

**DRAFT**

# Preliminary Fiscal Impact Forecast:

Proposed Residential Townhome Development on 4.99 Acres  
Located at 3716 and 3720 Powder Springs Rd.

Prepared for

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Prepared by



**KB** | ADVISORY GROUP

October 16, 2024

# Assignment Summary

- The City of Powder Springs has retained KB Advisory Group (KB) to prepare fiscal impact analyses (FIA) for new development proposals on an as needed basis.
- The City has received an application to rezone 2 parcels located at 3716 and 3720 Powder Springs Rd. to PUD-R. The two parcels are inside the city limits and currently contained two single family homes.
- The proposed development plan (the Project) includes, 36 townhomes, plus stormwater management area, a small common area and open space buffer.
- The City has asked KB to apply the same methodology used in previous FIA work to forecast the net fiscal impact of this Project if annexed and developed for the proposed residential use.



# Background and Scope

- Building upon previous FIA work completed in 2022 and 2023, KB estimated potential municipal revenues and service costs associated with the proposed development program for the proposed annexation site.
- The limited scope of the analysis included the following tasks:
  - Analyze recent financial reports to understand the City’s revenue/expense structure and develop realistic service cost “multipliers” for population, housing and nonresidential development,
  - Using the proposed site plan and related information provided by the Applicant, quantify the future characteristics of the Project in terms of its taxable value at completion, resident population, and related variables,
  - Estimate property tax and non-property tax City revenues associated with the proposed build-out,
  - Similarly forecast increased service costs over time, including impacts on governmental (general fund) and “business type” activities (sanitation, stormwater, etc.), and
  - Forecast the Project’s cumulative net fiscal impact on City finances over 20 years.
  - KB also compiled a random sample of nearby homes to gather insights into city homestead exemptions based on taxable full value, year built, the date of the most recent property sale and related variables.
- Although FY 2024 ended on June 30, FY 2024 City revenues and expenditures were not available to update the fiscal model. KB relied on FY24 budget data to update FY 2023 information to current conditions. We also updated estimates of the City’s population and households based on secondary sources.
- In this case, no development alternatives to the Applicant’s site plan were considered for the proposed development.

# Assumptions and Limiting Conditions

- The requested scope of this analysis is confined to addressing the fiscal impacts of the proposed land use scenario for the subject property, using reasonable inputs and assumptions. The scope of work did not include market research and KB makes no representations concerning the feasibility or market acceptance of the Applicant's proposed plan. Also, the forecast does not account for possible future economic downturns or other factors that could negatively impact future real estate values or rates of new construction.
- The Project's estimated taxable full value at build out reflects site plan information provided by the Applicant, supported by values of comparable new housing products in the area. The Project's construction is assumed to be competitive in terms of quality and pricing to available alternatives. It is also assumed that the Project will be competently developed and marketed throughout the term of the forecast.
- The analysis focuses only on fiscal impacts resulting from the Project. No effort is made to forecast future value changes, costs or revenues associated with existing or new development occurring elsewhere in Powder Springs, which will also impact City finances over time.
- The forecast also assumes that (a) current sources of City revenues will continue and no major new revenue sources will emerge and (b) there will be no significant change to the scope of City services currently delivered to residents and businesses over the entire period.
- This analysis does not address potential future growth impacts on public school enrollments or upon School District or County finances. It is assumed that those entities will be responsible for addressing resulting growth impacts on their respective jurisdictions.

# Executive Summary

- The following analysis estimates the annual (at build out) and 20-year cumulative net fiscal impact of a requested development of 4.99 acres on the northerly side of Powder Springs Rd. in the City of Powder Springs.
- The proposed development plan includes 36: townhomes served by a central neighborhood common area and open space buffer.
- The resulting analysis shows that this development should be fiscally positive in both the short- and long-term, as summarized in this table.
- Over time the Project’s annual net surplus is likely to erode as city homestead exemptions reduce growth in the Project’s net tax digest, and municipal service costs increase as the development ages. However, positive net fiscal impacts to the City are enhanced by the estimated higher taxable value of new construction versus older existing housing and the fact that the floating homestead exemption requires several years of ownership to reach significant levels.
- Analysis findings are presented in the following sections.

Summary	Development Totals
Total Residential Units	36
Taxable Real Estate Value (2024\$)	\$13,535,000
Estimated Annual Tax and Non Tax Revenue	\$93,828
Estimated Annual City Service Costs	\$68,700
Net Fiscal Impact (Annual)	\$25,128
20 Yr Net Present Value discounted @ 5%	\$131,300

[1] Net tax digest at build out (in 2024\$) including associated personal property value and an allowance for City Homestead exemptions.

# Section I: Development Forecast Assumptions

Value Analysis and Construction Phasing

# Existing Conditions

- The proposed development site consists of two tax parcels located inside the City limits. The parcels generated an estimated \$2,856 in combined property taxes to the City in 2024.
- County tax records indicate that the parcels are of similar size and together total 4.99 acres. The 2.26-acre parcel is improved with an 1,134 SF home built in 2000. The 2.73-acre parcel contains a 1,772 SF home built in 1950. The parcels' combined taxable (2024) value is \$751,710 of which, \$459,100 is attributed to the land and the balance to the improvements. Neither property was owner occupied in 2024.
- In 2025, KB estimates that the values of the two parcels will not change significantly, resulting in the collection of \$2,540 in city property taxes, assuming no change to the millage rate and no development or reassessment occurs before December 31 of this year.



# Surrounding Land Uses

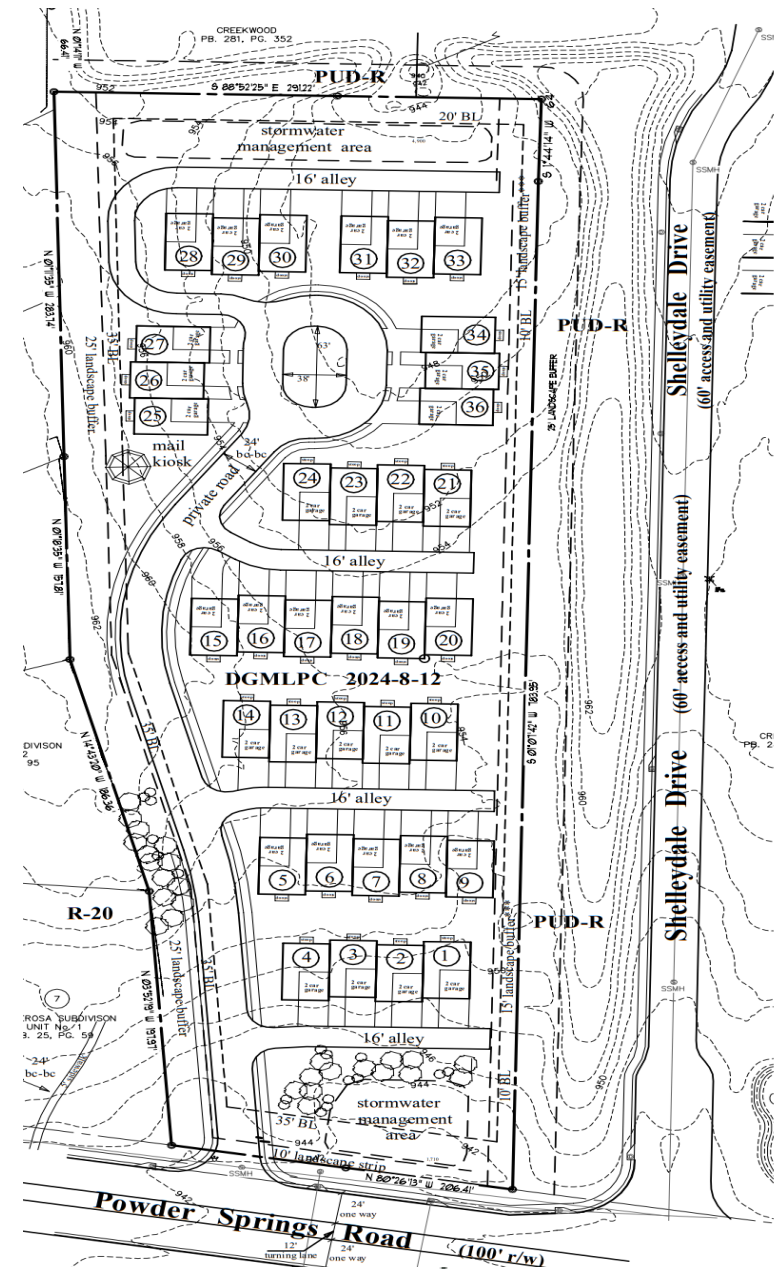
- The Project site is in a section of Powder Springs Road that has experienced a substantial amount of new development in recent years. The property is bounded to north and west by older single-family subdivisions developed in the 1960's. Immediately to the east and south are new single-family, ranch condominium and townhome developments offering new construction.
- KB pulled a sample of 25 nearby residential parcels, consisting of homes built between 1962 and 2024. The newer units in the sample averaged 2,069 SF, with a median taxable full value of roughly \$376,700 (\$192/SF). There was minimal pricing and unit size variation between new ranch condos and townhomes, which were valued in the \$330,00 to \$380,00 for units ranging from 1,700 to 1,900 SF.
- KB also sampled 10 homes in nearby Tapp Farm, that were completed/sold from 2021 to 2023. The sample of new SF homes averaged just under 2,600 SF with an average full value of \$473,000 (\$192/SF). (The top end of the sample exceeded \$500,000). Because these were all recent sales only 50% of the owners qualify for 2024 city exemptions averaging slightly below \$18,400. These data points will be used to estimate taxable values and average homestead exemptions for the Project.





# Summary Implications

- Based on limited site plan information provided by the applicant, as well as a random sample of existing townhome products throughout the City, KB made the following estimates and assumptions concerning the likely future property tax impacts of the Project.
  - Pricing is assumed to be comparable to or slightly below recently sold townhome units in Tapp Farm and Preston Village, which appear to be of similar size to this project, in developments with more amenities. This would place average pricing of the proposed units at approximately \$195 to \$200 per SF depending on their size.
  - Because this project is entirely townhomes, we estimate that the percentage of qualifying homeowners, the average city exemption for those owners and the length of time individual owners occupy their units are all likely to be lower than single family new construction. We estimated that the average exemption would be 20% lower than the average of all new construction (at roughly \$15,000) when the project is sold out. The percentage of homeowners receiving exemptions would also increase from 50% in 2027 to a peak of 75% 10 years later, before gradually declining as more units are resold and/or acquired by investors.
  - KB has analyzed the value distribution of city exemptions based on a larger sample of residential properties. Based on when units were purchased and occupied by their current owner, KB estimates that the average city exemption for the sample has increased at a 12% annual rate over ownership periods ranging from 1 to 35 years. KB applied a 10% average annual rate to estimate the growth in floating city exemptions to this Project, based on the assumption that there would be more rapid turnover over the forecast period.



# Estimated Taxable Value of the Proposed Development

- Using information gathered from the site plan, typical elevation drawings provided by the applicant, and a sample of tax records discussed in the preceding slide, KB estimated the taxable full market value of the Project at build out.
- This table summarizes the estimated allocation of the 4.99 acres among the proposed housing units, open space, and non-taxable ROW, including resulting square footage and taxable market value.
- KB applied a baseline (2024) value of \$197 per SF and 1,800 SF per unit, resulting in an average sale price of \$355,000 (in 2024\$). Taxable full values could increase by 2026 if nearby projects are sold out and appreciate by that time.
- Average values could also increase depending on whether larger townhomes are included the unit mix. It is also assumed that most units will be owner-occupied.

### 3716 and 3720 Powder Springs Rd.

#### Development Summary and Estimated Taxable Full Value at Completion (2027)

Project Components	Allocated		Average SF/Unit	Total Building SF	Estimated Assessed Full Value		
	Acres	Units			Per Unit/AC	Per Sq.Ft.	TOTAL
Townhomes	2.99	36	1,800	64,800	\$355,000	\$197.22	\$12,780,000
Open Space/Common Area	1.10				\$3,000		\$3,300
Roads/ROW	0.90				\$0		\$0
<b>Totals</b>	<b>4.99</b>	<b>36</b>		<b>64,800</b>			<b>\$12,783,300</b>

Source: Applicant Site Plan and KB Advisory Group, Inc.



# PHASING ASSUMPTIONS

- KB developed a phasing schedule that assumes a mid-2025 construction start, with sales of the first completed units becoming taxable during calendar year 2026.
- Including an allowance for assessing time lag effects and resulting delays in the City's receipt of property tax revenues from new construction, KB forecasts that the project would be fully completed taxed by 2028. Depending on the timing of individual unit sales, resulting property tax revenues could be delayed a year beyond this schedule.

3716 and 3720 Powder Springs Rd.		1	2	3	4	5
Build Out Forecast	TOTALS	2025	2026	2027	2028	2029
<b>Annual Absorption Housing Units</b>						
Townhomes	36		4	20	12	-
<b>TOTALS: (Housing Units Only)</b>	<b>36</b>	-	4	20	12	-
<b>Cumulative Absorption</b>						
Townhomes		-	4	24	36	36
TOTAL:		-	4	24	36	36
<b>Acres Developed</b>						
Townhomes	2.99		0.3	2.0	3.0	3.0
Open Space	1.10	1.10	1.10	1.10	1.10	1.10
<b>Total Acres Developed:</b>	<b>4.09</b>	<b>1.10</b>	<b>1.43</b>	<b>3.10</b>	<b>4.09</b>	<b>4.09</b>
Residual Acres/ROW	0.90	0.90	0.90	0.90	0.90	0.90
<b>Total Developed SF</b>						
Townhomes	64,800	-	7,200	43,200	64,800	64,800
<b>Total Building SF:</b>	<b>64,800</b>	-	<b>7,200</b>	<b>43,200</b>	<b>64,800</b>	<b>64,800</b>

# Section II: Fiscal Impacts

## Project-Generated City Revenues and Service Costs

- As noted, FY 2024 audited City revenue and expense information is not yet available, so KB has relied upon 2023 actual and 2024 budget estimates to estimate non-tax revenues and associated service costs.
- The City's 2024 tax digest is available and has been incorporated into the analysis. We have also updated prior estimates of the city's current population and households using various secondary sources which are showing significant recent increases in the City's population. These estimates have been boosted by the recent addition of new apartment complexes within the city limits, which have begun to lease units. KB has assumed that only a limited number of these new apartments are currently occupied and that demographic impacts on the City will take another 12 months to be fully reflected in census and other secondary data sources.

# Revenue History

- Financial information shown here indicates that real estate and personal property taxes have accounted for roughly 46% of city general fund revenues over the past 5 fiscal years.
- Recent City revenues from sources other than property taxes have averaged more than \$5.6 million annually, including the TAVT, franchise taxes, excise taxes, alcohol sales, fees, fines and charges for services. These revenues should increase with the additional population and households that will be located within the proposed annexation site.
  - With a current estimated city population of roughly 18,560, these “non-property tax” revenues average roughly \$419 per capita.
- Combined (self-supporting) city enterprise funds and inter-governmental revenues totaled nearly \$10.1 million or 44% of total City revenues in FY2024.

Selected Revenue Line Items	FY 2020	FY 2021	FY 2022	FY 2023	FY 24 (Estimate)
<b>GENERAL FUND REVENUES</b>					
Real Property Taxes	\$3,884,109	\$4,404,801	\$4,576,870	\$5,386,337	\$6,179,908
Title Ad Valorem Tax (TAVT) and AAVT	\$434,520	\$577,049	\$666,167	\$663,089	\$666,405
All Other Personal Property Taxes	\$409,151	\$449,845	\$454,093	\$425,514	\$484,900
RE Transfer Tax	\$30,590	\$0	\$60,673	\$42,369	\$44,488
Franchise Taxes (Electric, Natural Gas, Cable & Telephone)	\$799,245	\$758,374	\$798,579	\$839,326	\$881,292
Alcohol Excise Taxes and License Fees	\$317,644	\$338,639	\$335,959	\$346,199	\$354,854
Hotel/Motel Taxes	\$0	\$618	\$10,836	\$12,943	\$13,590
Business & Occupational Taxes	\$349,966	\$412,082	\$395,897	\$438,241	\$460,153
Insurance Premiums Tax	\$1,097,795	\$1,119,606	\$1,156,414	\$1,400,053	\$1,470,055
Financial Institutions Tax	\$0	\$0	\$0	\$0	\$0
General Business Licenses	\$845	\$10,505	\$10,830	\$5,300	\$5,167
Building Permits, Fees and Penalties	\$171,316	\$16,787	\$366,897	\$540,303	\$545,706
Planning & Development Fees	\$307,000	\$316,393	\$426,521	\$645,328	\$677,594
Court & Law Enforcement Fines, Penalties & Charges	\$435,434	\$585,282	\$314,864	\$534,931	\$551,346
Streets & Public Improvements	\$296,091	\$566,077	\$369,710	\$378,417	\$397,338
Culture, Recreation & Other Charges for Services	\$560	\$1,385	\$4,480	\$9,370	\$9,651
Rents, Royalties, Asset Disposition and All Other Revenue	\$53,376	\$199,177	\$2,253,753	\$152,716	\$157,297
Interest	\$52,532	\$8,215	\$55,625	\$1,007,759	\$1,037,992
<b>SUBTOTAL - GENERAL FUND REVENUES</b>	<b>\$8,640,174</b>	<b>\$9,764,835</b>	<b>\$12,258,168</b>	<b>\$12,828,195</b>	<b>\$13,937,736</b>
<b>ENTERPRISE FUND REVENUES</b>					
Sanitation Fees - Refuse Collection Charges	\$1,221,659	\$1,419,413	\$1,414,135	\$1,556,680	\$1,681,215
Water Charges	\$0	\$0	\$0	\$0	\$0
Sewerage Charges	\$0	\$0	\$0	\$0	\$0
Storm Water Utility Charges	\$471,422	\$530,183	\$615,160	\$693,265	\$748,726
Other Utility/Enterprise Fund Charges - Attach List	\$145,533	\$0	\$0	\$0	\$0
<b>SUBTOTAL - ENTERPRISE FUND REVENUES</b>	<b>\$1,838,614</b>	<b>\$1,949,596</b>	<b>\$2,029,295</b>	<b>\$2,249,945</b>	<b>\$2,429,941</b>
<b>INTERGOVERNMENTAL REVENUES</b>					
State Intergovernmental (LMIG) & Other Road Grants	\$181,897	\$204,638	\$171,676	\$177,267	\$180,812
SPLOST	\$3,177,831	\$3,551,347	\$4,222,475	\$6,549,572	\$7,040,790
Intergovernmental PILOT Payments	\$0	\$278,769	\$287,265	\$309,737	\$328,322
Other State and County Intergovernmental Revenues	\$263,762	\$1,481,025	\$46,609	\$33,254	\$33,919
CDBG & Other Federal Grants	\$137,175	\$7,730	\$296,412	\$775,809	\$120,721
<b>SUBTOTAL - INTERGOVERNMENTAL REVENUES</b>	<b>\$3,760,665</b>	<b>\$5,523,509</b>	<b>\$5,024,437</b>	<b>\$7,845,640</b>	<b>\$7,704,564</b>
<b>TOTAL REVENUES:</b>	<b>\$14,239,453</b>	<b>\$17,237,941</b>	<b>\$19,311,899</b>	<b>\$22,923,779</b>	<b>\$24,072,241</b>

# Expense History

- The City's recent expenditure history shown here indicates that roughly a third of total general fund spending over the past 5 fiscal years has been allocated to capital improvements, including more than \$5.9 million in FY 2023. FY 24 budget estimates suggest that capital improvements would be reduced from 2023 levels.
- With the sale of the City's water and sewer system to the County in FY2020, the cost of City enterprises has fallen to roughly \$2.6 million. In FY2024 the City also budgeted \$1.15 million for principal & interest payments on long term debt.
  - Excluding capital improvements which are largely funded by intergovernmental revenues, the City spent \$708 per capita on operations and debt service in FY 2024.
- FY 2023 revenues from all sources exceeded spending by nearly \$2.6 million (11%). That margin appears to have increased in FY 24.

Sources: Georgia Department of Community Affairs, Annual Reports of Local Government Finance (RLGF) database and City Budget documents.

Selected Expenditure Line Items	FY 2020	FY 2021	FY 2022	FY 2023	FY 24 (Estimate)
<b>Selected Expenditure Line Items - Operations</b>					
General Government Legislative/Election Operations	\$172,056	\$88,038	\$144,821	\$124,444	\$128,178
General Government Administration Operations	\$1,426,339	\$3,237,989	\$3,667,673	\$3,618,835	\$3,727,400
General Government - Buildings & Plant Operations	\$900,956	\$76,886	\$0	\$18,321	\$18,871
Judicial/Court Operations	\$358,079	\$312,747	\$296,509	\$288,492	\$331,766
Public Safety / Police Operations	\$2,560,285	\$2,275,522	\$2,191,268	\$2,639,513	\$3,272,996
Public Works Administrative Operations	\$1,358,642	\$1,356,572	\$1,269,183	\$1,244,943	\$1,319,640
Public Works Roads, Streets & Other Maintenance Operati	\$0	\$898,380	\$944,956	\$1,093,674	\$1,159,295
Community Services Operations	\$34,824	\$3,959	\$2,069	\$2,319	\$2,389
Parks & Recreation Operations	\$319,925	\$434,331	\$493,186	\$489,405	\$587,286
Protective Inspections Operations	\$112,294	\$0	\$0	\$0	\$0
Planning, Zoning & Housing Operations	\$440,405	\$581,213	\$721,847	\$1,064,547	\$1,117,774
Economic Development Operations	\$213,918	\$215,319	\$263,359	\$239,433	\$323,234
<b>SUBTOTAL: OPERATING EXPENSES</b>	<b>\$7,897,723</b>	<b>\$9,480,956</b>	<b>\$9,994,869</b>	<b>\$10,823,927</b>	<b>\$11,988,828</b>
<b>Selected Expenditure Line Items - Capital Outlays</b>					
General Government Administration Capital Outlay	\$105,570	\$8,378	\$4,400	\$11,290	\$12,419
General Government - Buildings & Plant Capital Outlay	\$300,000	\$30,000	\$0	\$964,050	\$1,060,455
Public Safety / Police Capital Outlay	\$12,640	\$296,349	\$586,283	\$351,313	\$354,826
Public Works Roads, Streets & Other Maint. Capital Outlay	\$3,877,927	\$2,137,384	\$1,080,627	\$2,352,446	\$1,411,468
Parks & Recreation Capital Outlay	\$3,536,029	\$0	\$472,254	\$2,221,123	\$222,112
Planning, Zoning & Housing Capital Outlay	\$43,442	\$205,834	\$0	\$4,400	\$5,280
Economic Development Capital Outlay	\$0	\$242,174	\$0	\$0	\$0
<b>SUBTOTAL: CAPITAL OUTLAYS</b>	<b>\$7,875,608</b>	<b>\$2,920,119</b>	<b>\$2,143,564</b>	<b>\$5,904,622</b>	<b>\$3,066,560</b>
<b>Selected Expenditure Line Items - Enterprise Funds</b>					
Water and Sewer System	\$0	\$0	\$0	\$0	\$0
Solid Waste System	\$916,116	\$1,295,150	\$1,442,068	\$1,569,899	\$1,679,791
Other Enterprise Funds	\$290,452	\$287,320	\$463,253	\$891,485	\$953,889
<b>SUBTOTAL: ENTERPRISE FUNDS</b>	<b>\$1,206,568</b>	<b>\$1,582,470</b>	<b>\$1,905,321</b>	<b>\$2,461,383</b>	<b>\$2,633,680</b>
<b>Debt Service</b>					
PRN	\$696,000	\$2,452,000	\$724,000	\$741,000	\$850,297
Interest	\$252,062	\$235,124	\$449,634	\$400,784	\$297,858
<b>SUBTOTAL: DEBT SERVICE</b>	<b>\$948,062</b>	<b>\$2,687,124</b>	<b>\$1,173,634</b>	<b>\$1,141,784</b>	<b>\$1,148,155</b>
<b>TOTAL EXPENDITURES:</b>	<b>\$17,927,961</b>	<b>\$16,670,669</b>	<b>\$15,217,388</b>	<b>\$20,331,717</b>	<b>\$18,837,223</b>

# Digest Growth

- As show here, the City’s gross tax base continued to increase in 2024 and now approaches \$1.06 billion.
- The bulk of the increase has been in residential tax digest, which has increased by nearly 20% annually since 2022. Commercial property values have also recovered since the recession and have increased at a faster rate than housing over the past 2 years.
- City exemptions have also continued to increase faster than gross digest (at a 27% annual rate since 2022) reaching almost \$265.9 million this year. More than 96% of all City exemptions are granted to residential property owners.
- After a substantial increase from 2022 to 2023, the City’s net M&O digest grew at a slower (9%) rate in 2024. Total 2024 property tax collections should exceed \$7.5 million.

Change in Powder Springs Gross and Net Property Tax Digest: 2022-24

Gross Digest				Total Change:		Annual
	2022	2023	2024	2022-24	% Change	Growth Rate
Residential	\$589,561,722	\$772,419,412	\$848,186,640	\$258,624,918	43.9%	19.9%
Commercial	\$129,593,123	\$164,553,875	\$189,751,190	\$60,158,067	46.4%	21.0%
Industrial	\$7,451,651	\$7,886,593	\$8,114,256	\$662,605	8.9%	4.4%
Other Real Estate <sup>[1]</sup>	\$6,671,081	\$7,519,559	\$6,891,703	\$220,622	3.3%	1.6%
MV, MH, Timber <sup>[2]</sup>	\$3,590,898	\$3,544,812	\$2,822,753	-\$768,145	-21.4%	-11.3%
<b>Gross Digest</b>	<b>\$736,868,475</b>	<b>\$955,924,251</b>	<b>\$1,055,766,542</b>	<b>\$318,898,067</b>	<b>43.3%</b>	<b>19.7%</b>
<b>Exemptions</b>	<b>80%</b>	<b>81%</b>	<b>80%</b>			
Residential Exemptions <sup>[3]</sup>	\$160,895,430	\$224,552,350	\$258,023,588	\$97,128,158	60.4%	26.6%
Business Exemptions <sup>[4]</sup>	\$4,017,003	\$6,212,974	\$7,204,683	\$3,187,680	79.4%	33.9%
Ag., Cons., Forest Land <sup>[5]</sup>	\$82,550	\$539,596	\$634,983	\$552,433	669.2%	177.3%
<b>Total Exemptions</b>	<b>\$164,994,983</b>	<b>\$231,304,920</b>	<b>\$265,863,254</b>	<b>\$100,868,271</b>	<b>61.1%</b>	<b>26.9%</b>
<b>Net M&amp;O</b>	<b>\$571,873,492</b>	<b>\$724,619,331</b>	<b>\$789,903,288</b>	<b>\$218,029,796</b>	<b>38.1%</b>	<b>17.5%</b>
Millage Rate	9.5	9.5	9.5	-	0.0%	0.0%
<b>Property Taxes</b>	<b>\$5,432,798</b>	<b>\$6,883,884</b>	<b>\$7,504,081</b>	<b>\$2,071,283</b>	<b>38.1%</b>	<b>17.5%</b>
Net Residential	\$428,666,292	\$547,867,062	\$590,163,052	\$161,496,760	37.7%	17.3%
Net Comm/Industrial	\$133,027,771	\$166,227,494	\$190,660,763	\$57,632,992	43.3%	19.7%

**Notes:**

[1] Includes utilities, agricultural, forest and other conservation land; environmentally sensitive areas, historic brownfield and other classifications of real property.

[2] Includes motor vehicles, mobile homes, heavy equipment and 100% timber.

[3] Includes state and local homestead and related exemptions from City taxes.

[4] Includes business personal property and freeport exemptions for inventories and equipment.

[5] Includes exemptions for land in agricultural, forest or conservation use.

**Sources: Cobb County Tax Assessor and Georgia Department of Revenue.**

# PHASING OF PROPERTY TAX COLLECTIONS

5535 Powder Springs Dallas Rd.		1	2	3	4	5	6	7	8	9	10
Build Out Forecast	TOTALS	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Full Market Value	\$21,369,743	\$1,324,910	\$3,048,263	\$17,624,957	\$20,045,207	\$20,045,587	\$20,599,903	\$21,169,806	\$21,755,741	\$22,358,167	\$22,977,560
Average/SF			\$319.19	\$208.09	\$207.94	\$207.94	\$213.69	\$219.60	\$225.68	\$231.93	\$238.36
Gross Tax Digest	40%										
Real Estate											
SF Detached	\$4,264,000	\$0	\$328,000	\$3,608,000	\$4,264,000	\$4,264,000	\$4,391,920	\$4,523,678	\$4,659,388	\$4,799,170	\$4,943,145
Townhomes	\$3,744,000	\$0	\$468,000	\$3,432,000	\$3,744,000	\$3,744,000	\$3,837,600	\$3,933,540	\$4,031,879	\$4,132,675	\$4,235,992
Open Space	\$9,933	\$0	\$9,933	\$9,983	\$10,083	\$10,235	\$10,441	\$10,705	\$11,030	\$11,422	\$11,887
<b>TOTALS:</b>	<b>\$8,017,933</b>	\$0	\$805,933	\$7,049,983	\$8,018,083	\$8,018,235	\$8,239,961	\$8,467,922	\$8,702,296	\$8,943,267	\$9,191,024
Plus Added Personal Property Digest		\$0	\$359	\$3,159	\$3,589	\$4,786	\$4,929	\$5,077	\$5,230	\$5,387	\$5,548
Total Gross Tax Digest	\$8,017,933	\$1,324,910	\$806,292	\$7,053,142	\$8,021,672	\$8,023,021	\$8,244,891	\$8,473,000	\$8,707,526	\$8,948,653	\$9,196,572
Less Homestead Exemptions		\$0	-\$45,924	-\$444,544	-\$555,680	-\$814,998	-\$923,393	-\$1,046,204	-\$1,185,349	-\$1,343,000	-\$1,521,619
<b>Net M&amp;O Tax Digest</b>		<b>\$1,324,910</b>	<b>\$760,368</b>	<b>\$6,608,597</b>	<b>\$7,465,992</b>	<b>\$7,208,023</b>	<b>\$7,321,498</b>	<b>\$7,426,796</b>	<b>\$7,522,177</b>	<b>\$7,605,653</b>	<b>\$7,674,953</b>
Annual City Property Taxes @	9.5	\$12,587	\$7,223	\$62,782	\$70,927	\$68,476	\$69,554	\$70,555	\$71,461	\$72,254	\$72,912

- The above table phases net gains in total City property tax collections, assuming that the development is completed and fully taxed by 2028. Based on calculations made from the City's 2024 tax digest, KB added a small allowance for residential personal property digest per household (primarily boats, older automobiles and in-home business equipment).
- At the current City millage rate, annual City property tax collections approach \$71,000 at build out and total \$578,730 over the first 10-years.



# PROJECT RELATED REVENUES & SERVICE COSTS

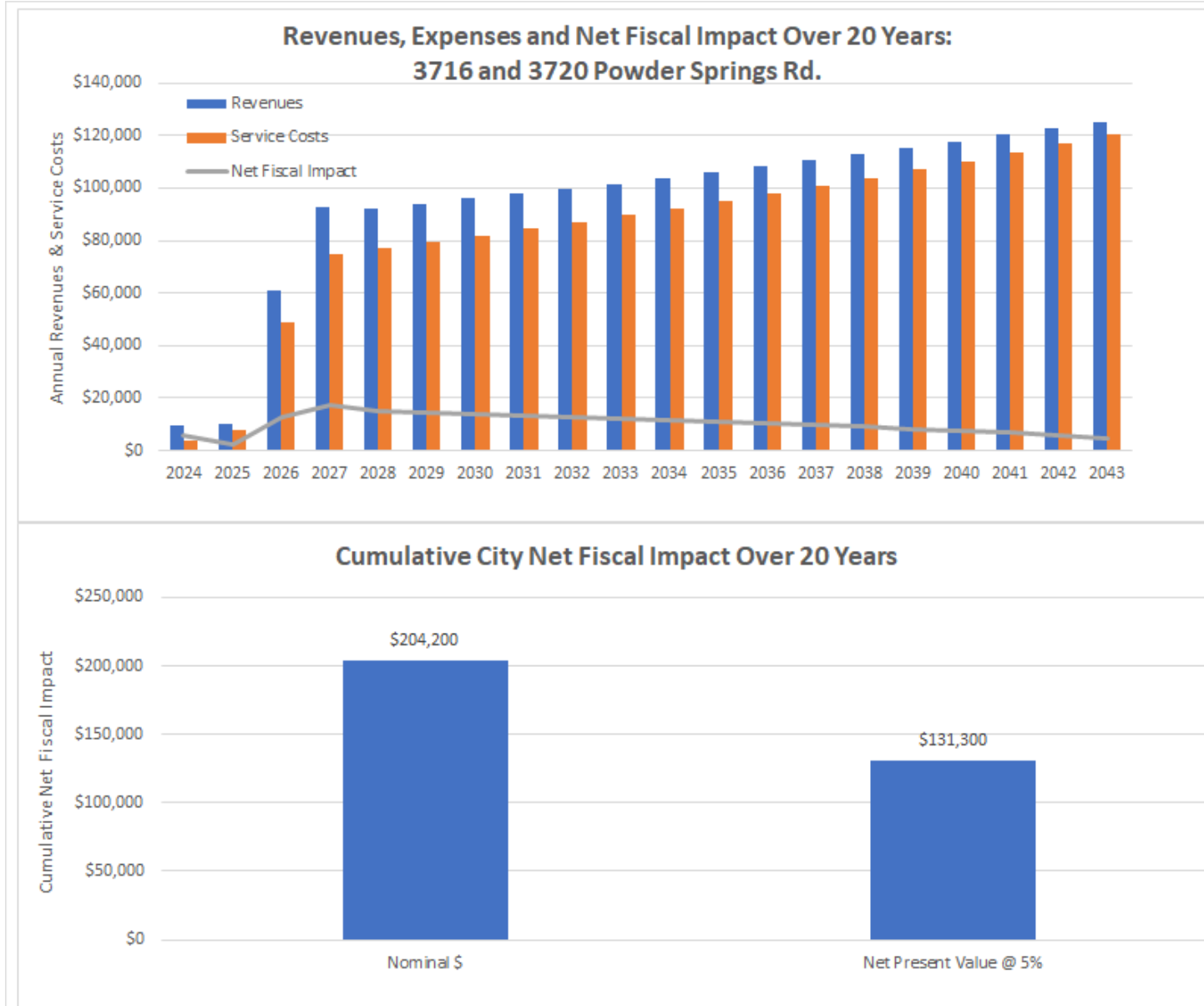
- Based on estimated FY 2024 City financial data, if the Project existed today, KB estimates resulting general and enterprise fund revenues, including property taxes and other non-tax revenues, at \$93,800, (\$2,600 per unit) offset by \$68,700 in associated increased municipal service costs (\$1,900 per unit) resulting from the addition of 36 housing units and 99 residents to the City's population.
  - Property taxes are the largest revenue source at \$1,299 per unit, followed by sanitation, stormwater and street lighting fees at \$462 per household.
- The Project produces a net positive fiscal impact on City operations of just over \$25,100, representing a 27% margin of revenues over service costs at build out. This estimate does not factor in impacts on intergovernmental revenues, nor does it include capital outlays or debt service costs which are not directly impacted by the Project.
- This margin is smaller than other recent residential developments due to the expected lower average unit pricing. This margin should also slowly erode over time as the Project's value appreciation is offset by City homestead exemptions. However, that impact could be reduced by more rapid turnover and/or unit purchases by investors.

**Preliminary Fiscal Impact Forecast (Before Phasing & Appreciation)**

Forecast	City-wide FY 2023 Actual	Residential Components	Nonresidential Components	Development Totals
<b>Locally Generated Revenues</b>				
Taxes				
Real & Personal Property taxes	\$6,709,295	\$46,759		\$46,759
TAVT & AAVT	\$666,405	\$3,418		\$3,418
Insurance Premium taxes	\$1,470,055	\$7,825		\$7,825
Business/Occupational Taxes	\$460,153	\$0		\$0
Franchise taxes	\$881,292	\$4,056		\$4,056
Excise/Alcohol Taxes	\$354,854	\$1,605		\$1,605
Licenses and permits	\$1,228,468	\$5,328		\$5,328
Fines and Forfeitures	\$551,346	\$2,679		\$2,679
Charges for services	\$406,989	\$2,108		\$2,108
Investment Income & Other Revenue	\$212,922	\$3,418		\$3,418
Sanitation and Stormwater Fees	\$2,429,941	\$16,632		\$16,632
<b>Estimated Development Revenues</b>	<b>\$15,371,719</b>	<b>\$93,828</b>	<b>\$0</b>	<b>\$93,828</b>
<b>Forecast</b>	<b>City-wide FY 2023 Actual</b>	<b>Residential Components</b>	<b>Nonresidential Components</b>	<b>Development Totals</b>
<b>Locally Generated Service (Operating) Costs</b>				
General government	\$3,874,449	\$18,100		\$18,100
Judicial	\$331,766	\$1,500		\$1,500
Public safety	\$3,272,996	\$14,300		\$14,300
Public Works Administration	\$1,319,640	\$4,400		\$4,400
Community & Econ. Development	\$325,623	\$1,200		\$1,200
Planning & Zoning	\$1,117,774	\$5,200		\$5,200
Recreation and culture	\$587,286	\$3,400		\$3,400
Debt Service	\$1,141,784	\$4,700		\$4,700
Stormwater & Sanitation Costs	\$2,633,680	\$15,900		\$15,900
<b>Estimated Service Costs</b>	<b>\$14,604,998</b>	<b>\$68,700</b>	<b>\$0</b>	<b>\$68,700</b>
Percent Increase over FY 2023 @ Build Out		0.5%	0.0%	0.5%
<b>Net Fiscal Surplus (Deficit)</b>	<b>\$766,721</b>	<b>\$25,128</b>	<b>\$0</b>	<b>\$25,128</b>
<b>Margin (Before Capital Outlays &amp; Intergovernmental)</b>	<b>5%</b>	<b>27%</b>		<b>27%</b>

# 20-YEAR FORECAST

- If past trends continue, the net fiscal impact of the Project will be positive in the near term and gradually decline over time.
- As the project ages, revenues climb at a slightly slower rate than service costs, but the net fiscal impact remains positive throughout the forecast. Cumulatively, the development generates a \$204,200 surplus of revenues over operating costs over 20 years, with an equivalent net present value of \$131,300 discounted at 5%.
- As previously noted, the forecast does not consider future impacts on capital outlays, intergovernmental revenues or revenue sharing formulas. It can be assumed that the city would have minimal responsibility for near-term capital improvements within the development itself, so projected annual surpluses generated by the Project can be used to help finance other city-wide needs.
- In the context of FY24 City expenditures of more than \$18.8 million, this relatively small project would therefore have a marginal positive annual net financial impact on city operations.



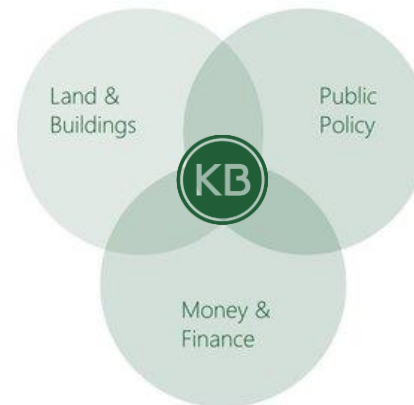


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