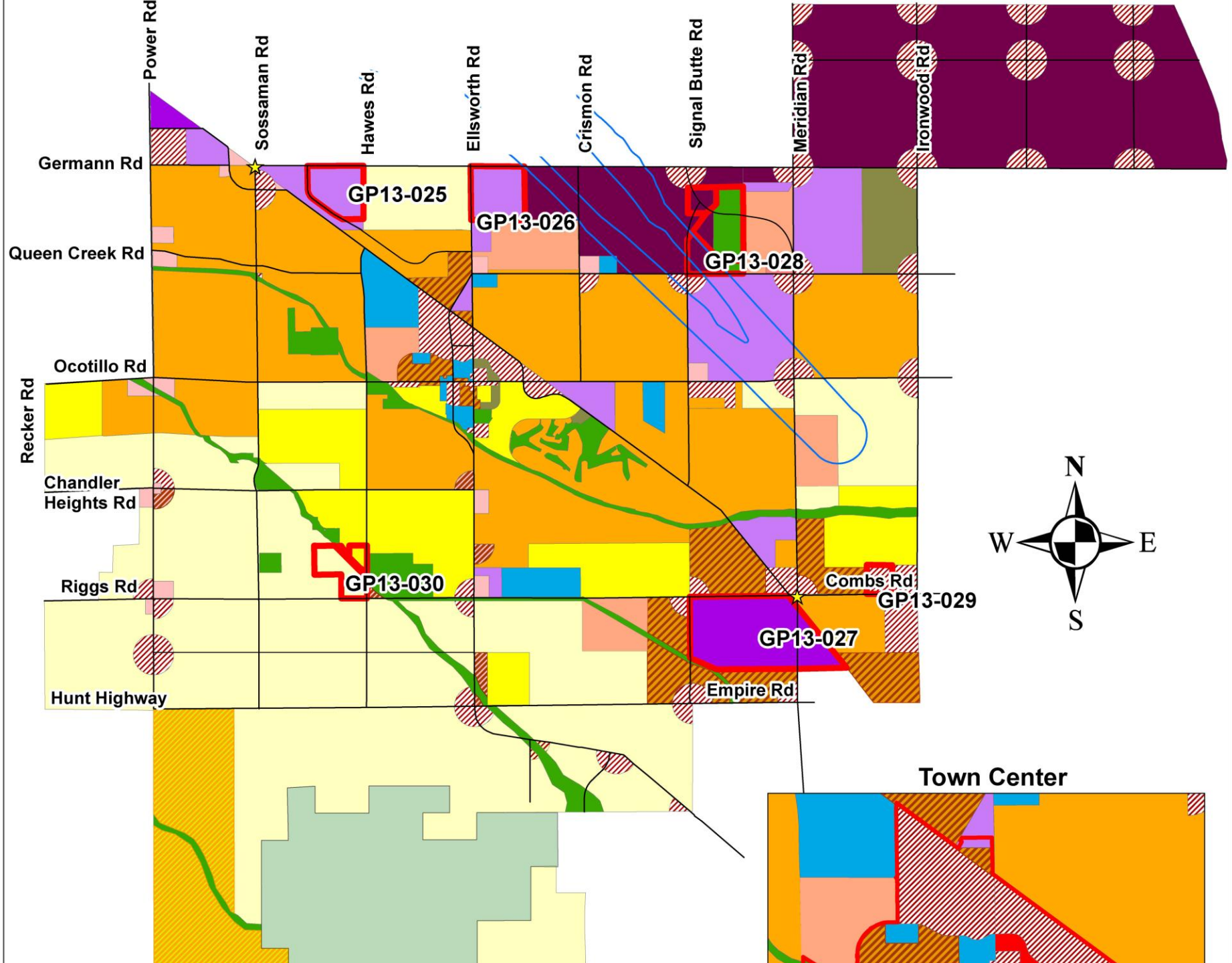
2013
Major General Plan Amendment Applications

February 5, 2014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Riggs Rd
Hunt Highway
Combs Rd
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N
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E
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Town Center

APPLIED ECONOMICS

FISCAL BALANCE REPORT

Prepared by:

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October 2013

4.8 Net Impacts by Land Use by City

Using the preliminary impact model, each of the pro-formas was evaluated for each of the 27 communities plus the two counties. The community results are shown in Figure 4-6. Total revenues and expenditures are indicated along with a ratio of revenues divided by expenditures. Ratios greater than one indicate a positive net impact. Since this is an order of magnitude model, ratios close to one should be considered a neutral impact.

Although construction costs are shown in the pro-formas, these are only used as a basis for calculating assessed value. No construction sales tax, permit fees or related expenses are included in the net impacts since these are non-recurring items that distort the longer term impact results.

4.8.1 Industrial Development

Industrial development generates a moderate positive fiscal impact for most cities. For this example, assessed value varies by city, based on differences in land values, although FAR and employment per acre are fixed. For Goodyear, Buckeye, El Mirage and Queen Creek that have relatively high local property tax rates, the ratio of revenues to expenditures for industrial development ranges from 1.63 to 2.55 indicating a strong positive impact. For Maricopa County, industrial development also generates a positive impact since the county relies on property tax revenues and not sales tax for operations and maintenance (O&M).

Real property assessed value for industrial is less than for office development, but employment density is also lower. Typically with industrial development, the majority of assessed value is from personal property. Based on averages from the Census of Manufacturing, the industrial pro-forma includes $15,000 of personal property per employee, which helps to boost property tax revenues. Additionally, this pro-forma assumes that 50 percent of the industrial space would be for lease, thus generating some

sales tax revenues for cities. On the expenditure side industrial and office development generally require less police service than other types of development. This is significant since public safety is usually one of the largest expenditure items for cities.

4.8.2 Office Development

Office development creates a positive impact for most cities, with the ratio of revenues to expenditures ranging from 0.68 to 2.53. The greatest positive impacts are in cities with both high sales and property tax rates such as Tempe, Avondale, Goodyear, El Mirage, Buckeye, Fountain Hills and Queen Creek, since both higher property values and sales taxes on leases are important revenues from office development.

The model shows break even or negative impacts for cities like Mesa, Chandler and Gilbert which have very low or no primary property taxes and relatively low sales tax rates. Paradise Valley, which also has no primary property tax, shows a negative impact due to the high cost of police service. Maricopa County which does not have any general fund sales tax but shows a positive impact since office development generates sufficient revenues from property taxes to cover the cost of county services.

The pro-forma assumes that 85 percent of the office space is leased versus owner occupied. The office pro-forma also includes $10,000 of personal property per employee, which helps to boost property tax revenues. Office development, which is assumed to be low to mid-rise office for this example, has the highest assessed value among nonresidential uses due both the quality and density of development. Real property values are about 2.5 times the level for industrial or retail development. Office development also generates more employees per acre than retail or industrial, so the overall level of expenditures is generally higher.

4.8.3 Retail Development

Retail development creates the largest positive impact, significantly greater than any other type of

FIGURE 4-6

NET IMPACTS PER ACRE OF DEVELOPMENT BY CITY AND LAND USE TYPE AND REVENUE TO EXPENDITURE RATIOS

		Industrial		Office		Retail	
Phoenix	Revenues	$2,665	0.97	$15,347	1.11	$38,154	10.37
	Expenditures	$2,761		$13,803		$3,681	
Mesa	Revenues	$1,967	0.67	$9,880	0.68	$33,107	8.50
	Expenditures	$2,920		$14,602		$3,894	
Glendale	Revenues	$3,660	1.25	$17,013	1.17	$54,921	14.10
	Expenditures	$2,920		$14,602		$3,894	
Scottsdale	Revenues	$2,617	0.90	$14,204	0.97	$31,838	8.18
	Expenditures	$2,920		$14,602		$3,894	
[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	
Cave Creek	Revenues	$3,912	1.69	$19,175	1.65	$57,729	18.68
	Expenditures	$2,318		$11,589		$3,090	
Queen Creek	Revenues	$4,634	2.10	$25,212	2.29	$44,369	15.09
	Expenditures	$2,205		$11,026		$2,940	
Youngtown	Revenues	$2,934	0.70	$18,331	0.88	$57,117	10.27
	Expenditures	$4,173		$20,865		$5,564	
[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	

FIGURE 4-6 (continued)
NET IMPACTS PER ACRE OF DEVELOPMENT BY CITY AND LAND USE TYPE AND REVENUE TO EXPENDITURE RATIOS

		Rural SF		Medium Lot SF		Very Small SF		High Density MF		Very High Density MF	
Phoenix	Revenues	$214	0.80	$3,723	0.74	$6,786	0.68	$8,496	0.83	$24,886	0.83
	Expenditures	$268		$5,038		$10,053		$10,294		$29,902	
Mesa	Revenues	$191	0.57	$3,599	0.57	$4,909	0.57	$8,069	0.70	$23,439	0.70
	Expenditures	$336		$6,343		$8,651		$11,516		$33,454	
Glendale	Revenues	$219	0.63	$3,546	0.61	$5,479	0.60	$9,814	0.81	$28,529	0.81
	Expenditures	$349		$5,840		$9,059		$12,073		$35,071	
Scottsdale	Revenues	$282	1.03	$3,600	0.72	$5,714	0.62	$6,536	0.73	$19,215	0.74
	Expenditures	$273		$5,030		$9,162		$8,897		$25,846	
Chandler	Revenues	$210		$2,982		$4,968		$7,918		$23,022	
	Expenditures										
Cave Creek	Revenues	$136	0.77	$2,560	0.77	$4,746	0.77	$8,197	1.13	$23,811	1.13
	Expenditures	$177		$3,339		$6,190		$7,266		$21,108	
Queen Creek	Revenues	$297	1.16	$4,737	0.96	$7,256	0.85	$8,208	1.04	$24,177	1.06
	Expenditures	$255		$4,954		$8,513		$7,869		$22,860	
Youngtown	Revenues	$79	0.38	$2,512	0.38	$4,964	0.38	$8,469	0.55	$24,600	0.55
	Expenditures	$207		$6,607		$13,057		$15,370		$44,648	
Carefree	Revenues	$111		$2,203		$4,170		$7,711		$22,400	

4.8.4 Residential Development

Residential development is the only type of development that creates a consistently negative impact. The five pro-formas shown here range in density from rural single-family at 0.2 units per acre, to very high density multi-family at 34 units per acre. The impacts from residential development are largely a function of the tax structure of cities in Arizona. The majority of revenues from residential development come from property tax and state shared revenues. Additional revenues from service charges offset some expenditures for items such as recreation. However, since most residents use city services more heavily than people working in the city, the expenditures from residential development typically outweigh revenues.

Although it is true that increased density results in lower capital costs for infrastructure it does not necessarily result in lower operations and maintenance costs. In general, the impacts become more negative as density increases for single family since the larger amount of residents per acre demand a higher level of services which are not offset by the increase in property tax revenues per acre. Within multi-family, there is little difference between high density and very high density, but in both cases the impacts tend to be less negative, or even slightly positive, compared to single family development. In addition to property taxes, multi-family development generates sales tax on rents which results in greater revenues to offset service costs. Positive impacts in high density multi-family development are most likely in cities with high land values as well as higher sales tax rates such as Fountain Hills, Cave Creek and Queen Creek.

Among the residential pro-formas shown here, high density and very high density multi-family yield the highest proportion of revenues relative to expenditures. Very small lot single family appears to have the most negative impacts. However, there is significant variation among cities. A summary of the relative revenue to expenditure ratios for each residential density type is shown in the graph below (Figure 4-7).

DRAFT - Fiscal Impact Analysis of General Plan Amendment Applications

Prepared for:
Town of Queen Creek, Arizona

November 22, 2013

TischlerBise
Fiscal, Economic & Planning Consultants

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Bethesda, MD
301.320.6900
www.tischlerbise.com

DRAFT – Market Demand and Absorption Analysis

Prepared for:
Town of Queen Creek, Arizona

January 13, 2014

TischlerBise
Fiscal, Economic & Planning Consultants

The Chesapeake Group, Inc.

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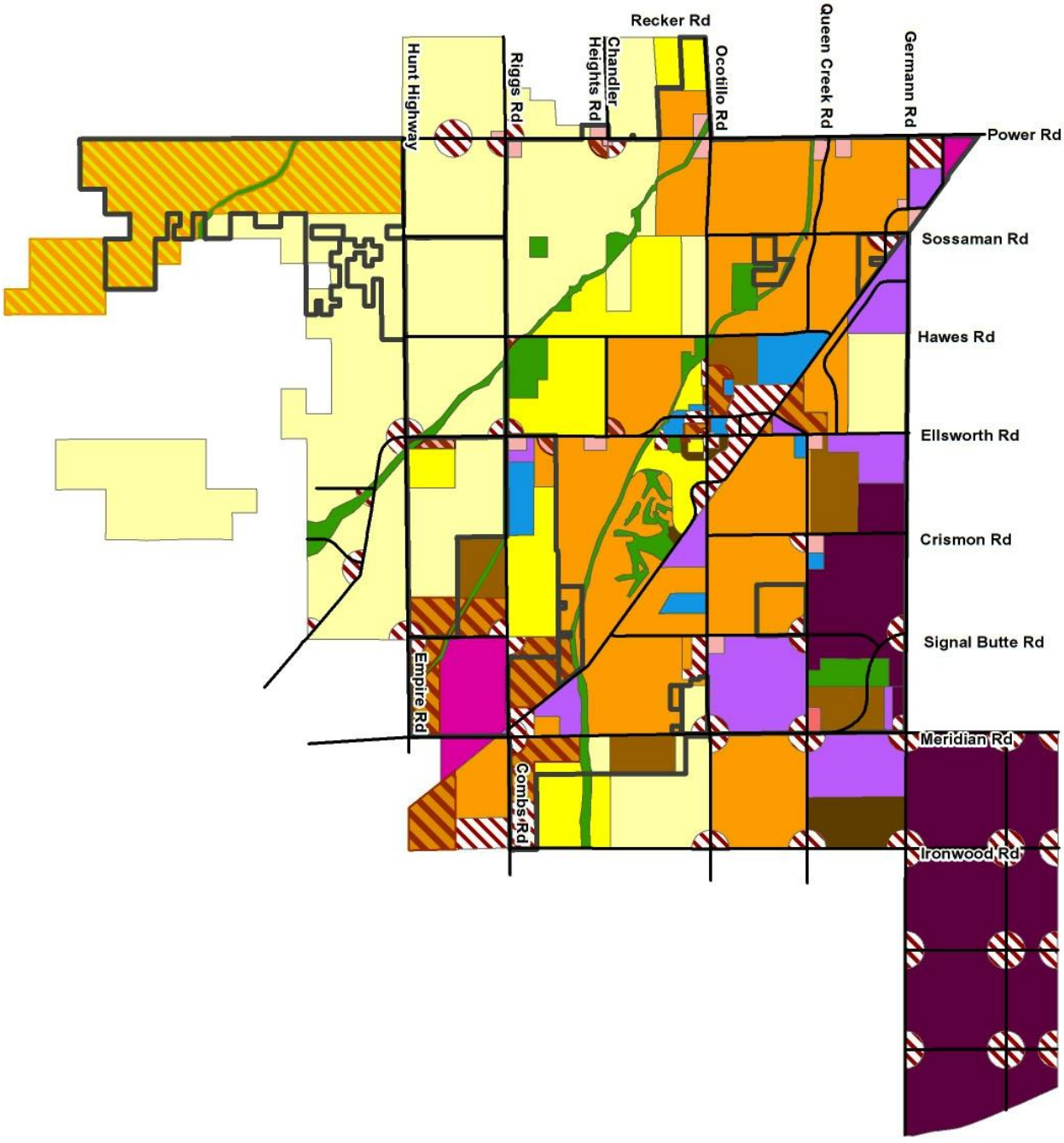
Bethesda, MD
301.320.6900
www.tischlerbise.com

*Net New Square Feet**

		FAR Range			Net New Land Area Range (Sq. Ft.)			Net New Acres		
		Lower	Mid	Higher	SF at Lower FAR	SF at Mid FAR	SF at Higher FAR	Ac. at Lower FAR	Ac. at Mid FAR	Ac. at Higher FAR
Retail	1,370,000	0.20	0.30	0.40	6,850,000	4,566,667	3,425,000	157	105	79
Office	1,400,000	0.20	0.30	0.40	7,000,000	4,666,667	3,500,000	161	107	80
Industrial	2,380,000	0.10	0.15	0.20	23,800,000	15,866,667	11,900,000	546	364	273
Total	***5,150,000***				***37,650,000***	***25,100,000***	***18,825,000***	***864***	***576***	***432***

**Source: The Chesapeake Group; TischlerBise*

Net New Acres		
Ac. At Lower FAR	Ac. At Mid FAR	Ac. At Higher FAR
157	105	79
161	107	80
546	364	273
864	***576***	***432***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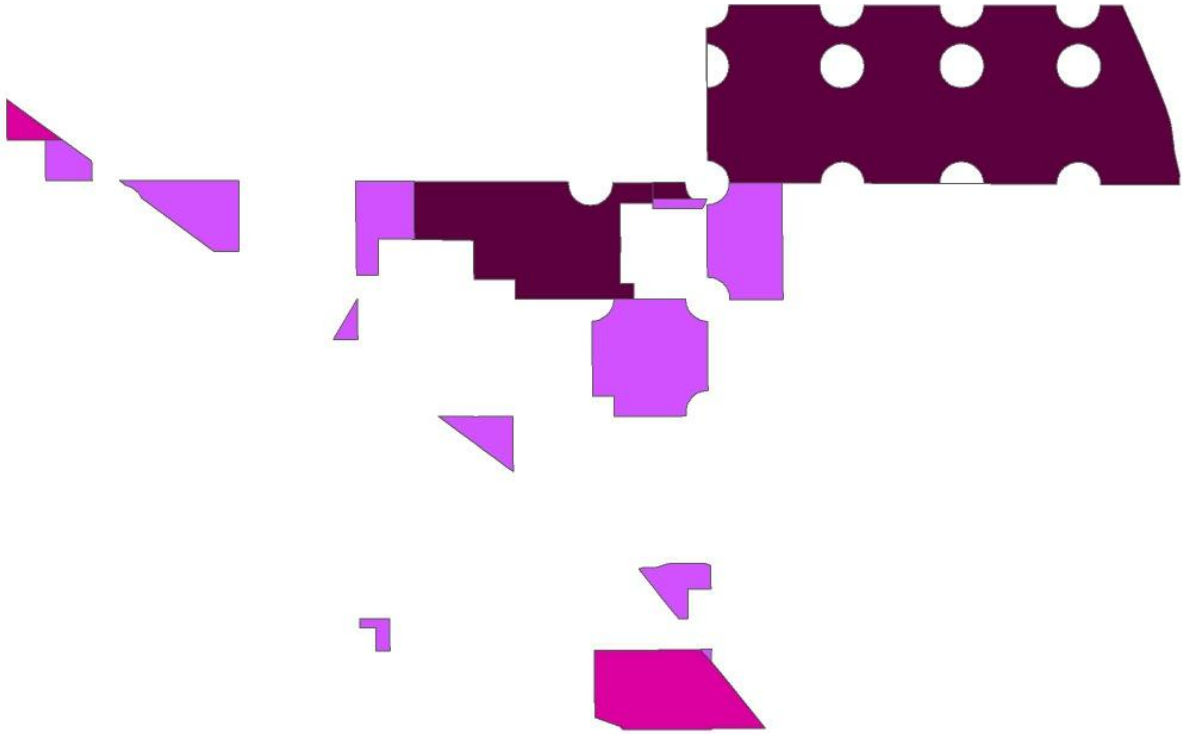
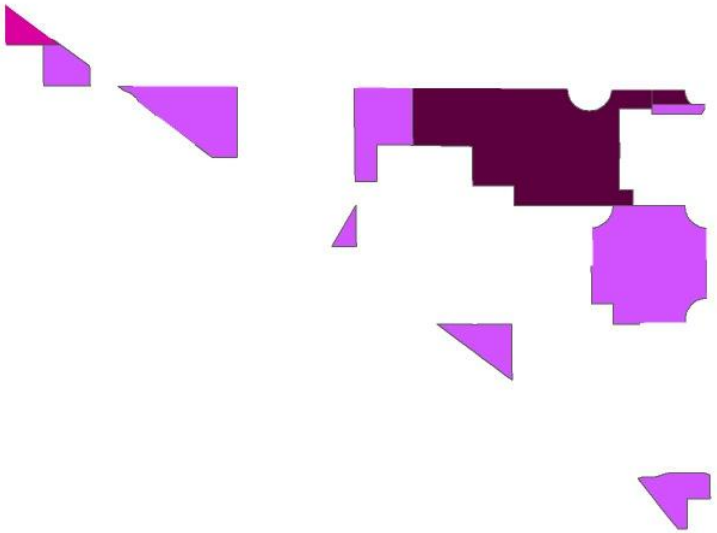


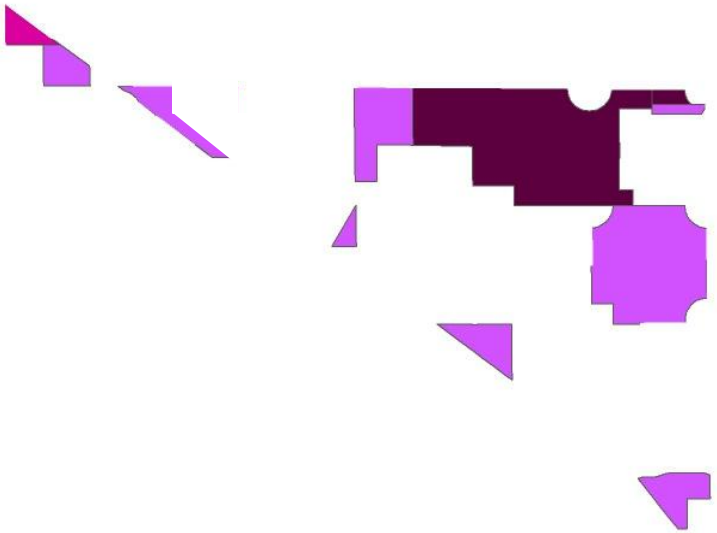
PLANNING AREA

RCC / Industrial / “Employment”: 6,417 acres



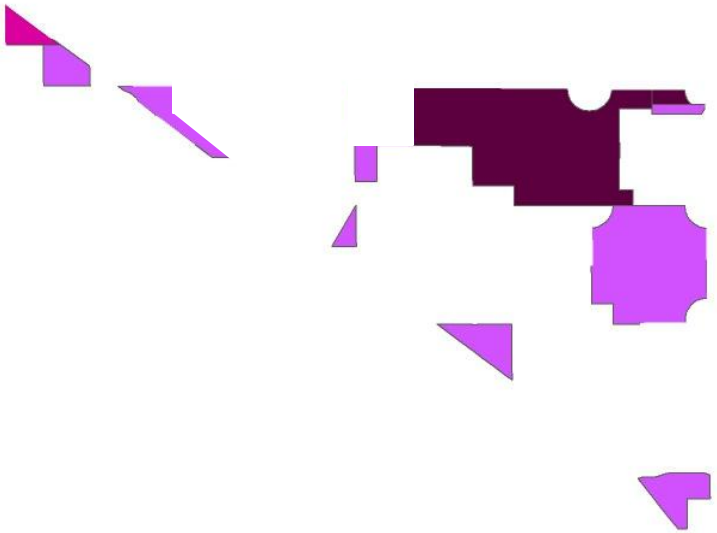
TOWN LIMITS

Industrial / “Employment”: 1,369 acres



TOWN LIMITS

Industrial / “Employment”: 1,229 acres



TOWN LIMITS

Industrial / “Employment”: 1,073 acres

*Net New Square Feet**

		FAR Range			Net New Land Area Range (Sq. Ft.)			Net New Acres		
		Lower	Mid	Higher	SF at Lower FAR	SF at Mid FAR	SF at Higher FAR	Ac. at Lower FAR	Ac. at Mid FAR	Ac. at Higher FAR
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Total	***5,150,000***				***37,650,000***	***25,100,000***	***18,825,000***	***864***	***576***	***432***

**Source: The Chesapeake Group; TischlerBise*

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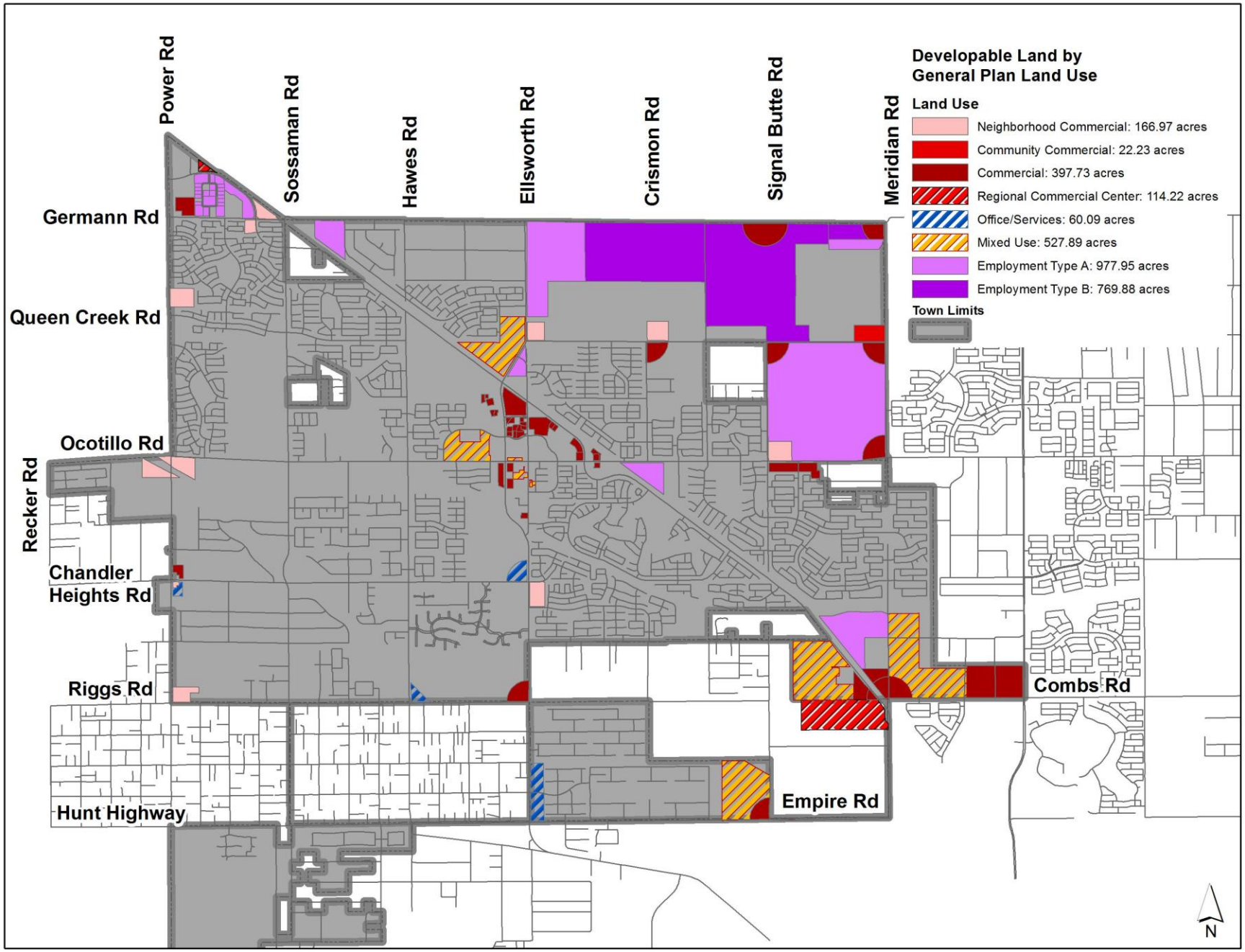
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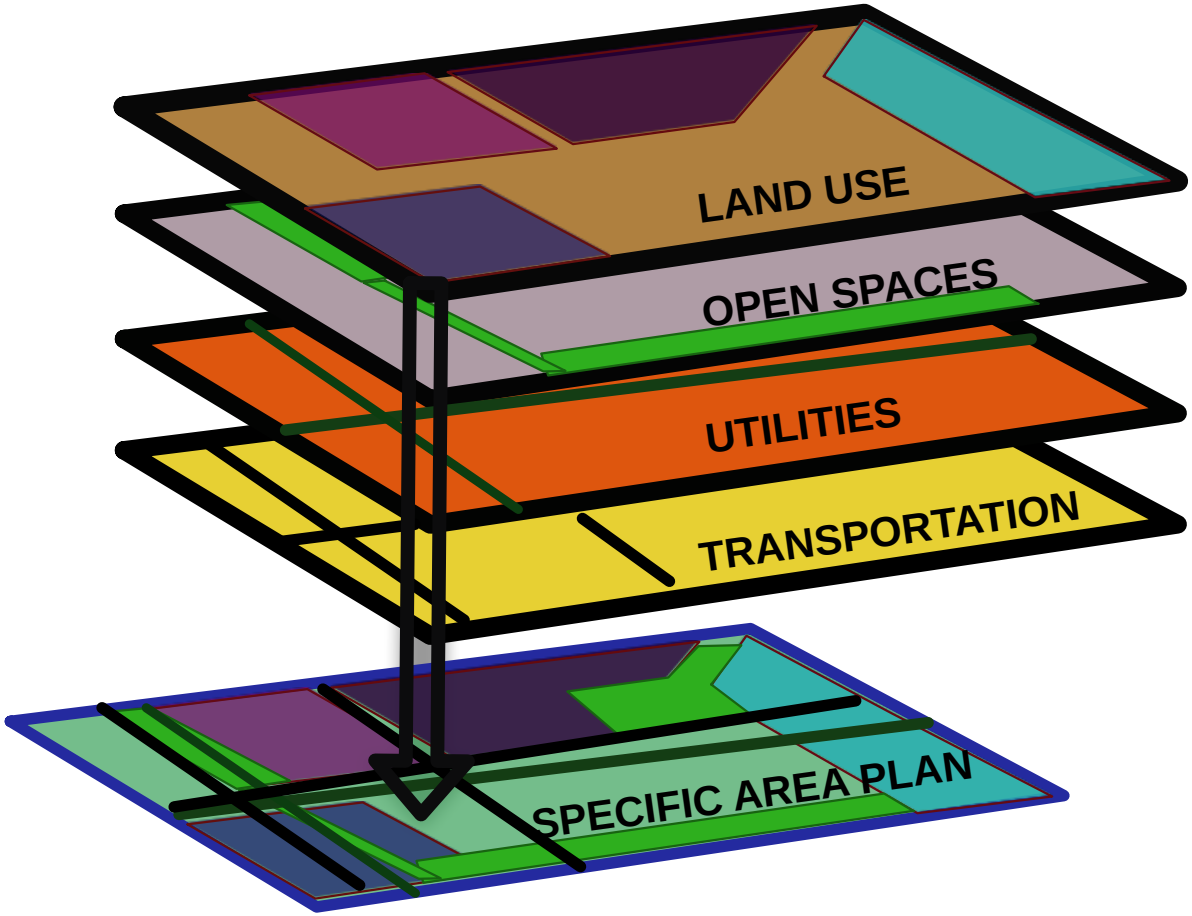
Hunt Highway
Empire Rd
Combs Rd
Developable Land by General Plan Land Use
Land Use
Neighborhood Commercial: 166.97 acres
Community Commercial: 22.23 acres
Commercial: 397.73 acres
Regional Commercial Center: 114.22 acres
Office/Services: 60.09 acres
Mixed Use: 527.89 acres
Employment Type A: 977.95 acres
Employment Type B: 769.88 acres
Town Limits
N



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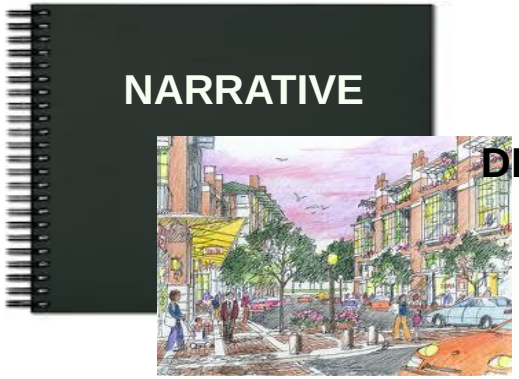

DESIGN GUIDELINES

FINANCE PLAN

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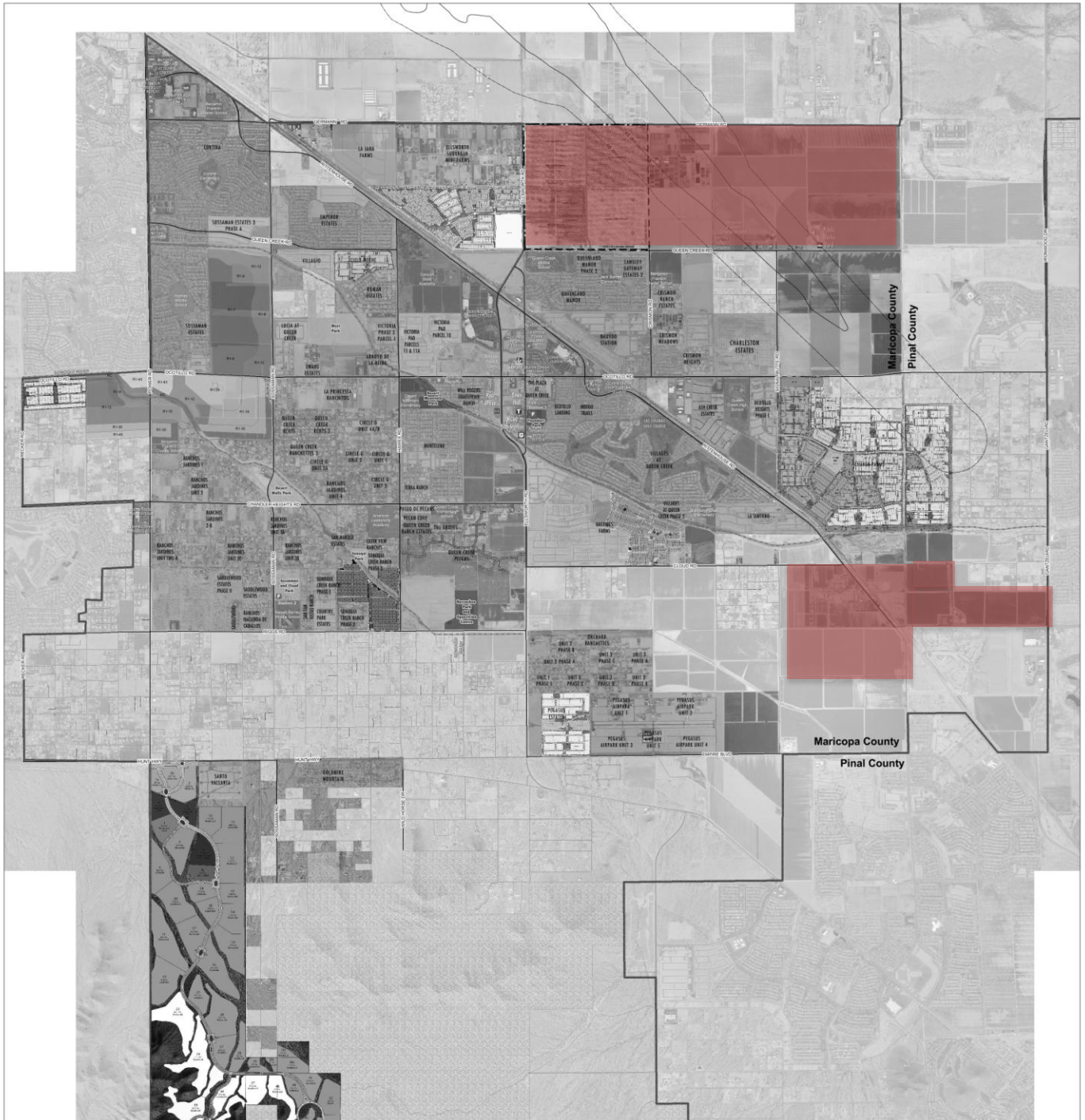
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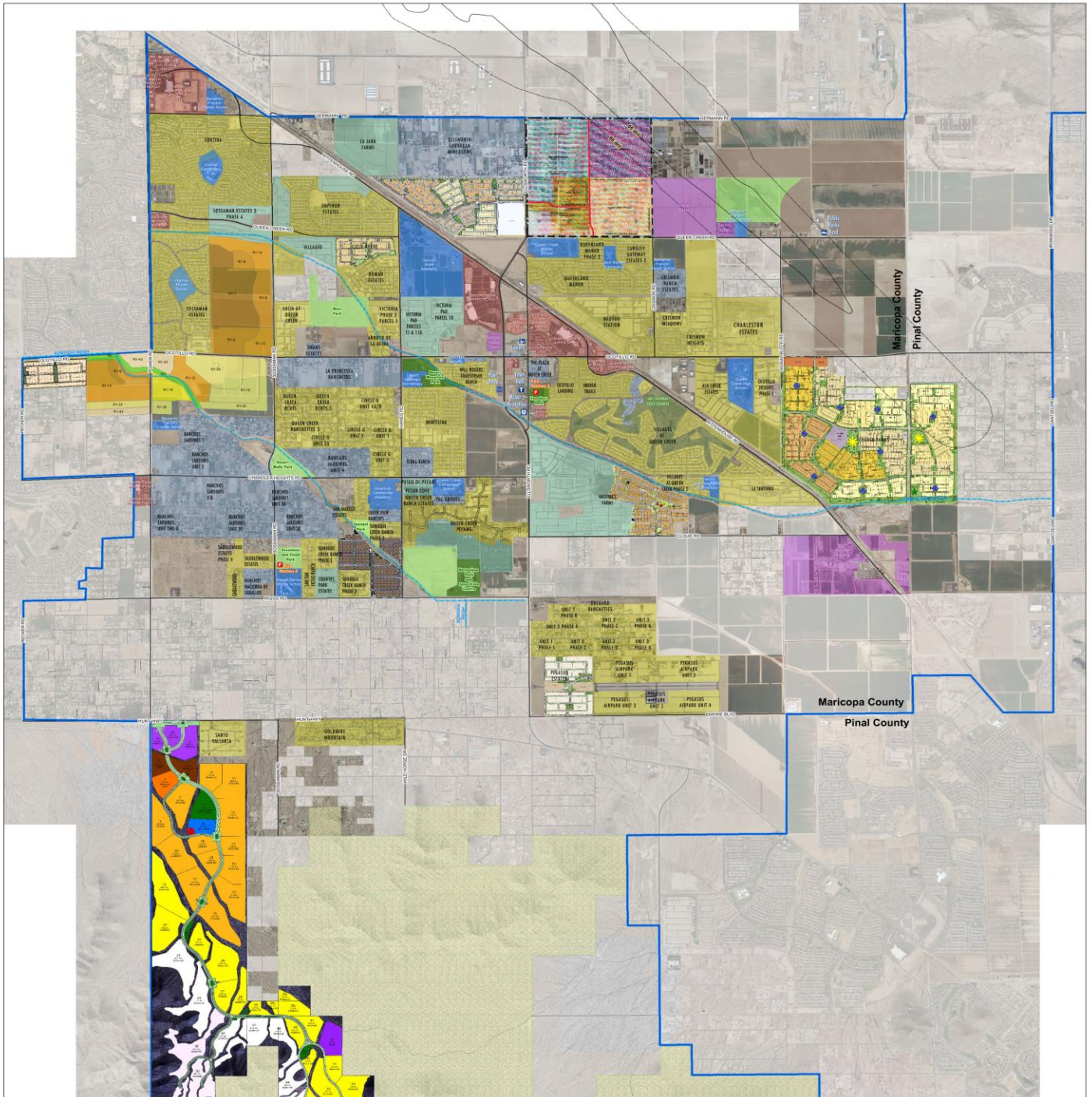
Pinal County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