

# Fiscal Impact Analysis Littleton, CO Comprehensive Plan

PRESENTATION: September 10, 2019



## Envision LITTLETON

*Our Community. Our Future.*

---

An innovative community engagement  
effort to define a vision for our future

# Agenda

---

- Introduction and Overview
- Land Use Scenarios
- Fiscal Impact Analysis Methodology
- Findings
- Discussion of Findings

# Introduction



- Fiscal, Economic, and Planning Consultants
- 35-year nationwide practice
- Fiscal Impact Analysis (800+)
- Economic Impact Analysis
- Impact Fees (900+)
- Infrastructure Needs & Revenue Strategies
- Market Feasibility

# Overview

## Fiscal Impact Analysis

- Cash flow to the public sector
- Are the revenues generated by growth enough to cover the resulting service and facility demands?
- [Local Government **Revenues**] - [Local Government **Expenditures**] = Net **Surplus** or Net **Deficit**
- All revenues and all costs should be included

# Overview

## ...different from:

### Economic Impact Analysis

- Reflects overall economy of the community
- Captures construction phase and consumer spending
- Stresses job creation and real disposable income
- Doesn't follow jurisdictional lines
- Resident spending may/may not be sources of local revenues

### Market Analysis

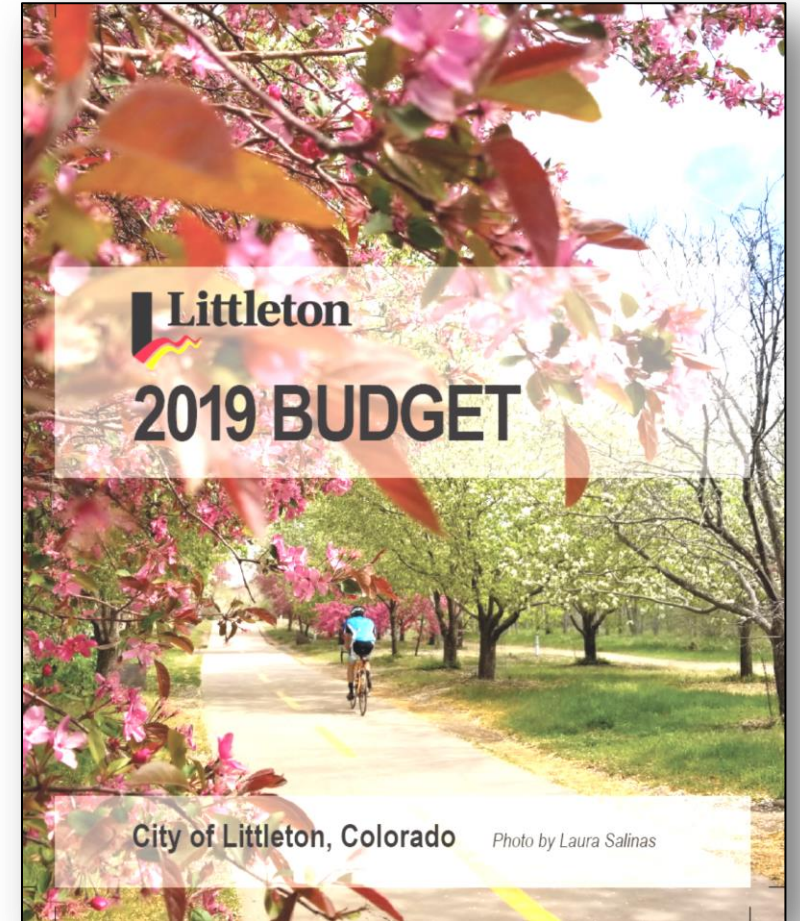
- Measures support/demand for a real estate product
- “Highest and Best Use” questions
- Is there unmet demand for project?
- Identifies competitors (i.e. evaluates supply)
- Determines how quickly the project will be sold or leased (absorption rate)



# Overview

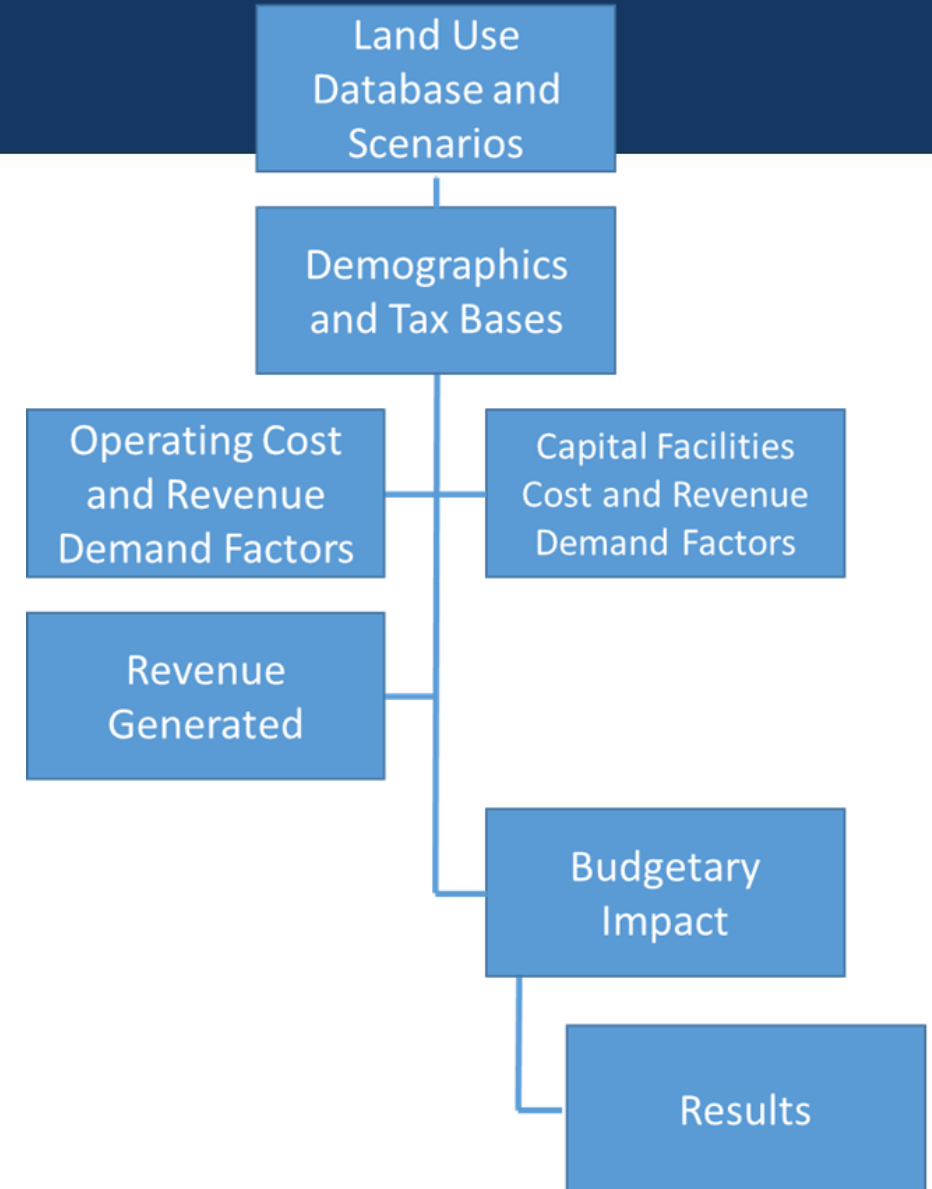
## Fiscal Impact vs. Revenue Forecasting

- **Municipal budgeting** is primarily “revenue driven”
  - Revenue forecast is used to establish spending target
- **Fiscal Impact Analysis** is not revenue constrained
  - Forecasts expenses needed to maintain current Levels of Service



# Littleton, CO: Approach

- Define land use scenarios
  - Comprehensive Plan will guide future growth and development in the City
- Analyze demographic factors
  - Household size / housing types / employment by type
- Determine cost/revenue factors and develop specific methodologies
  - Interviews with City staff
- Design fiscal impact model
  - Establishing current Levels of Service
- Calculate results



# Scenarios

Littleton is largely built-out and most new development will occur through intensification / densification of existing sites or on the City's ~210 acres of vacant land.

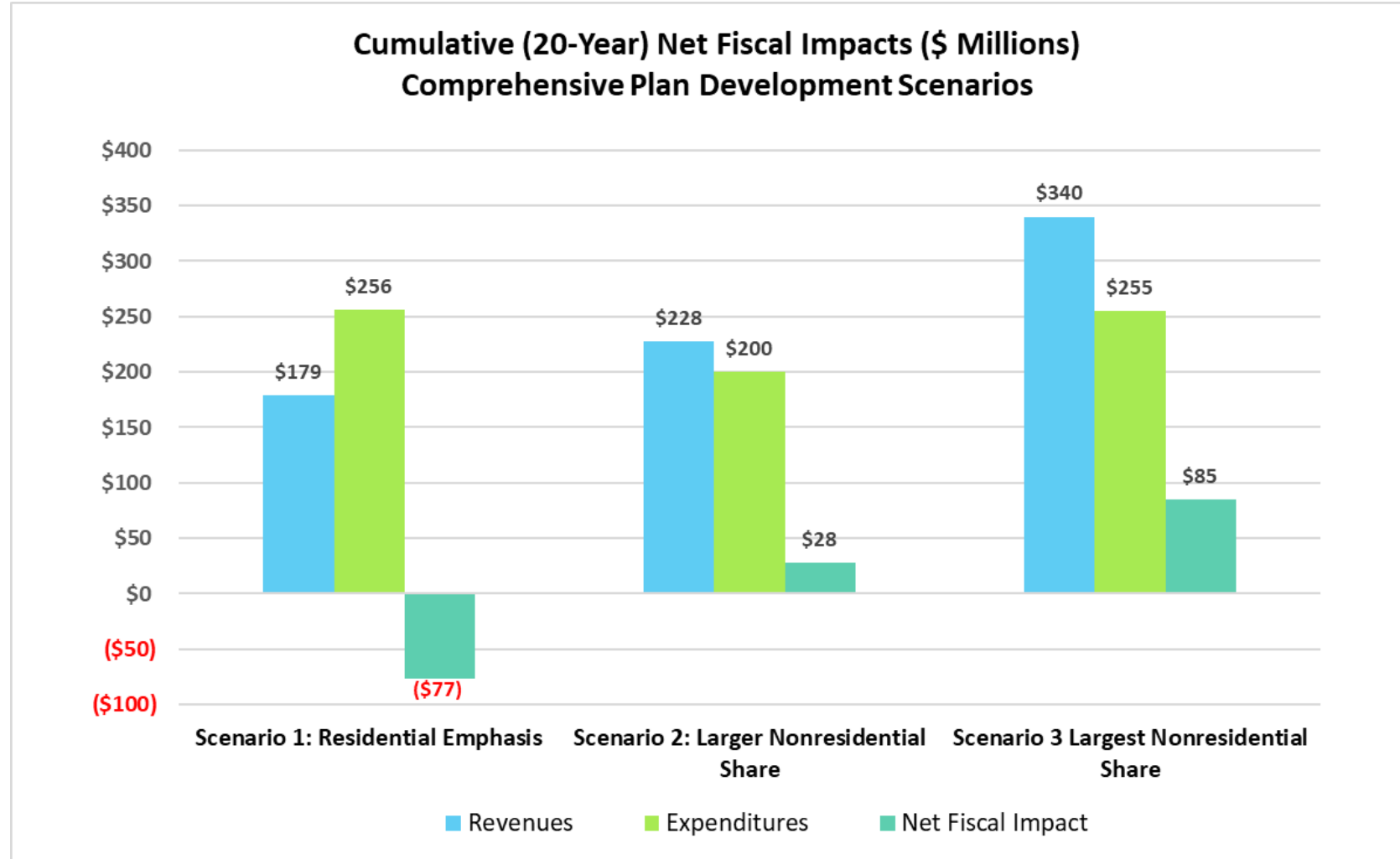
	Existing Development (2019)	GROWTH OVER BASE YEAR (2019)		
		Scenario 1: Residential	Scenario 2: Larger Nonresidential	Scenario 3 Largest Nonresidential
SINGLE FAMILY UNITS	10,531	1,927	580	580
ATTACHED UNITS	10,531	3,751	2,260	2,260
MOBILE HOMES	457	0	0	0
<b>TOTAL UNITS</b>	<b>21,519</b>	<b>5,678</b>	<b>2,840</b>	<b>2,840</b>
<i>Total Growth from Base Year</i>		26%	13%	13%
<b>POPULATION</b>	<b>49,643</b>	<b>13,116</b>	<b>6,560</b>	<b>6,560</b>
<i>Total Growth from Base Year</i>		26%	13%	13%
RETAIL SF	2,411,675	1,057,587	1,840,679	2,991,103
OFFICE/INSTITUTIONAL SF	2,483,842	440,661	766,950	1,150,424
INDUSTRIAL	2,719,867	176,265	306,780	230,085
LODGING SF	252,856	88,132	153,390	230,085
<b>TOTAL SF</b>	<b>7,868,239</b>	<b>1,762,645</b>	<b>3,067,799</b>	<b>4,371,612</b>
<i>Total Growth from Base Year</i>		22%	39%	56%
<b>JOBS</b>	<b>30,221</b>	<b>4,173</b>	<b>7,263</b>	<b>11,060</b>
<i>Total Growth from Base Year</i>		14%	24%	37%



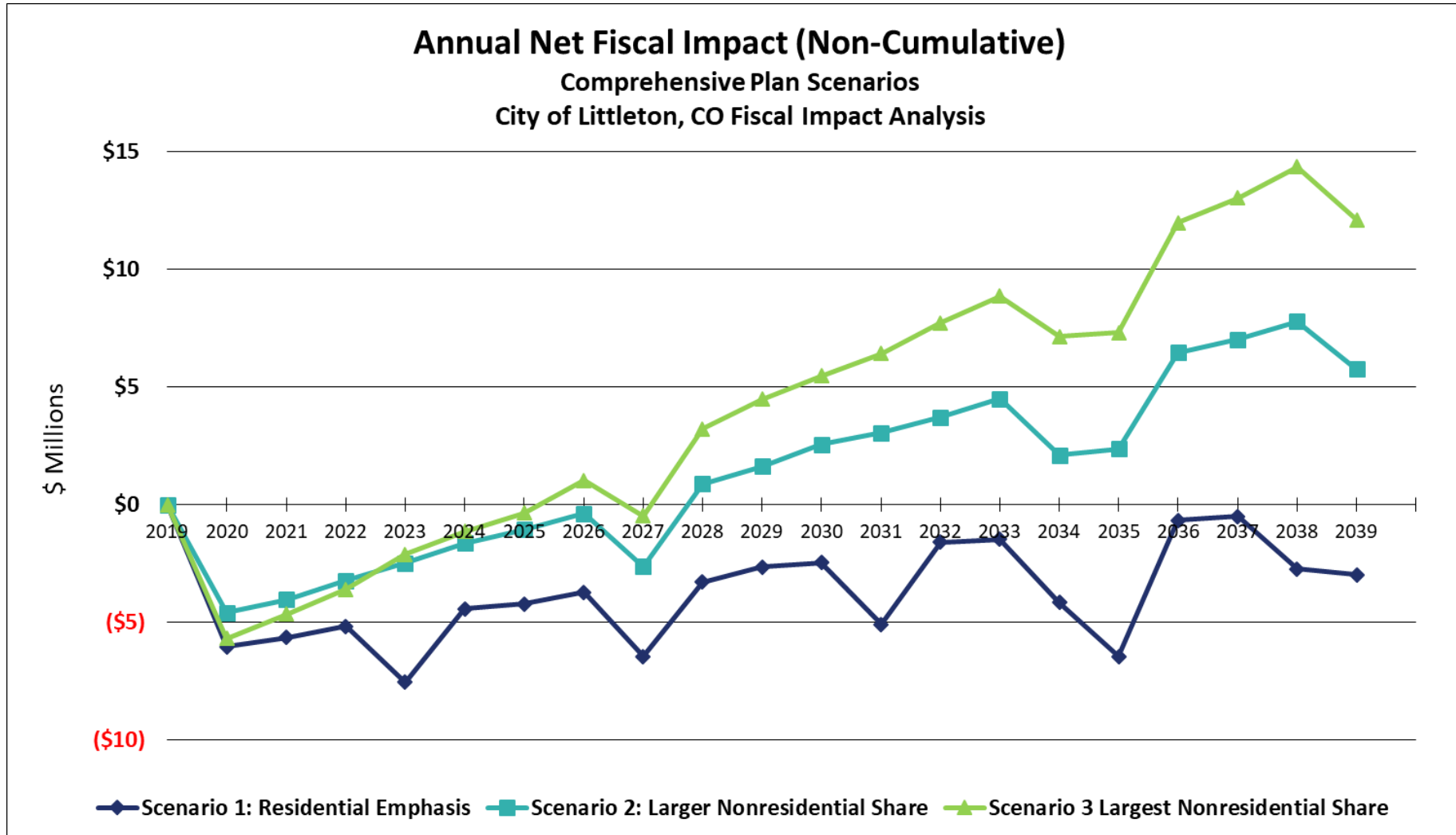
# Key Assumptions

- City of Littleton Fiscal Year 2019 Budget used
  - City revenues and expenditures modeled
- Current levels of service modeled
- Results expressed in current dollars (no inflation assumed)
- Time period of the analysis is 20 years
- Hybrid average cost/marginal cost approach used
- Local share of transportation capital costs = 25%
- Capital costs are funded on a “pay-go” basis

# Cumulative Net Fiscal Impacts



# Annual Net Fiscal Impacts



# Preliminary Findings

- In the short-term, **all Scenarios** result in annual deficits due to significant capital infrastructure costs and pay-go assumption
  - Debt financing would spread these costs out over time
- More residential development (**Scenario 1**) = greater demand on services & infrastructure, less revenue, and a net deficit
  - Property taxes do not generate significant revenue due to millage rate
- **Scenario 3** has the greatest positive fiscal impact
  - Same residential development/pop growth as **Scenario 2**, but more commercial development/sales tax revenue

# Items for Further Consideration

---

- Operating vs. capital impacts
- Debt vs. pay-go
- Impact fee sizing
- Maintaining current LOS vs. improving LOS (e.g., transportation, public facilities)
- Reliance on Sales & Use tax
- Market feasibility
- Economic development incentives



# Wrap-up

---

- Questions and discussion
- Thank you