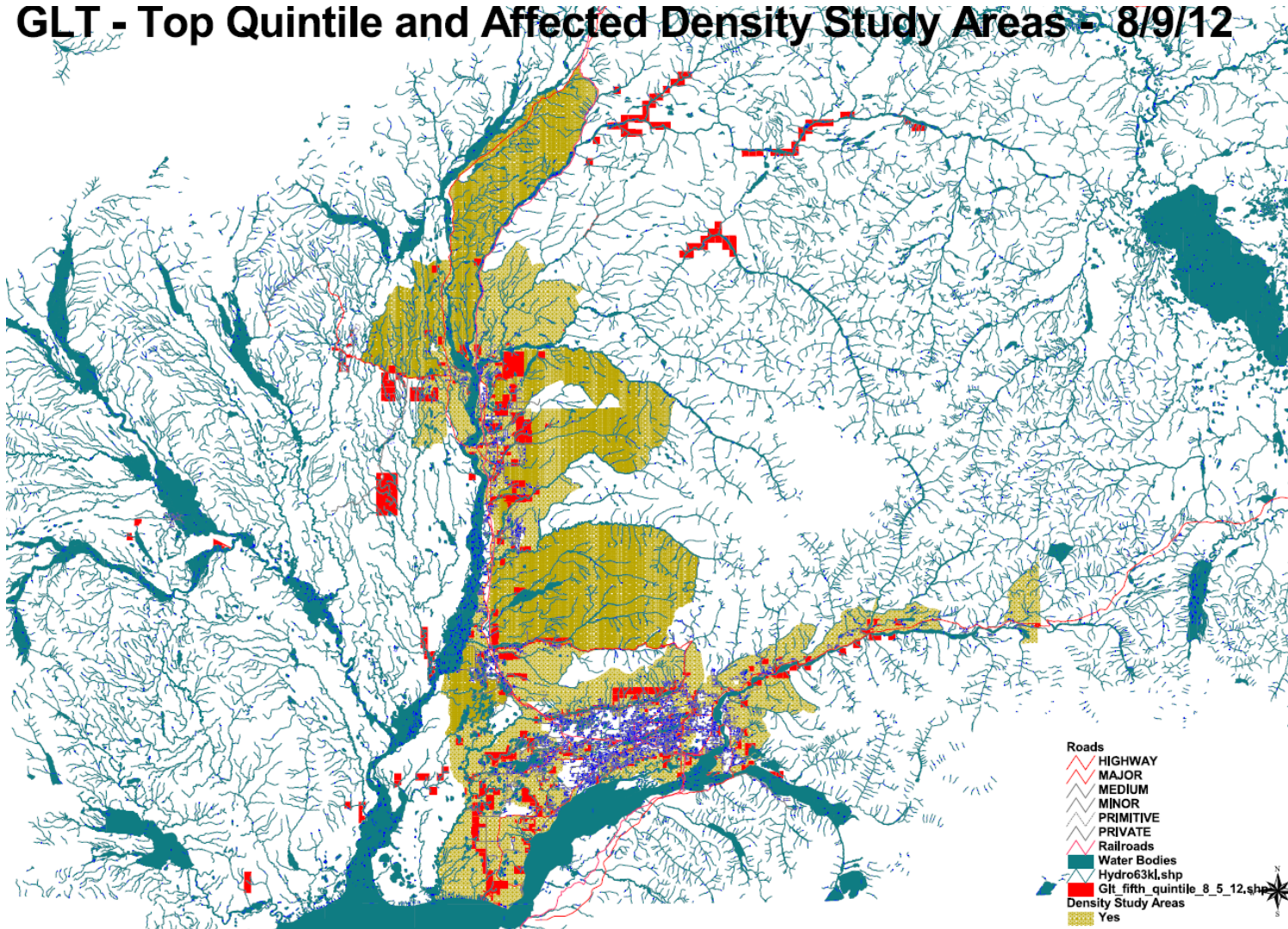
Base Case

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



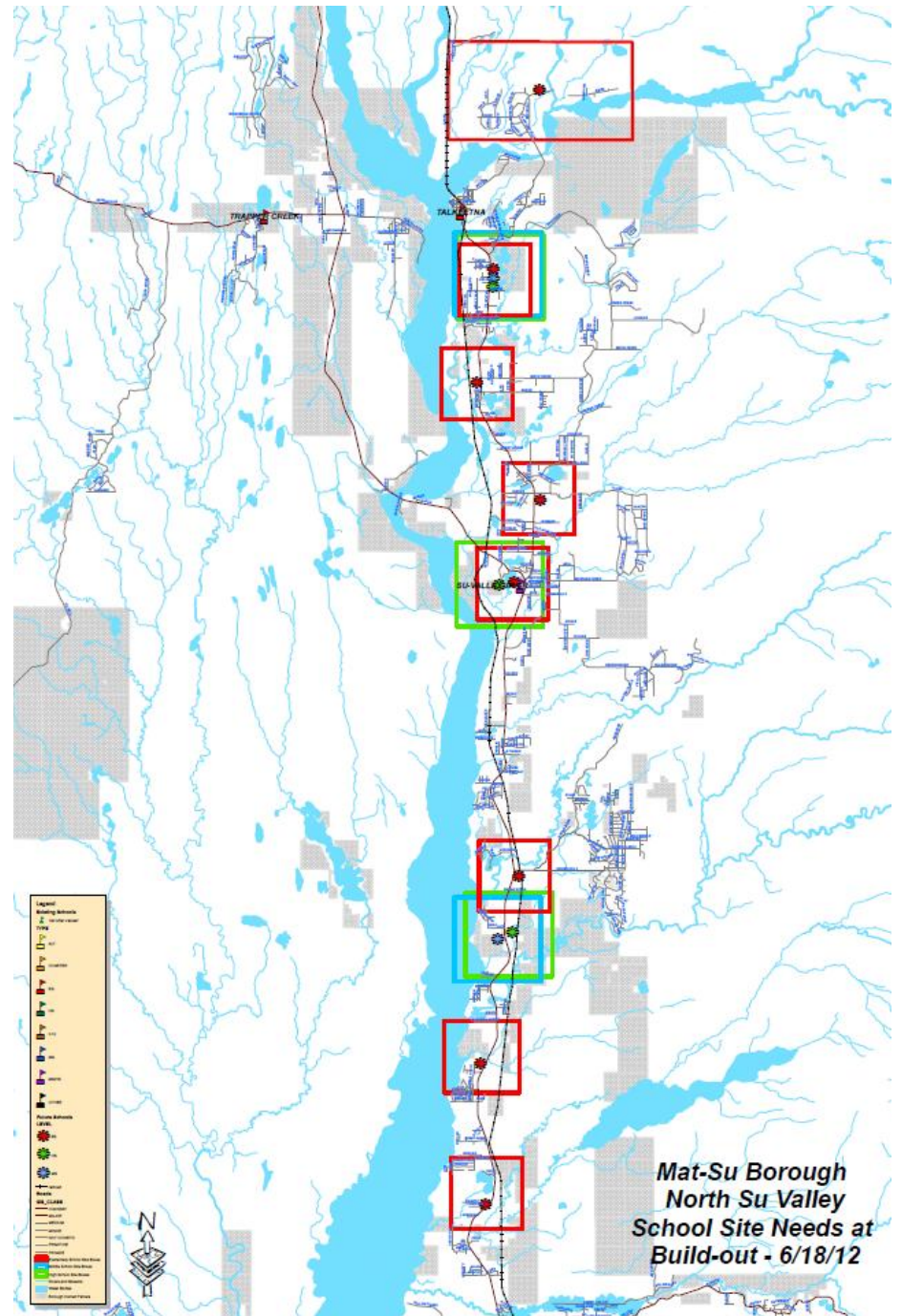
Alternative case: Key natural priorities

GLT - Top Quintile and Affected Density Study Areas - 8/9/12



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