

NOTICE OF STUDY SESSION

OF THE

UNIVERSITY CITY CITY COUNCIL

Public Notice is hereby given that a Study Session of the City Council of University City will be held on **Monday, October 28, 2019, at 5:30 p.m. at City Hall, fifth floor, 6801 Delmar, University City, MO.**

AGENDA

Requested by the City Manager

1. Meeting called to order
2. Changes to Regular Council Agenda
3. Economic and Fiscal Impact Study
4. Adjournment

This meeting is OPEN to the public.

Dated this 25th day of October, 2019

LaRette Reese
City Clerk



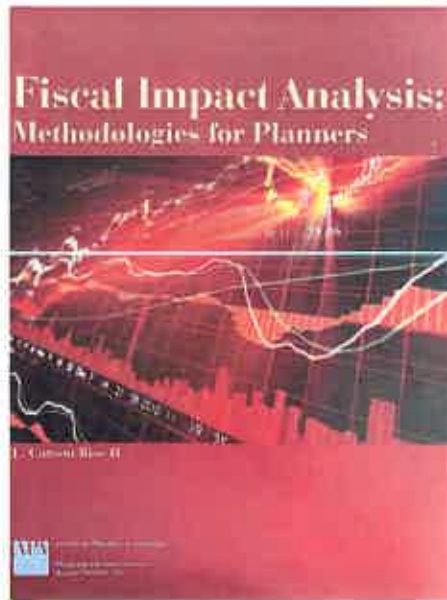
Overview of Fiscal Impact Analysis

Presentation to City Council

October 28, 2019

L. Carson Bise, AICP, President

TischlerBise

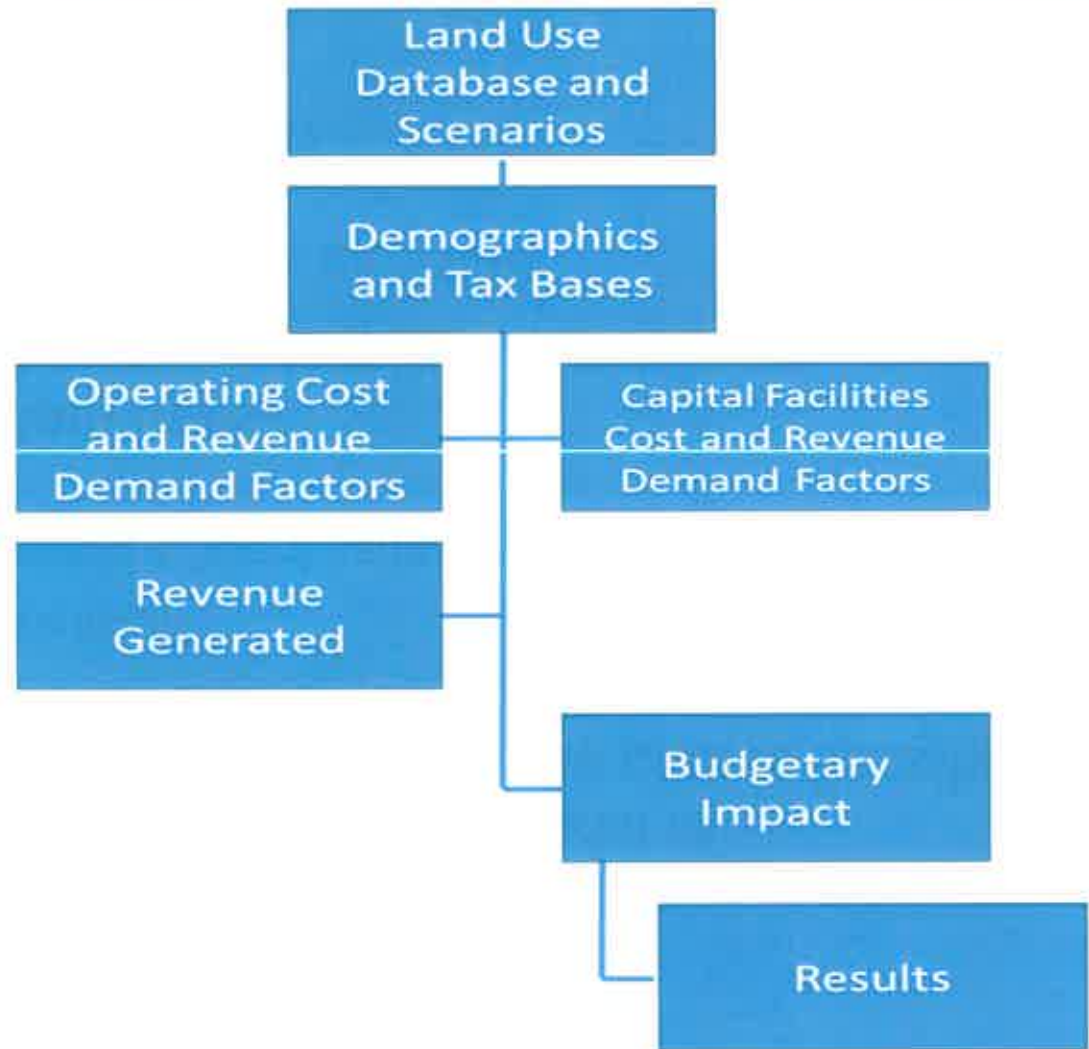


- Fiscal, economic, and planning consultants
- National Practice
- Fiscal Impact Evaluations (800+)
- Impact Fees (900+)
- Infrastructure Needs & Revenue Strategies
- Public and Private Sector Experience

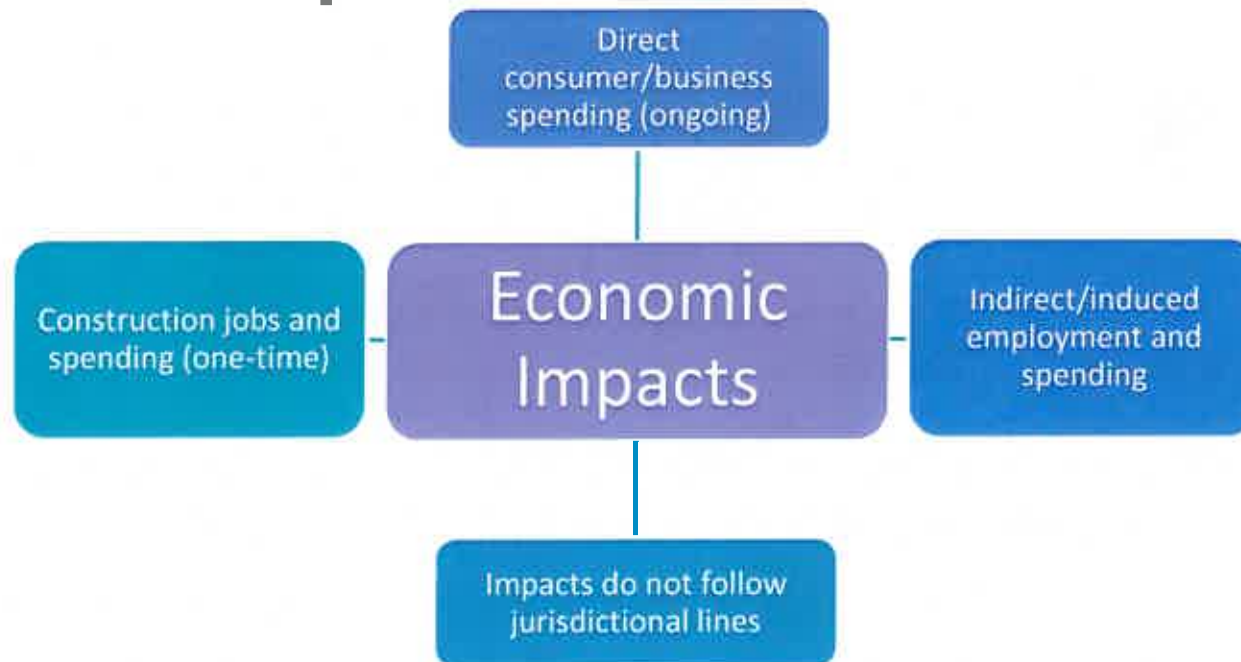
The Planning Process Today

- Most local governments do not know the true cost of development decisions or if the current land use plan is fiscally sustainable
 - Has/Is growth really paying for itself?
 - Many communities are still feeling a "slight hangover" from the Great Recession
- What is the market for certain uses?
- Should development be incentivized? If so, what types?
- Increased funding responsibilities on localities
 - Decreasing state and federal funding
 - How can localities make up the difference?

Elements of the Fiscal Equation



How is Fiscal Impact Different than Economic Impact



National Association of Home Builders

The Metro Area Impact of Home Building in York County, SC

Income, Jobs, and Taxes Generated

March 2016

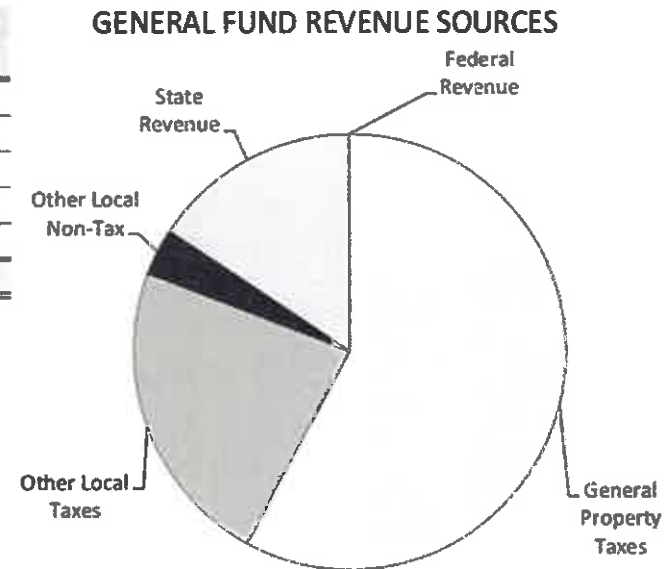
Housing Policy Department

NAHB

Fiscal Impact vs. Revenue Forecasting

- Municipal budgeting is primarily “revenue driven”
 - Revenue forecast is used to establish spending target
- Fiscal impact analysis is not revenue constrained
 - Forecast expenses needed to maintain current levels of service

Source	FY-20 Estimate	Component Share
General Property Taxes	\$ 348,907,916	57.90%
Other Local Taxes	\$ 138,147,102	22.92%
Other Local Non-Tax	\$ 21,058,169	3.49%
State Revenue	\$ 94,469,167	15.68%
Federal Revenue	\$ 35,000	0.01%
Total General Fund	\$ 602,617,354	100.00%



What Questions Can be Answered?

- Land use policies and development patterns
 - What is the relationship between development densities and infrastructure costs?
 - What is the optimum mix of land uses?
 - What is the relationship between the geographic location of new development and the cost?
- Leveraging public dollars for economic growth (incentives)
 - How to invest limited funds to maximize return
 - Redevelopment
 - Tax increment financing
- Timing on impacts
 - Are we living off tomorrow's growth?
- Annexation



What Questions Can be Answered?

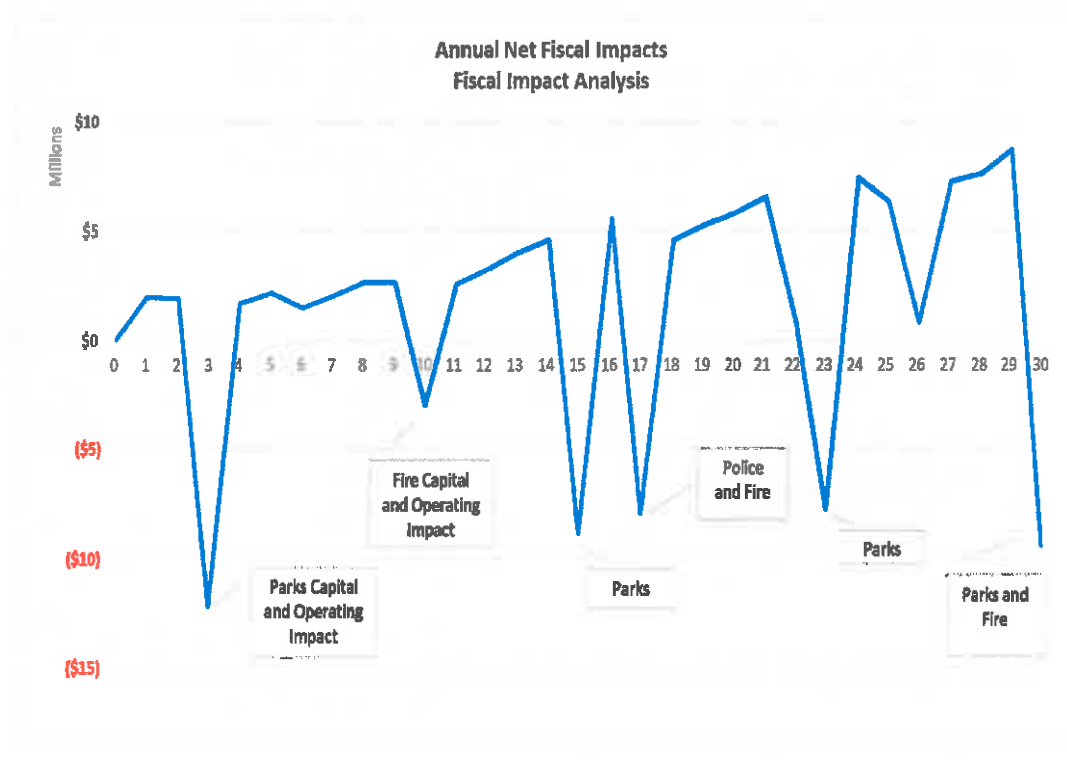
- Demographic and economic change
 - Boomers aging in place
 - Gen X is largest group of homebuyers
 - Millennials are deferring home buying
- Impact of behavioral trends
 - New patterns in consumption
 - Traditional retail is dying
 - Shifting away from cars?
 - Walkable urbanism



Service Area	Urban	Suburban
Vehicles Available per Housing Unit	1.05	1.70
Persons per Housing Unit	1.98	2.32
Single Units	40%	76%
2+ Units per Structure	60%	24%
Average Weekday Vehicle Trip Ends per Single Unit	7.02	8.44
Average Weekday Vehicle Trip Ends per 2+ Unit	4.51	5.70
Autos to Work	74%	90%
Walk/Bike/Bus to Work	26%	10%
Average Vehicle Trip Miles	3.93	5.40

Methodologies

- Case study-marginal approach
 - Reflects fiscal reality
 - Dependent on local levels of service
 - Available capacity triggers the staging of facilities
 - Reflects geographic differences
- Average cost approach
 - Focuses on per capita/employee
 - Doesn't consider available capacities
 - Masks timing
 - Uses average (current) costs
 - Budget in equilibrium

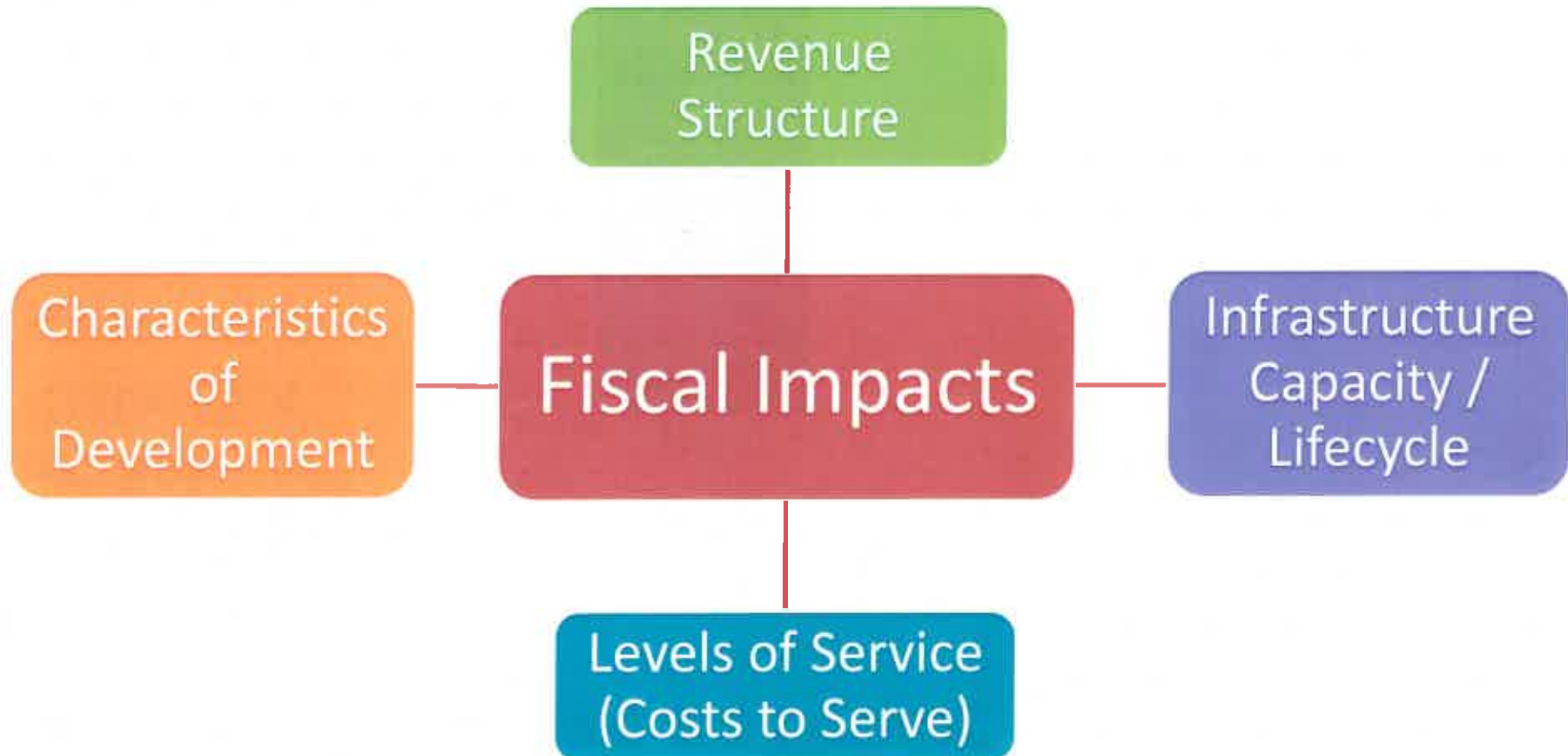


Common Perceptions

- Residential development doesn't pay for itself
- Nonresidential development generates surpluses

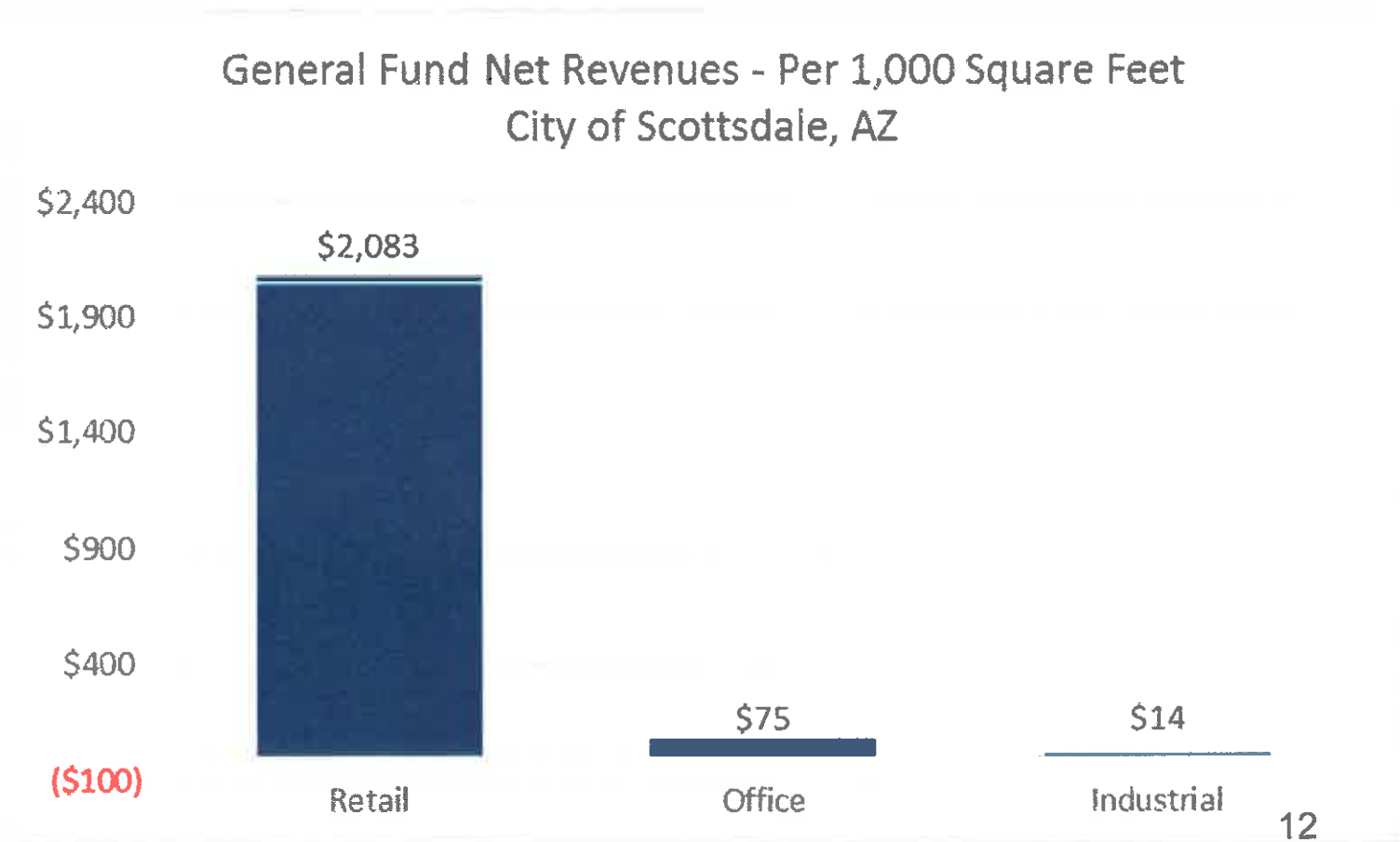


Drivers of the Fiscal Equation



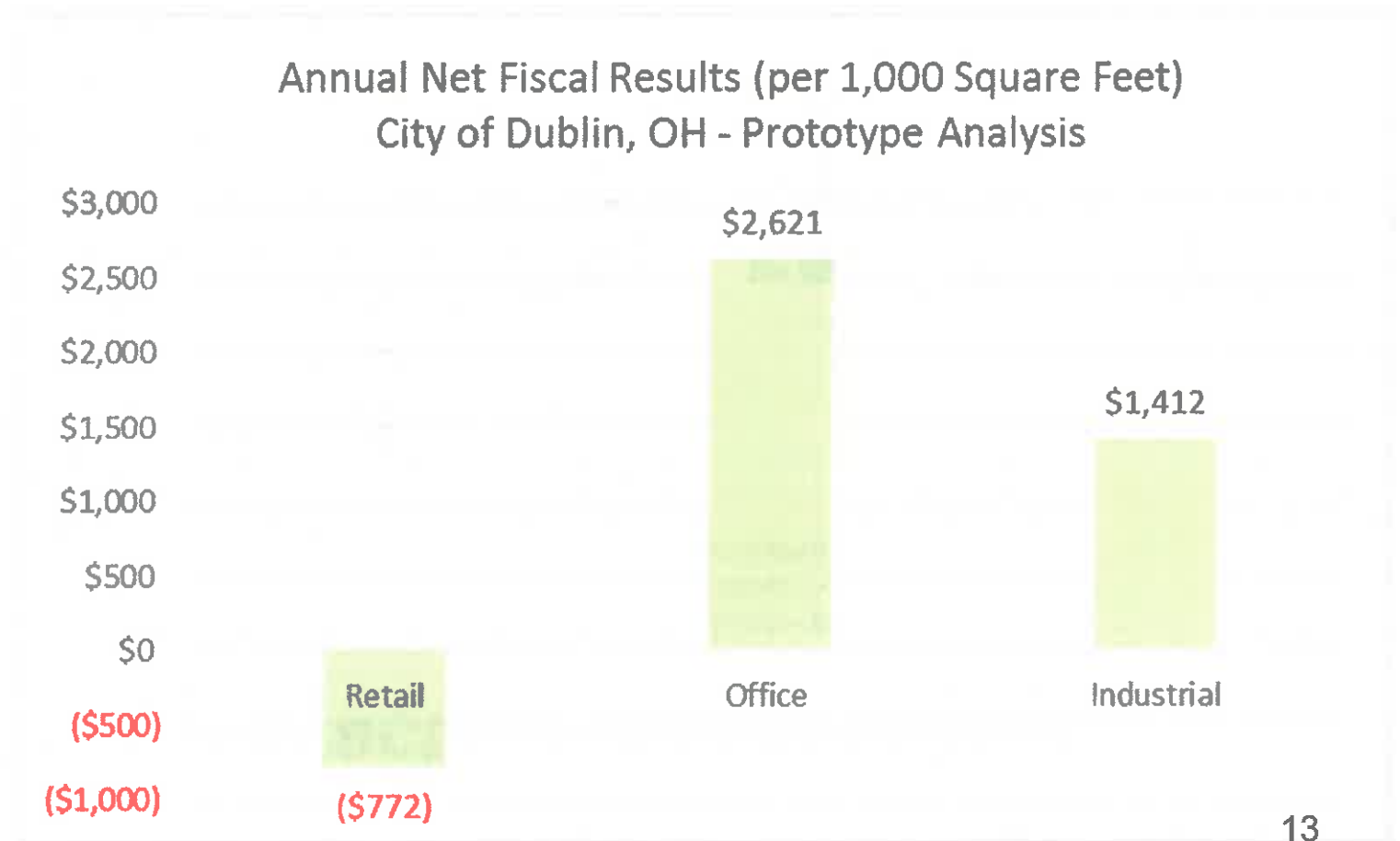
Revenue Structure as Driver

- Locality with Point of Sale Sales Tax



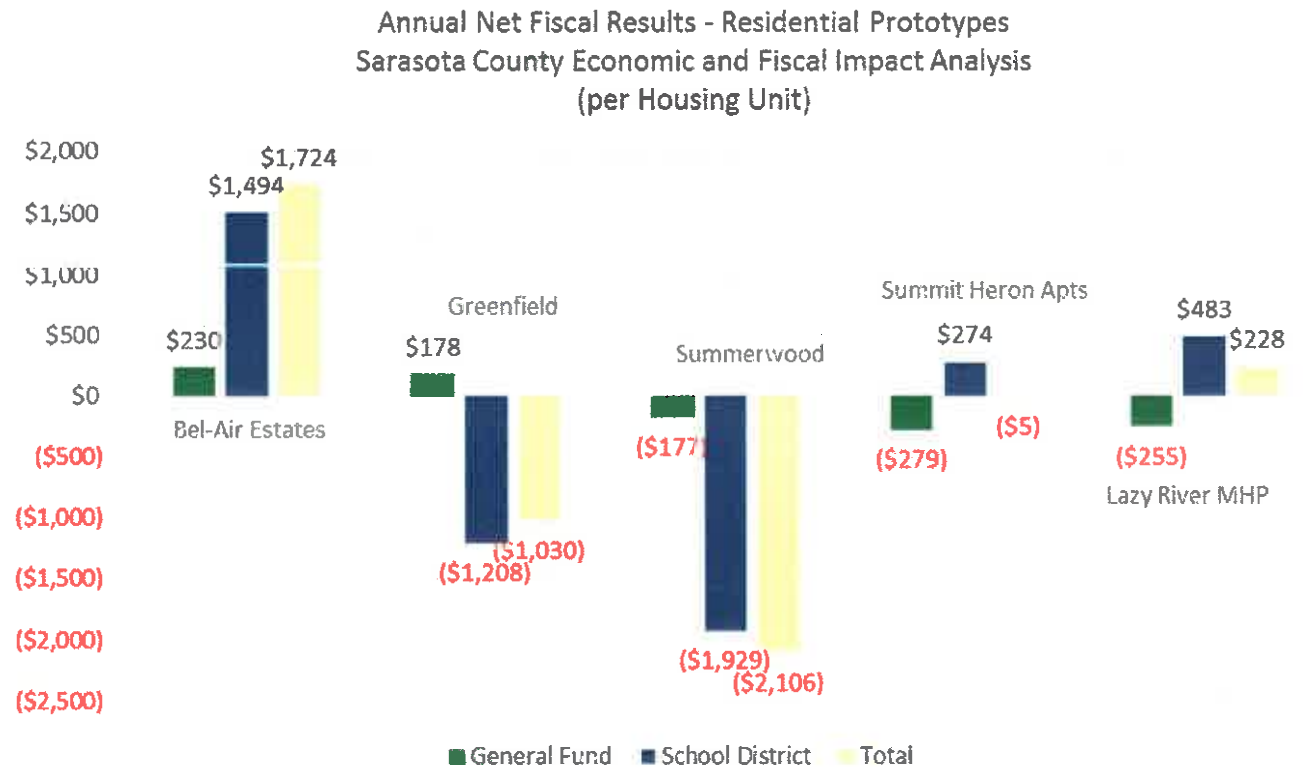
Revenue Structure as Driver

- Locality with Local Income Tax by Job Location



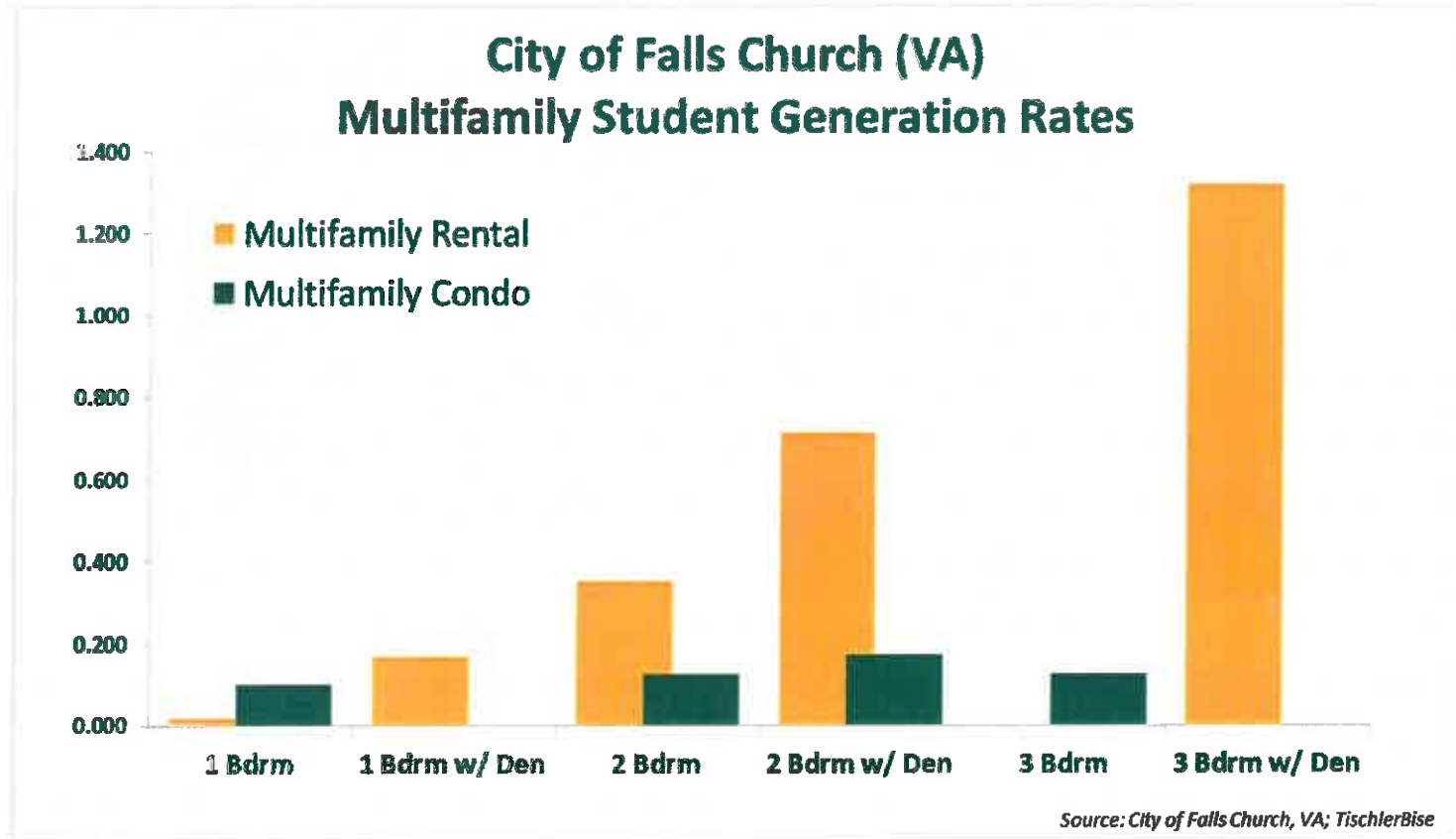
Demographic Characteristics as Driver

- Influence of Single Family Characteristics



Demographic Characteristics as Driver

- Influence of Multifamily Characteristics

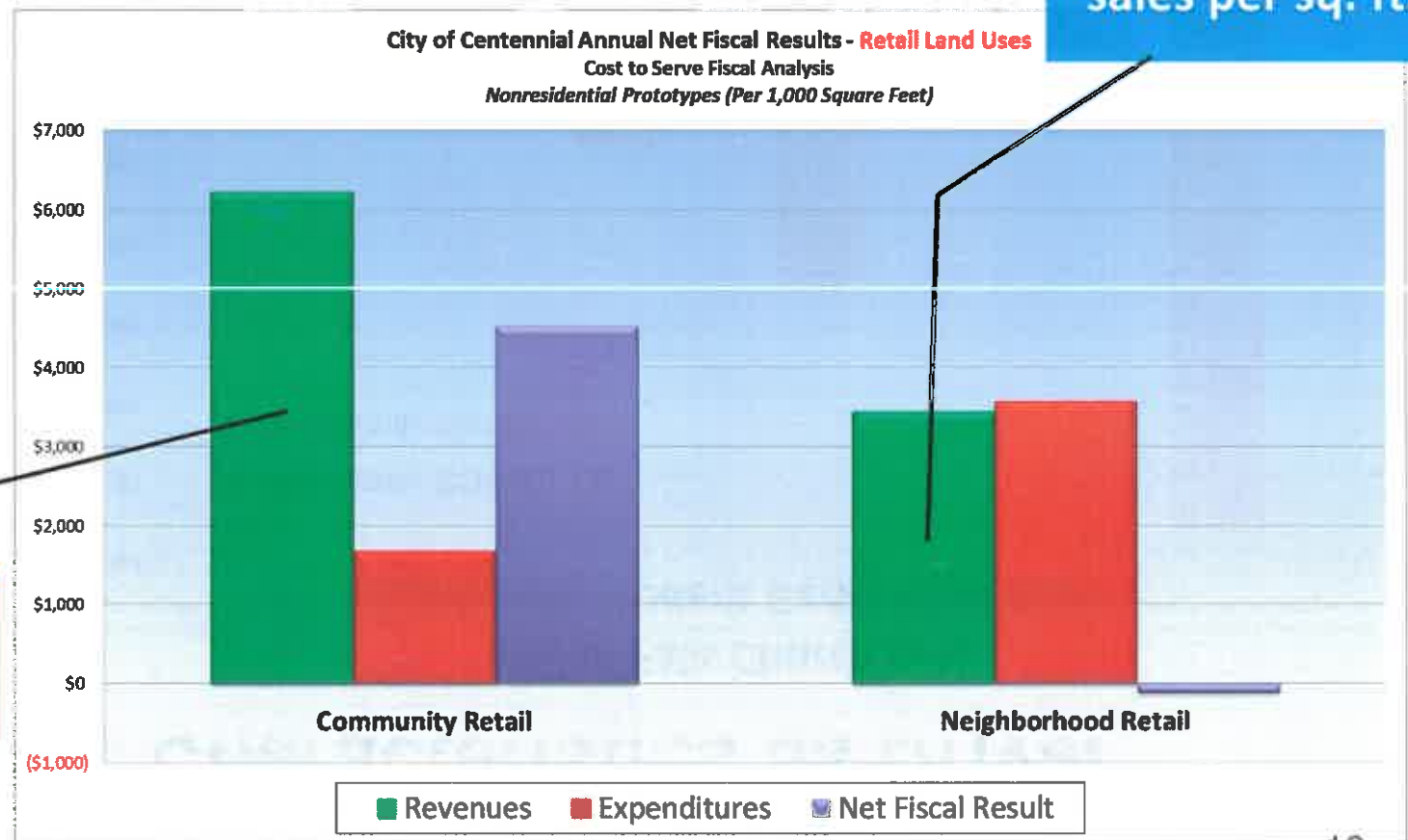


Changing Retail

- What happens to revenue when retail space shifts to services

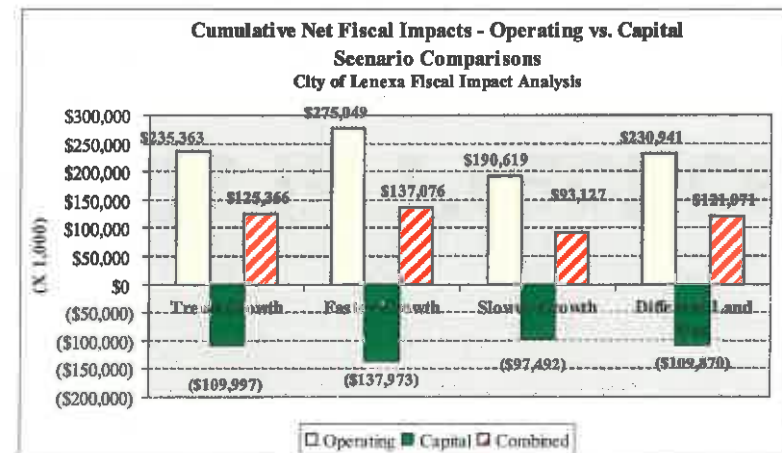
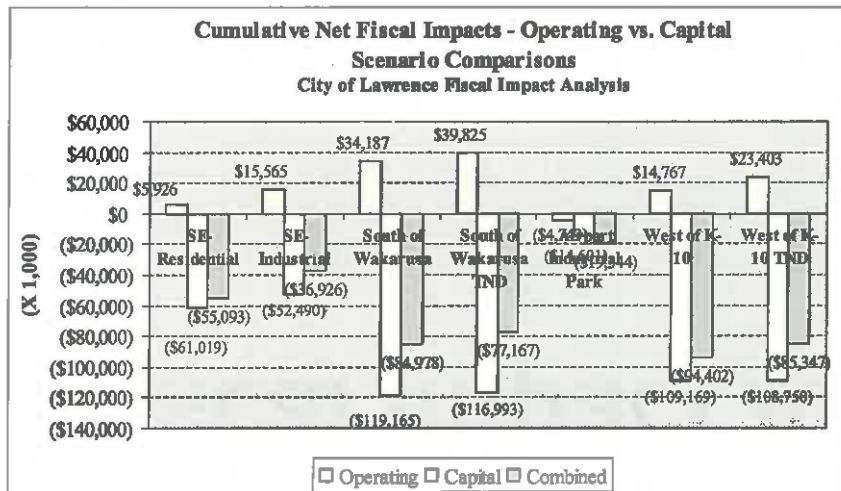
\$230 taxable sales per sq. ft.

\$110 taxable sales per sq. ft.



Infrastructure Capacity as Driver

- A tale of two cities



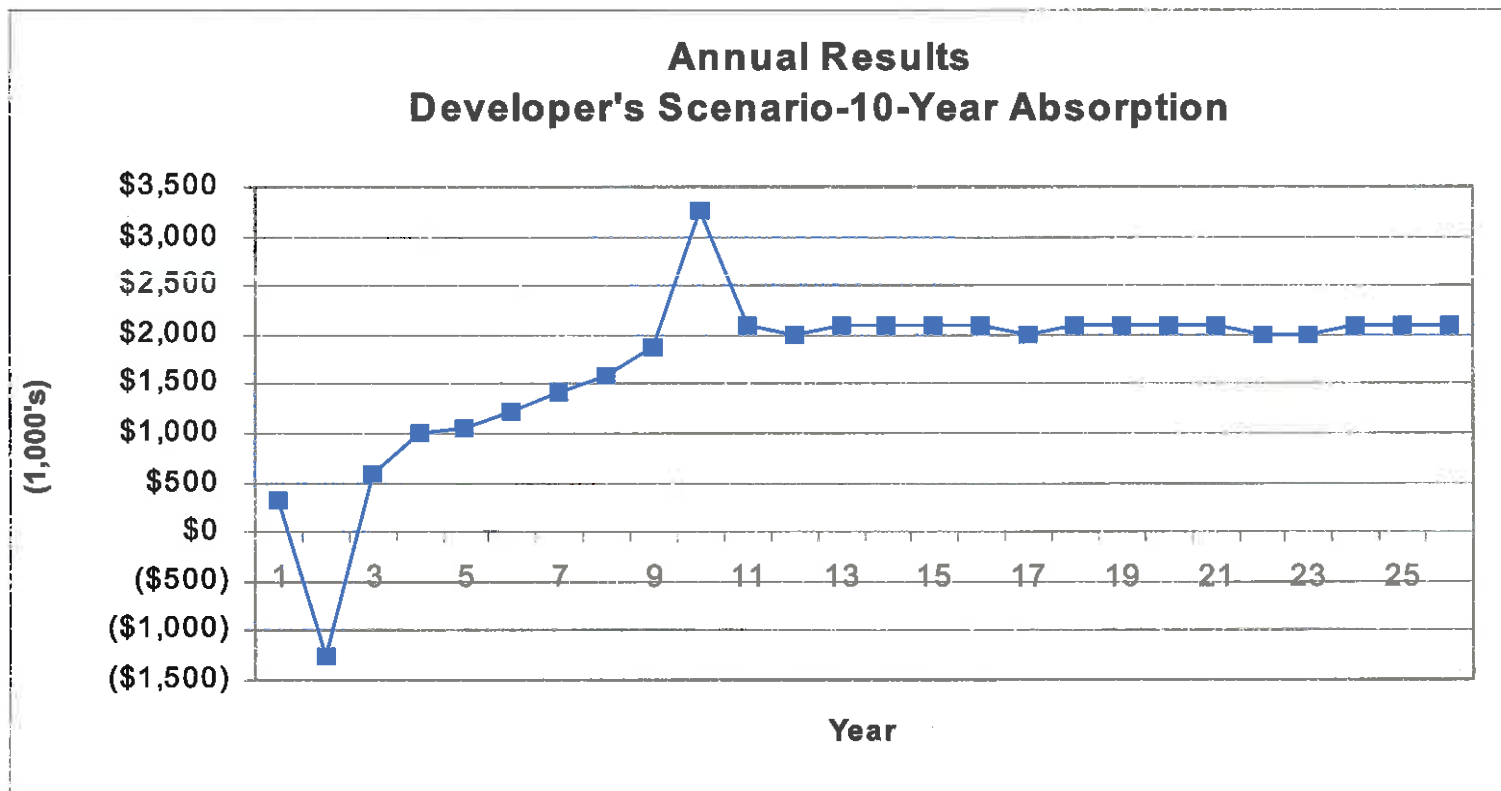


Fiscal Impact Analysis in Practice

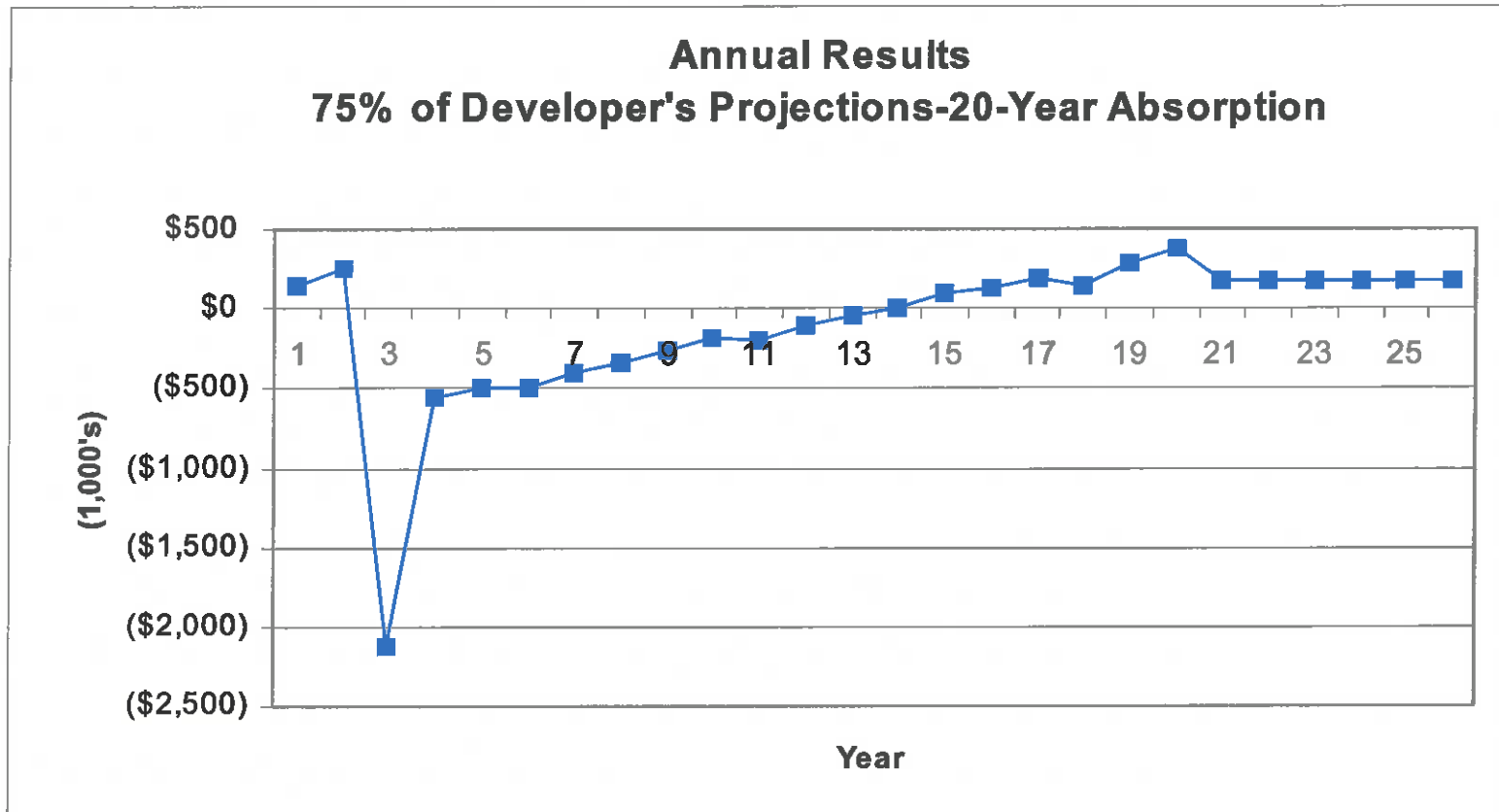
Project Analysis

- Most common type of fiscal impact analysis
- 1 or multiple proposed development programs in a limited geographic area over specified period of time
- Analyzes the fiscal impact of combination of proposed uses
- Usually prepared in conjunction with development proposal, so incremental (does not evaluate impact of development in rest of jurisdiction)

Draper, UT: SunCrest Development



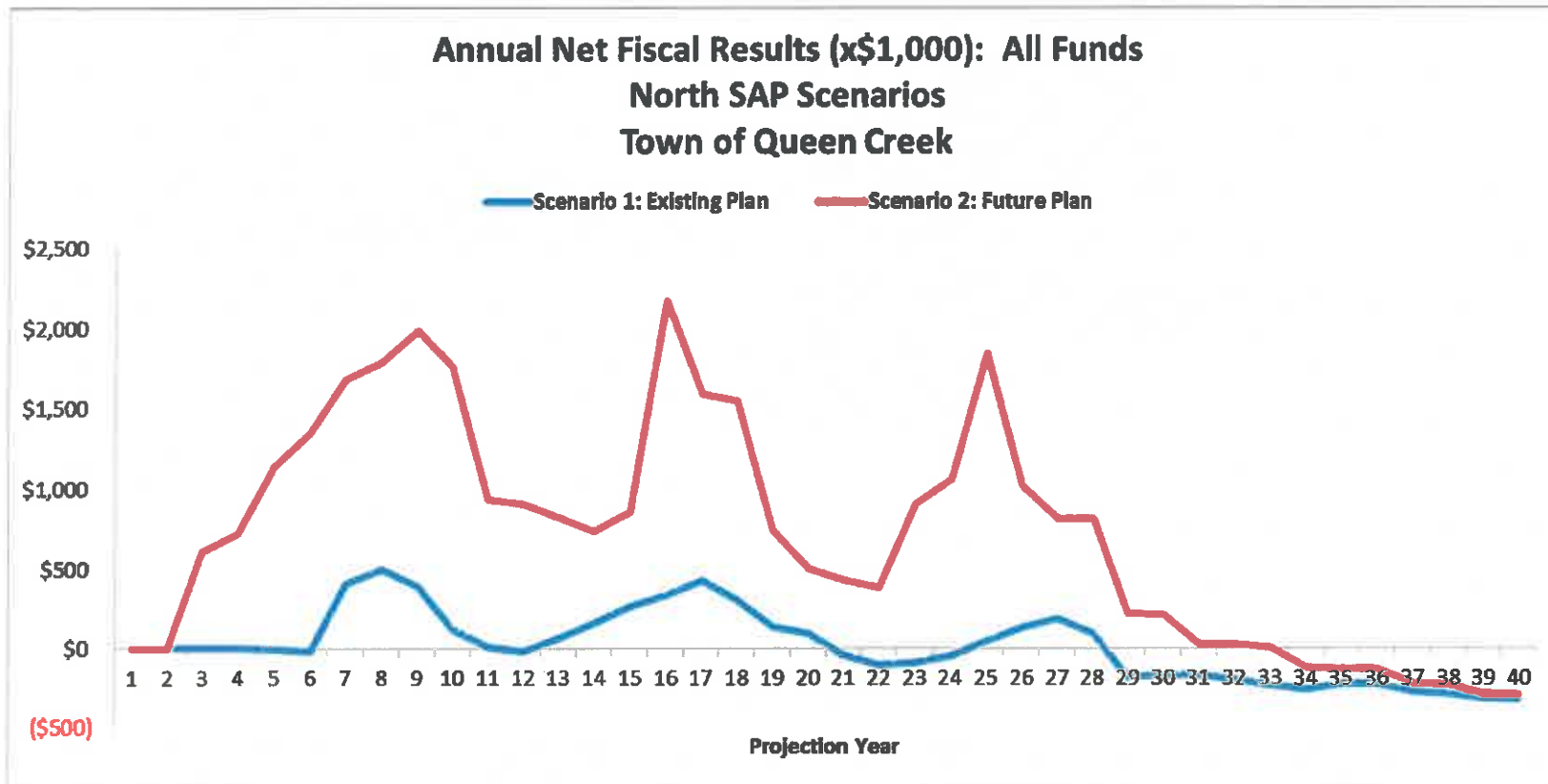
Draper, UT: SunCrest Development



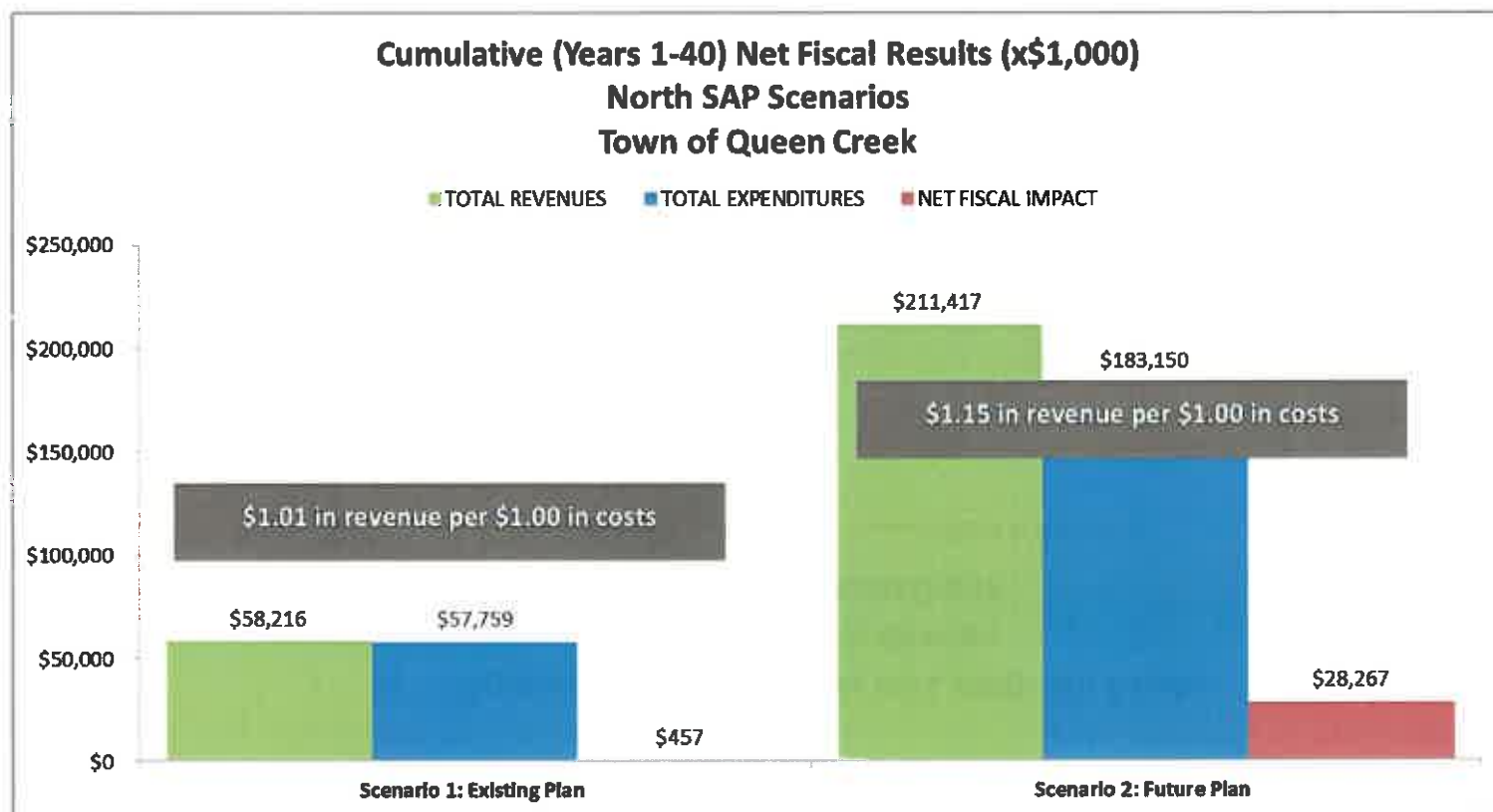
Areawide Analysis

- Can be applied to a neighborhood, several contiguous neighborhoods, entire city, county, or region
- Usually 10-20 year timeframe
- Common to evaluate multiple development scenarios with various land use mixes/patterns, paces of growth, or economic activity

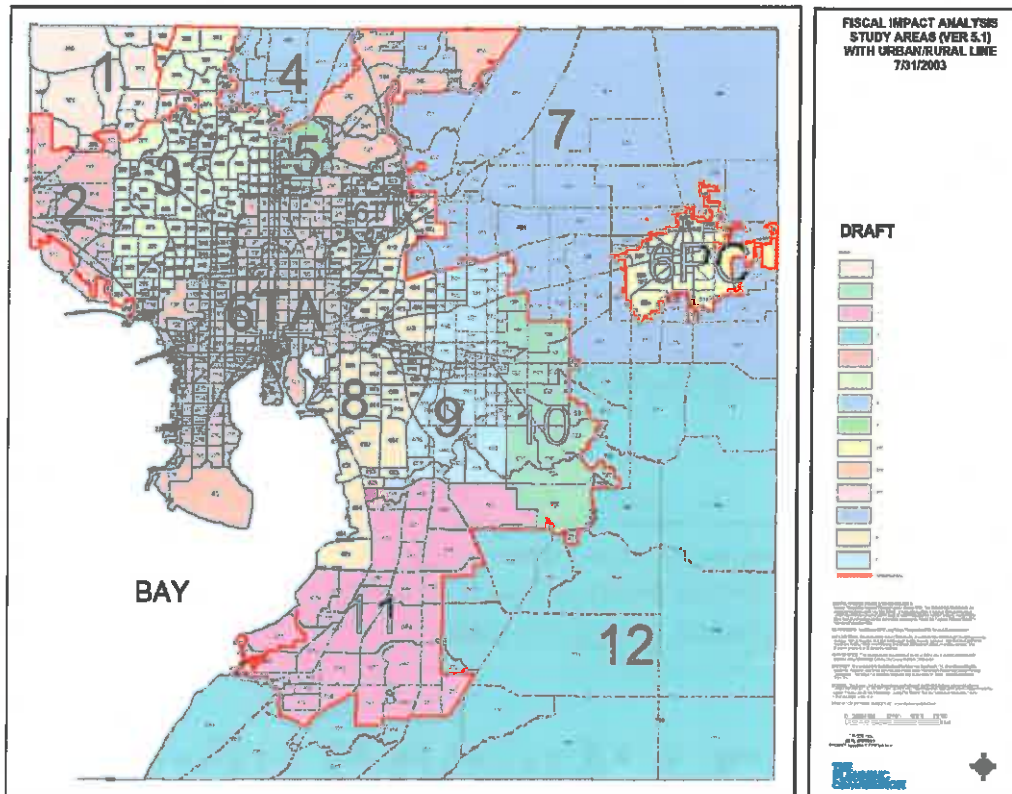
Small Area Plan Fiscal Analysis Findings



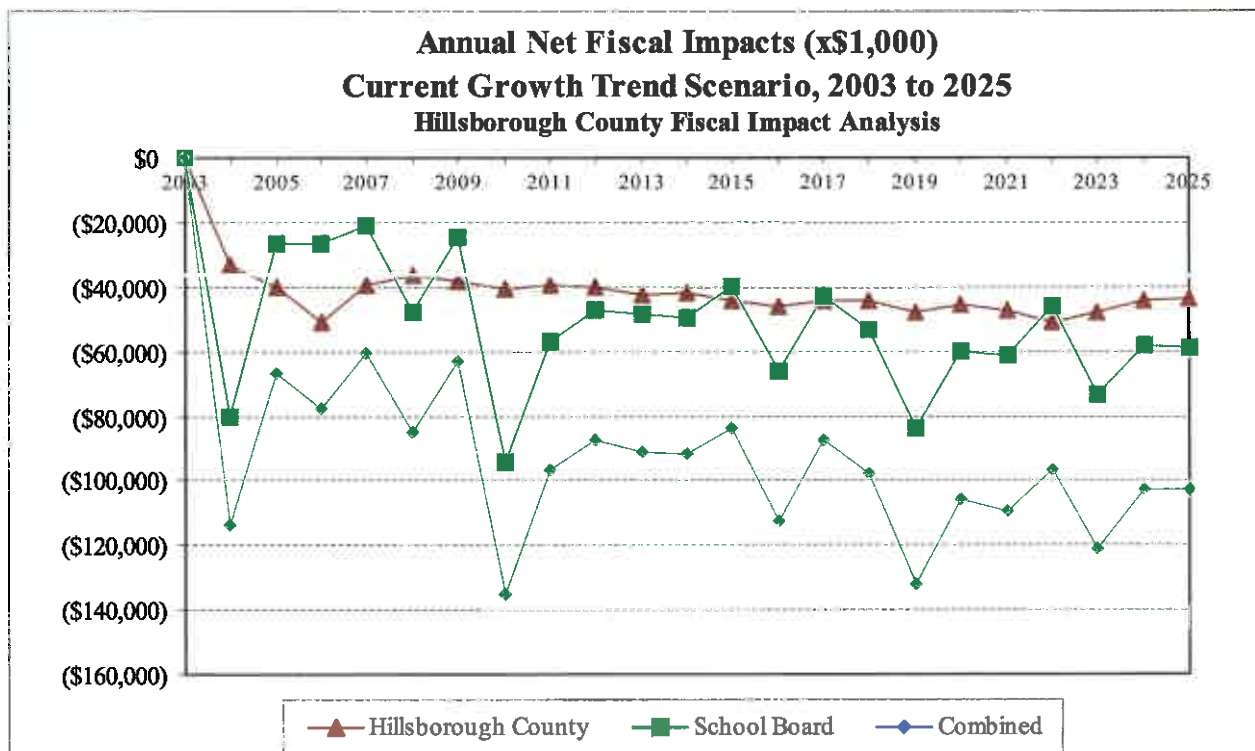
Small Area Plan Fiscal Analysis Findings



Hillsborough County, FL



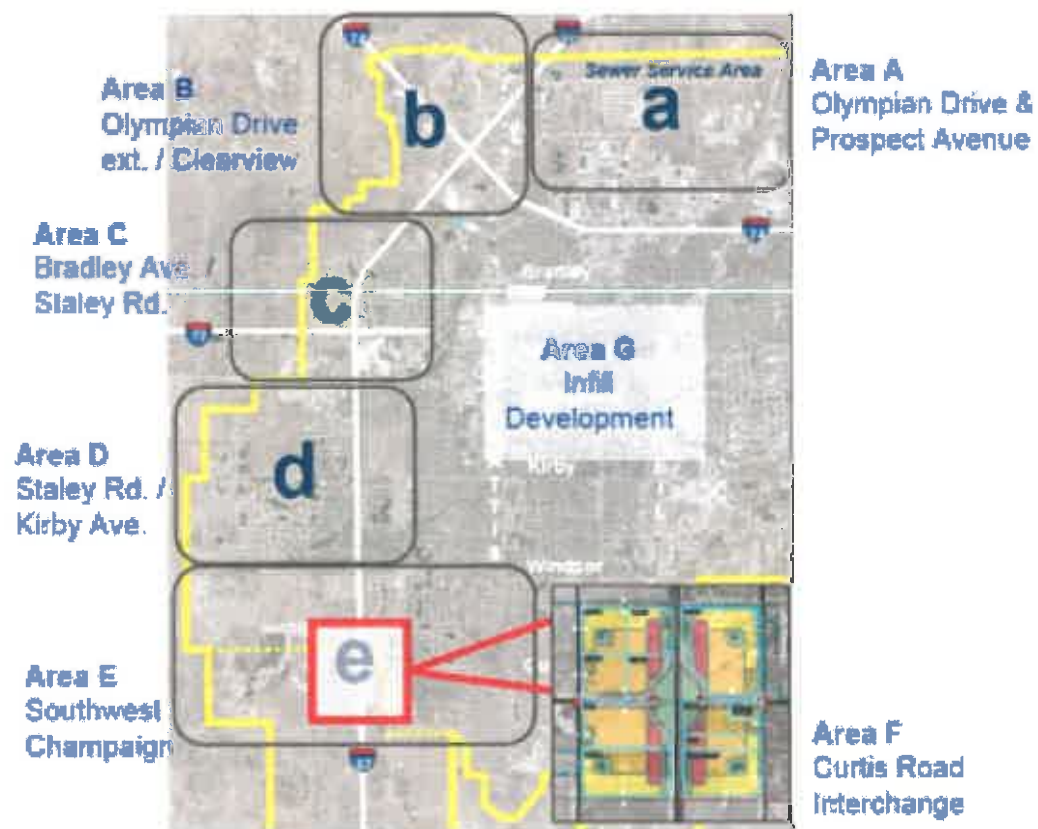
Hillsborough County, FL



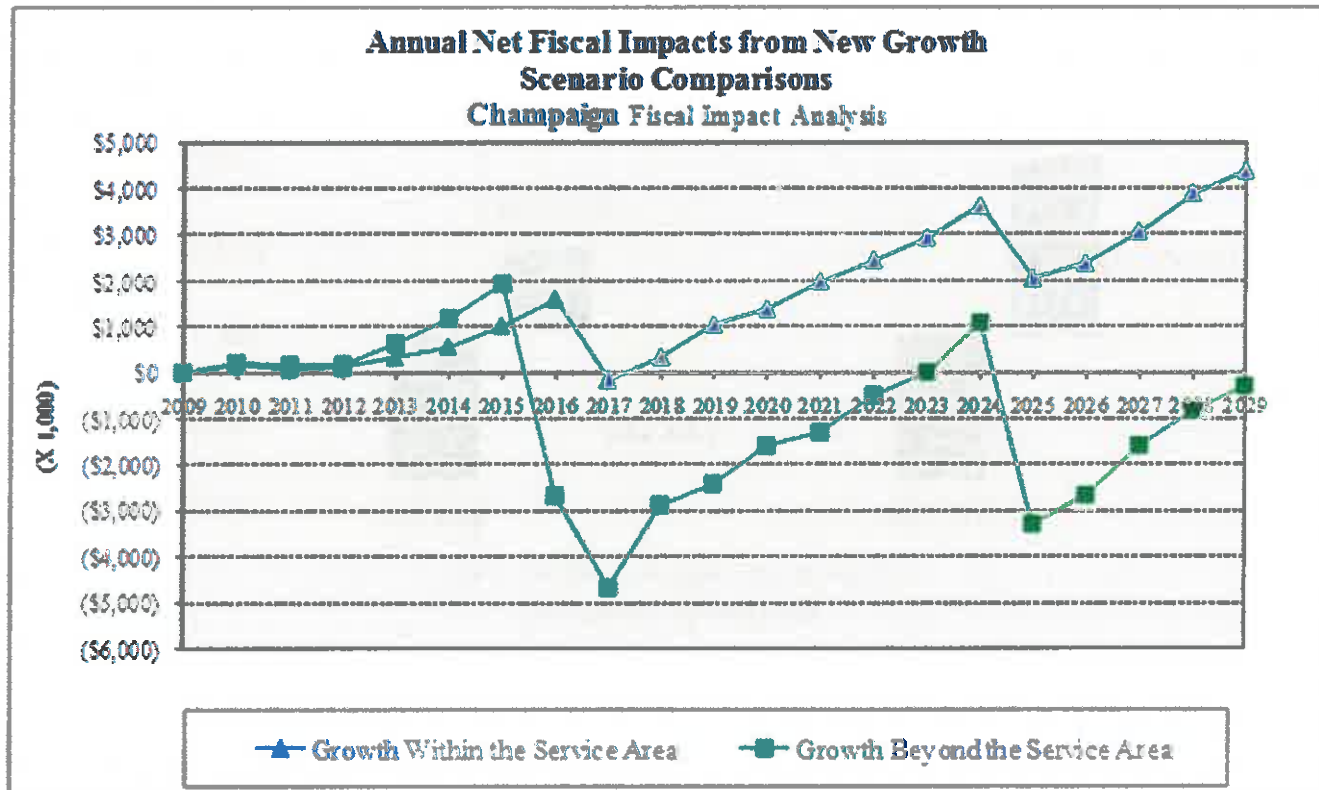
Champaign, IL

- Three-phase fiscal impact study
- What is the fiscal impact of current land uses?
- What is the fiscal impact of future growth?
 - Scenario 1: Growth Within the Service Area—all growth occurs within the current sanitary sewer service area.
 - Scenario 2: Growth Beyond the Service Area—growth occurs both within and outside of the current sanitary sewer service area.
- What are ways we can raise revenue without raising taxes?

Champaign, IL

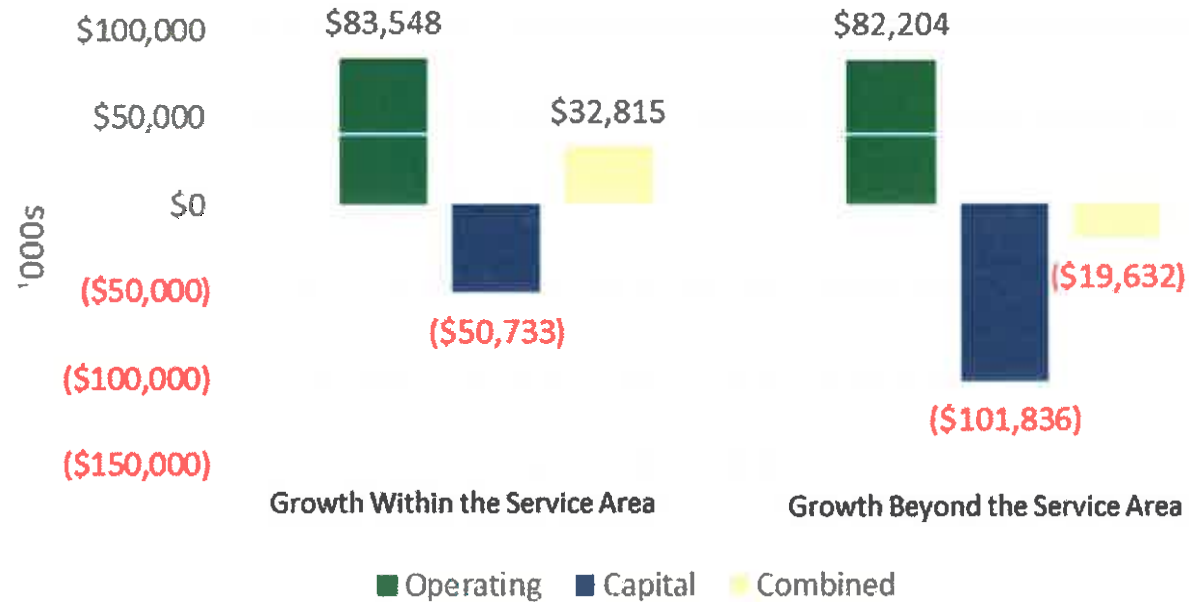


Champaign, IL

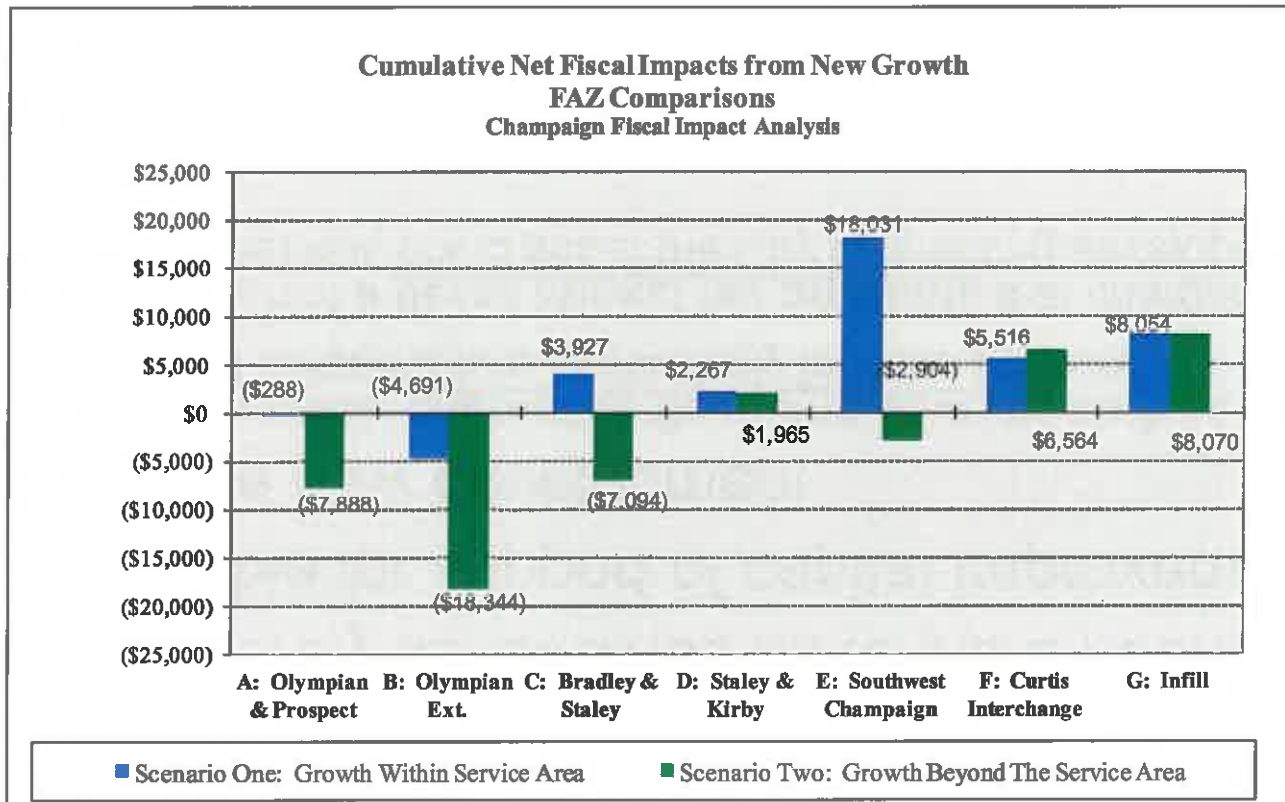


Champaign, IL

Cumulative Net Fiscal Impacts from New Growth - Operating v. Capital
Scenario Comparisons
Champaign Fiscal Impact Analysis



Champaign, IL



Champaign Findings

- The City is severely constrained as to the amount of revenue available for support of capital improvements needed to serve new development
 - The City should consider alternative financing sources such as impact fees for growth-related infrastructure, particularly for road projects
 - The implementation of a tiered impact fee program, that charges more for development further out, could assist the City in directing development in a phased manner

Parting Thoughts

- Fiscal impact analysis is both a science and an art
- A “one size fits all” approach leads to generalizations
 - Each jurisdiction is unique
 - Results can indicate the opposite of reality
- Fiscal impacts are only one part of the equation
- Goal should be to educate
- Garbage in, garbage out
 - Analysis must include a clearly written rationale explaining methodology and assumptions

Parting Thoughts

- Focusing on the fiscal impacts at the expense of other impacts
 - Environmental, social, economic, transportation
 - Fiscal zoning
- Overlap of government entities
 - What about School District?
- Beware of **advocacy** disguised as **analysis!!!!**

Questions

Thank You

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Note on sources: Unless otherwise noted or sourced, all figures herein are from TischlerBise.

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