

Comparative Property Taxes

• Housing is likely to generate 2 to 3 x more in annual City property taxes than a commercial/industrial build out

• Single-family subdivision:

- Estimated Full Market Value: \$41.2 million
- Gross Taxable Digest: \$16.5 million
- Net Digest after Exemptions: **\$14.8 million**
- Annual Property Taxes: \$140,750
- *Resident Population increase: 358

• Commercial/Industrial/Flex build out:

- Estimated Full Market Value: \$13.3 million
- Taxable Real Estate Digest: \$ 5.3 million
- Taxable Personal Property: \$0.96 million
- Total Property Tax Digest \$6.3 million
- Annual Property Taxes: \$ 59,700
- *Potential on-site employment: 255

Component	Acres	Units	Avg. Value/Ac or Unit	Total Full Value	Tax Digest
SF Homes	18.46	123	\$330,000	\$40,590,000	\$16,236,000
Pool	0.8		\$800,000	\$640,000	\$256,000
Parks	1.1		\$7,500	\$8,250	\$3,300
Common Area	2.0		\$3,500	\$7,000	\$2,800
Gross R.E. Digest:	22.36	123	\$335,327	\$41,245,250	\$16,498,100
Plus Residential Personal Property (Boats, vehicles, etc.)					\$51,816
Gross Digest at Build Out:					\$16,549,916
Less Homestead Exemptions @ Estimated Average				-\$14,100	-\$1,734,300
Net Tax Digest at Build Out					\$14,815,616
Annual City Property Taxes @			Millage Rate	9.5	\$140,748

Component	Acres	SF	Average Value/SF	Total Full Value	Tax Digest
Industrial	20.46	60,000	\$80.00	\$4,800,000	\$1,920,000
Office	0.8	30,000	\$150.00	\$4,500,000	\$1,800,000
Commercial	1.1	25,000	\$160.00	\$4,000,000	\$1,600,000
Gross R.E. Digest:	22.36	115,000	\$116.00	\$13,300,000	\$5,320,000
Plus Commercial Personal Property @			18.1% of RE Value		\$962,039
Net Tax Digest at Build Out					\$6,282,039
Annual City Property Taxes @			Millage Rate	9.5	\$59,679

*Population change estimated at an average of 2.91 persons per unit

* On-site jobs estimated at an average of 2.2 per 1,000 SF

Comparative Total City Revenues at Build Out

General Government Forecast	City-wide FY 2020 Actual	Residential Option	Nonresidential Option
General Fund Revenues			
Taxes			
Real & Personal Property taxes	\$4,674,846	\$140,700	\$59,700
Stormwater Fees	(Included)	\$5,900	\$7,200
Insurance Premium taxes	\$1,062,080	\$23,800	\$0
Business/Occupational Taxes	\$175,932	\$0	\$34,600
Franchise tax	\$799,245	\$15,200	\$2,500
Excise/Alcohol Taxes	\$254,168	\$0	\$5,000
Licenses and permits	\$618,677	\$10,600	\$3,800
Fines and Forfeitures	\$418,356	\$8,300	\$1,200
Charges for services	\$611,323	\$20,500	\$30,500
Investment Income & Other Revenue	\$123,928	\$4,200	\$6,200
Intergovernmental & Transfers (No Assumed Impact)			
Estimated Revenues	\$8,738,555	\$229,200	\$150,700

* Various formulas were used to forecast Project-related revenues by source.

• Depending on the mix of tenants/end users, non-residential development generates slightly more non-property tax related revenue than the residential subdivision – but still generates 34% less in **total** City revenues from all sources

- If existing and fully completed today, development of these parcels would have increased total FY 2020 City general fund revenues by:
 - Residential Proposal: 2.6%
 - Nonresidential Concept: 1.7%
 - Impacts on City business-type activities (such as trash collection) are not addressed
- Nonresidential scenario assumes
 - Multi-tenant occupancy by 18 businesses
 - A minimum of one restaurant with full liquor licensing
- Residential scenario assumes population growth will eventually impact the City’s receipt of TAVT, insurance premium and other taxes distributed via revenue sharing formulas
 - Actual revenue increases could lag development by several years
- Alternative development scenarios could produce significantly different results

Comparative City Service Costs at Build Out

General Government Forecast	City-wide FY 2020 Actual	Residential Option	Nonresidential Option
General Fund Service Costs			
General government	\$2,174,350	\$31,800	\$7,600
Judicial	\$358,079	\$3,300	\$600
Public safety	\$2,560,285	\$37,500	\$18,800
Public Works	\$1,358,642	\$23,600	\$2,100
Community & Econ. Development	\$326,212	\$2,400	\$1,100
Planning & Zoning	\$440,405	\$5,300	\$2,300
Recreation and culture	\$354,749	\$10,300	\$300
Estimated Service Costs	\$7,572,722	\$114,200	\$32,800

* Various formulas were used to forecast Project-related City service costs by source.

• Net Fiscal Impact

General Government Forecast	City-wide FY 2020 Actual	Residential Option	Nonresidential Option
General Fund Revenues	\$8,738,555	\$229,200	\$150,700
General Fund Service Costs	\$7,572,722	\$114,200	\$32,800
Surplus (Deficit) of Revenue/Cost Margin	\$1,165,833 13.3%	\$115,000 50.2%	\$117,900 78.2%

- If existing and fully occupied today, development of these parcels would have increased total FY 2020 City general fund expenditures by:
 - Residential Proposal: 1.5%
 - Nonresidential Concept: 0.4%
 - Impacts on City business type activities are not addressed
- KBA estimates that a non-residential development scenario would generate 71% **less** in City service costs than a residential subdivision – more than offsetting corresponding lower City revenues
- Both alternatives generate a similar positive net fiscal impact at build out, with the nonresidential concept exceeding the proposed subdivision by 3%
 - This comparison does not consider time lag effects
 - Different development concepts can produce significantly different results
 - Positive net impacts in the short term are likely to erode over time

Long-Term Net Fiscal Impact

- KBA prepared a 20-year fiscal forecast using the following assumptions
 - Property taxes assume no change in millage rates
 - Residential floating homestead exemptions will limit property tax growth to resales & renter occupied units
 - Nonresidential property values increase 2.0% per year
 - All other City revenues increase 2.5% per year
 - City residential service costs are assumed to increase at twice the rate of commercial services
 - The residential subdivision starts construction in 2022 and begins to impact City budgets by 2023
 - The commercial/industrial concept is not implemented for 5 years and begins to impact City budgets by 2027
 - Future revenues are discounted at 5% to estimate net present value
- The nonresidential build out begins to out-perform the subdivision by 2030 but on a net present value basis the residential use produces a larger positive net fiscal impact of about 27% over 20 years

