

TOWN OF COLCHESTER'S FISCAL VALUE OF LAND USE STUDY SUMMARY

COST OF COMMUNITY SERVICES STUDY BUILD-OUT ANALYSIS FISCAL IMPACT PROJECTION



BACKGROUND

Knowing the fiscal value of different land uses provides a community information important for making decisions about the town's future. The net fiscal effect of the taxes received and the associated cost of services differs by the type of land use, changing the mix of uses directly impacts the mill rate. This fiscal value of land use study looked at the fiscal effect of changing land uses for Colchester.

COST OF COMMUNITY SERVICES STUDY (COCS)

COCS studies are case studies using a consistent methodology to determine the fiscal contribution of current land uses of a particular town. A COCS Study is a snapshot in time, for Colchester the snapshot is of fiscal year 2012-2013, and analyzes revenues and expenditures for three types of land use: residential, commercial / industrial and open space / farm / vacant land.

The results of the Colchester Study show that for every \$1 paid in local taxes by a residential use, \$1.14 is used in services, meaning that residential uses do not provide sufficient tax revenue to support the cost of services provided to them. The results for the other two land use categories in Colchester both show that for every \$1 paid in local taxes, only 18 cents is needed for their services.

Colchester Cost of Community Services Study

The cost of services by land use for every dollar paid in local taxes

	Residential	Commercial Industrial	Open Space Farm/Vacant
Colchester 2012-13	\$ 1.14	\$.18	\$.18

Although counterintuitive, studies across the country show that development increases local Mill Rates. There is an immediate increase in tax revenue, but gradually the demand for increased services and the need to upgrade infrastructure exceeds the increased revenue, resulting in an increased Mill Rate. Even new commercial development can trigger an increase in residential development, require additional infrastructure, increase traffic, and have other impacts that contribute to an increased cost of services, also resulting in a higher Mill Rate.

BUILD-OUT ANALYSIS

This analysis is a tool to estimate the maximum development possible in a community; it isn't an attempt to forecast what will happen, but rather what is possible under current land use regulations. For this analysis, the proposed Colchester Zoning Regulations, district boundaries and minimum lot size were used.

Currently the primary land use in Colchester is residential; this build-out analysis focused on the potential for additional residential development. Colchester's Assessor has a database of 6386 parcels totalling 29,399 acres; further analysis determined that 1,134 parcels totalling 13,820 acres have the potential for additional residential development. To be conservative, and to account for the town-wide average site limitations (38.4%) and future town land requirements, 5,750 acres were subtracted.

Two average lot size scenarios were used to calculate the build-out potential, both assumed that only single-family detached homes would be built; if the development included condo or apartment complexes, the potential population would be increased considerably.

Colchester Build out Analysis

Based on 2 and 4 acre average lot sizes:

	Lot Size 2 ac.	Lot Size 4 ac.
Number of additional single fam. homes	5,698	3,252
Current households (2010 Census)	5,669	5,669
Potential population increase	200%	157%

The results indicate that, conservatively, Colchester's population could increase between 157% and 200%. With the housing pressures facing Eastern Connecticut in the future, a 10% growth rate per decade is likely, if so, build-out could be reached in 50-60 years.

FUTURE FISCAL IMPACT: A 20-YEAR PROJECTION

Any land use changes today will have a fiscal impact on Colchester in the future. The basis for the fiscal impact analysis was Colchester's 2012-2013 fiscal year budget, projected to fiscal year 2022-2023. To focus only on the result from development, the assumption was made that there was no inflation, the only change was the development of vacant land resulting in increased tax revenue and increased expenses. The results indicate that the Mill Rate could increase by 12.4% to support the additional services.

Colchester Future Fiscal Impact

Of commercial and residential development

	Mill Rate	% Increase
Colchester 2012-13	28.8	
Increase to support additional services above the increased amount of taxes	+ 3.6	
2022-23 projected Mill Rate	32.4	12.4%

COMPARISON TO OTHER COMMUNITIES

Findings in similar studies across the country have found that growth over time increases the cost of services greater than the accompanying increased revenue, resulting in a Mill Rate increase to balance the budget.

Many towns have adopted an aggressive agricultural land and open space acquisition policy to offset the fiscal impact of growth, funding sources are usually a partnership among the town, state and federal agencies and local and regional non-profits.

This Fiscal Value of Land Use study, dated January 7, 2013 was conducted by Paula Stahl, LLA, AICP and funded by a Connecticut Department of Agriculture Ag-Viability Grant; the analysis is based on information and data provided by the Town of Colchester. Please see the full report for the details of the study