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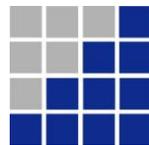
# TOWN OF BETHLEHEM

## **Finding the Balance:**

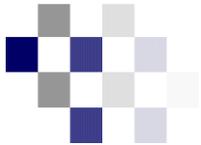
### The Importance of Fiscal Balance Considerations in Community Planning

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July 11, 2008



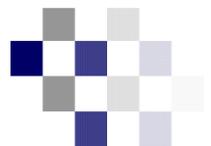
**camoin associates**  
ECONOMIC DEVELOPMENT

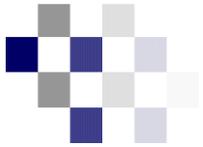


# PRESENTATION OVERVIEW

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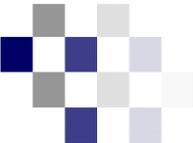
1. Introductions
2. Fiscal Impact Analysis Overview
3. Examples of Fiscal Analyses
4. Next Steps in Our Study

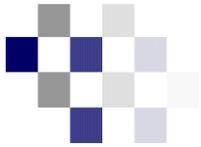




# FISCAL IMPACT ANALYSIS OVERVIEW

## The Planning Process



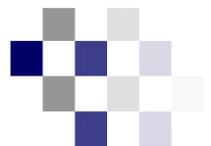


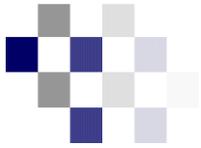
# FISCAL IMPACT ANALYSIS OVERVIEW

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## A financial planning tool that ...

- Predicts the effects of development on municipal budgets
- Provides insight into how economic, demographic and development changes impact municipal REVENUE and EXPENSES



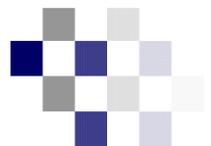


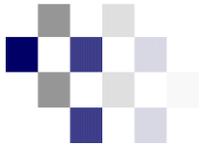
# FISCAL IMPACT ANALYSIS OVERVIEW

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## ECONOMIC CHANGE

- Communities affect and guide development through comprehensive planning and zoning - one of the most important things your Town can control
- These decisions have long-term fiscal ramifications





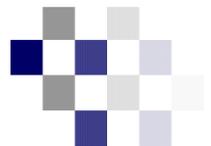
# FISCAL IMPACT ANALYSIS

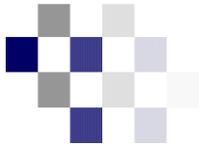
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## OVERVIEW

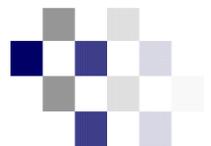
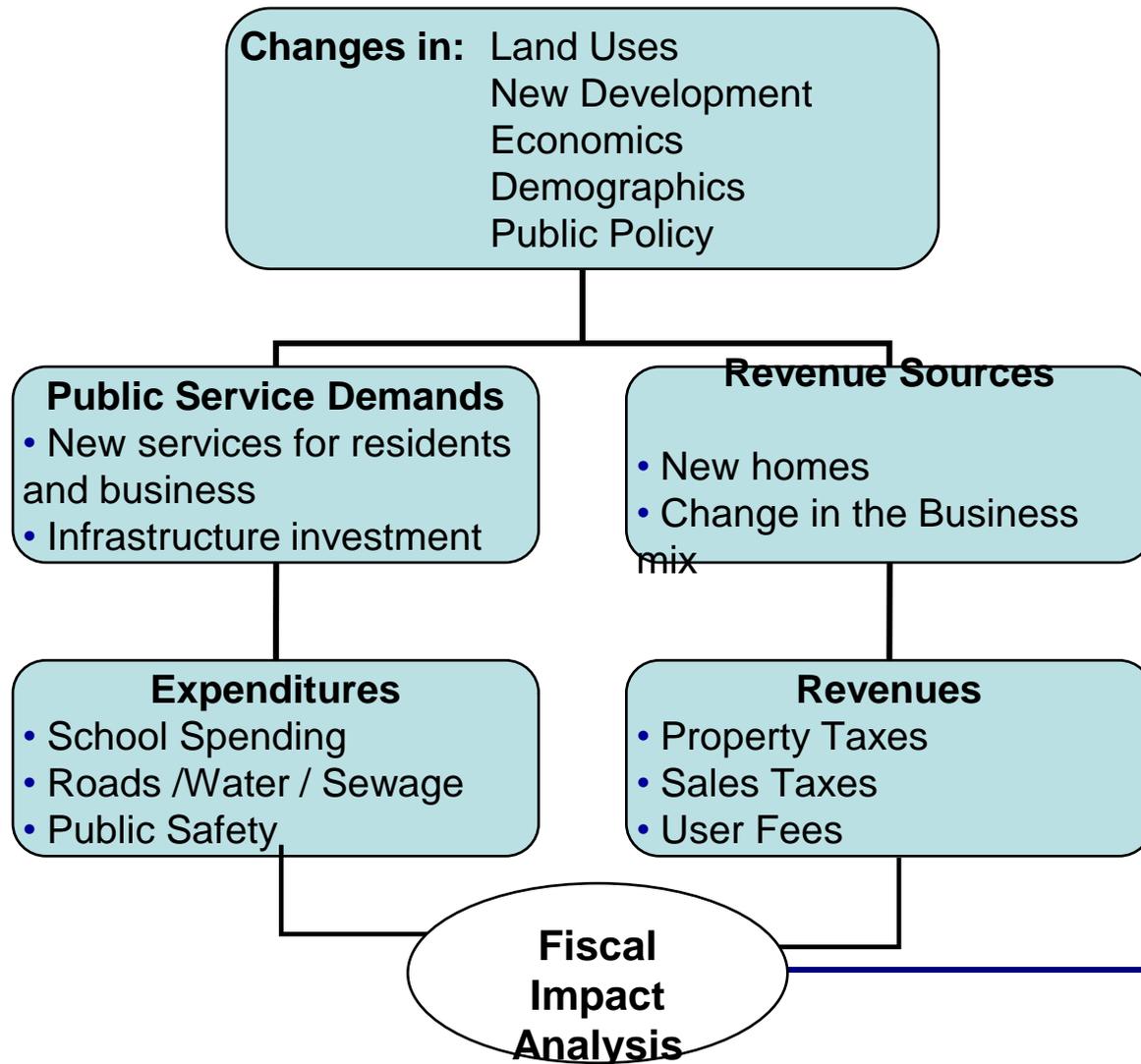
### What can cause a change in municipal fiscal conditions?

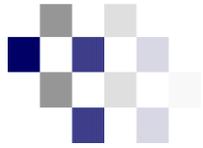
- Change in economic climate
- Demographic changes
- Change in demand for public services
- Imbalance of property classification
- For localities, funding to meet those service demands comes primarily from property tax revenue
- Public policy





# FISCAL IMPACT ANALYSIS OVERVIEW



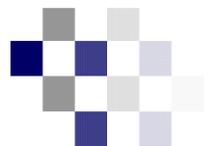


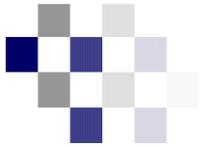
# FISCAL IMPACT ANALYSIS OVERVIEW

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## How and when can fiscal impact analysis be used?

1. Assess Proposed Development Project
  - provide specific insight into more fiscally beneficial development alternatives
2. During Comprehensive or Strategic Planning Process
  - understand in general how different kinds of development will affect municipal finances
3. Considering Zoning Changes or Request for a Variance



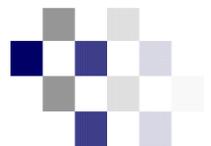


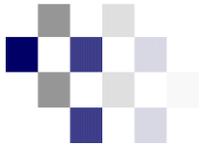
# FISCAL IMPACT ANALYSIS OVERVIEW

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## IMPACT OF RESIDENTIAL DEVELOPMENT VARIES

- Density
- Number of school-age children
- Taxable property value
- Value of residence relative to average
- Infrastructure
- Distance to schools
- Capacity issues



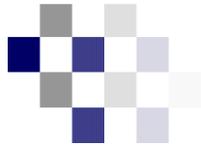


# FISCAL IMPACT ANALYSIS OVERVIEW

## Residential Factors Impacting the Fiscal

Balance*	
Negative Impacts	Positive Impacts
Low property value	High property value
Low geographical density	High geographical density
Large family size	Small family sizes

\*R.W. Burchell and D. Listokin, "Land, Infrastructure, Housing Costs and Fiscal Impacts Associated with Growth"



# FISCAL IMPACT ANALYSIS

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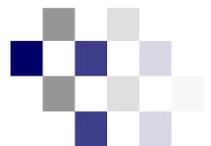
## OVERVIEW

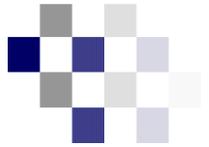
### IMPACT OF NON-RESIDENTIAL USES

- Much more likely to generate a positive net gain for municipal governments. Projection of newly created households are a factor.
- Demands fewer services
- Produces greater tax revenue
- May require incentives which erode revenues to some extent.

### Other non-fiscal impacts can include:

- Noise
- Congestion
- Lifestyle changes





# FISCAL IMPACT ANALYSIS OVERVIEW

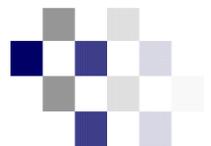
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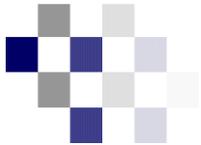
## IMPACT OF OPEN SPACE

- Limited demand on public services
- Among the least costly of uses
- Tends to be a positive net impact

## IMPACT OF SPRAWL

- For the same density and dwelling type, *leapfrog* development is more costly than contiguous



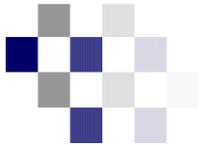


## CASE STUDY: NEW ALBANY, OH

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- Limited developable land
- Promote sustainable development
- Maintain a solid financial situation
- Balance competing land use opportunities

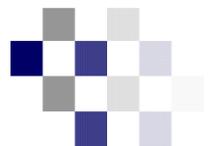


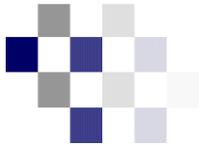


## CASE STUDY: NEW ALBANY, OH

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1. Evaluate current “mix” of properties by category (residential, commercial, etc.)
2. Breakeven analysis – minimum new home value required to cover cost of servicing new household
3. Identify gap between breakeven point and current average residential value

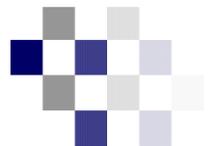


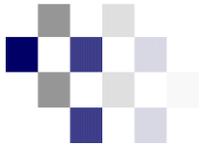


## CASE STUDY: NEW ALBANY, OH

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4. Estimate commercial/industrial space needed to fill the gap
5. Evaluate capacity issues for municipal services (stepped costs and growth ceilings)
6. Give recommendations on effectively mixing residential and non-residential growth to arrive at net-positive fiscal impact





## **CASE STUDY: MONTGOMERY, NY**

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### **Data sources:**

Orange County Real Property Tax Services

Town Budgets

Town Notice to Taxpayers

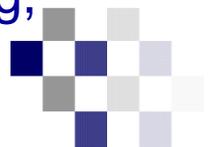
Valley Central School District

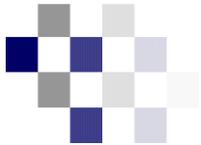
### **Parameters and assumptions:**

General & Highway costs – Town outside  
Villages

School District – Valley Central

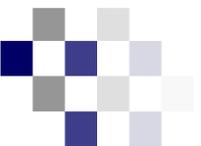
No special districts included (i.e. fire, lighting,  
etc.)

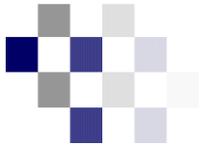




# CASE STUDY: MONTGOMERY, NY

Town Tax Base Outside Villages	
Total Assessed Value	\$821,378,227
Residential Assessed Value	\$471,730,593
% Residential	57.43%
% Non-Residential	42.57%





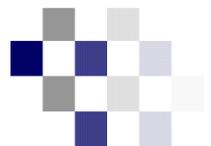
## CASE STUDY: MONTGOMERY, NY

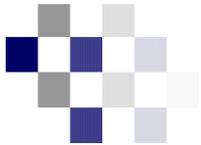
### Town & School Taxes Paid by Average Home

	Tax Rate per \$1,000	Tax Paid
Valley Central	\$26.4465	\$3,790
Town General	\$2.5857	\$371
Town Highway	\$2.2833	\$327
Total GF & HW	\$4.8690	\$698

### Local Taxpayer Supported GF & HW Costs

Residential AV (57.4%)	\$2,036,674
Non-Residential AV (42.6%)	\$1,511,539
Total GF & HW Costs	\$3,548,213
# Households	2,711
Per HH Cost	\$751



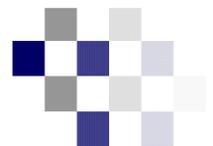


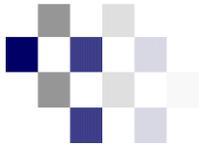
## CASE STUDY: MONTGOMERY, NY

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<b>Valley Central School District Costs</b>	
Per pupil instructional cost	\$14,789
State aid per pupil	\$6,065
Net cost per pupil	\$8,724
Net cost per household	\$5,845

Average home pays \$3,790 in school taxes, so non-residential property owners are subsidizing school costs at a rate of about \$2K per household.

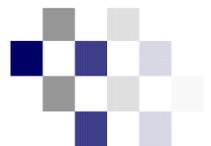


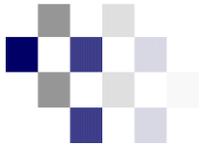


# CASE STUDY: MONTGOMERY, NY

Average Net Impacts Commercial & Industrial Property to Town & School District			
Type	Average AV	Average TV	Average Net Impact
Large-Scale Retail	\$2,485,700	\$2,475,499	\$66,783
Transportation & Warehousing	\$1,848,227	\$1,296,237	\$32,608
Manufacturing & Light Industrial	\$714,665	\$698,046	\$18,772
Residential Rental Properties & Lodging	\$517,987	\$495,877	\$13,291
Banking & Office	\$466,495	\$411,230	\$10,863
Eating & Drinking Establishments	\$266,872	\$256,886	\$6,892
Automotive Dealers & Services	\$245,050	\$217,327	\$5,747
Agriculture	\$200,979	\$77,734	\$1,566
Downtown Retail	\$157,816	\$145,211	\$3,866

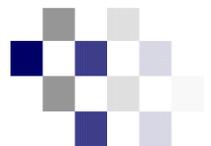
Based on Townwide tax parcel data, includes all Villages.

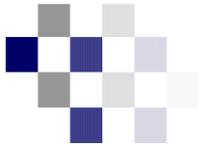




## CASE STUDY: MONTGOMERY, NY

<b>Hypothetical Scenario - Residential Development</b>	
Market Value of Proposed Homes (40 total)	\$350,000
Taxable Value of Each	\$168,000
GF & HW Fund Taxes	\$818
GF & HW Fund Costs	\$751
GF & HW Gap / Surplus	\$67
School Taxes	\$4,443
School Costs	\$5,845
School Gap	-\$1,402
# Homes in Development	40
Total GF & HW Gap / Surplus	\$2,669
Total School Gap	-\$56,083

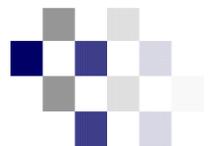


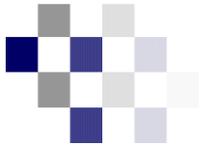


## NEXT STEPS IN STUDY

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- Dept of Economic Development
  - Inventory developable land
  - Three potential development scenarios
  - Existing policies: what is realistic between now and 2020
  - Rate of absorption/buildout
- Comptroller's Office
  - Baseline financial trends
  - Anticipated major changes
- Camoin Associates
  - Fiscal modeling





## NEXT STEPS IN STUDY

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### Camoin Associates Fiscal Modeling

- Changes to revenue streams and expenditures
- Service demands and capacity
- “High”, “Mid”, and “Low” range projections for non-property tax revenue income
- Changes to prop tax levy required to meet needs
- Recommendations for 2020 plan

