Sustainable Land Use Principles
A SOLVE Research Project

What is SOLVE

SOLVE was formed in Clear Creek County as a grass roots group of citizens concerned about land-use. It has been around for over 12 years as a non-profit corporation with tax-exempt status. Its basic mission is to promote healthy communities in the county.

SOLVE has been instrumental in a number of accomplishments in the county, including:

- preserving the Beaver Brook Watershed
- preserving the James Peak Wilderness Area
- finding an environmentally responsible solution for the refurbishing of Guanella Pass
- creating a ballot measure that resulting in forming the Open Space Commission

SOLVE activities include:

- researching all aspects of land use issues
- obtaining a balance of natural areas and sustainable development
- advocating realistic alternatives for land use preservation in remote areas
- advising the County policy makers
- promoting the health and safety of residents
- educating the public

SOLVE is neither pro-development nor anti-development. Rather we seek what is best for the overall good of the county.

Research & Education

One of SOLVE's current prime research and education programs has been into the fiscal impact of various land use decisions on the county, and into what principles can be gleaned for sustainable land use actions.

Qualitative Research Findings

SOLVE's research has revealed some important principles, many of which run counter to commonly-held assumptions.

Growth & Development Add More to County Expenses than to Revenue

Yes, Growth and Development ***do*** provide some additional tax revenue. But Growth and Development also bring new demands for services and infrastructure.

A study by Harvard economists Altshuler and Gomez-Ibanez found: "The available evidence shows that development does not cover new public costs; that is, it brings in less revenue for local governments than the price of servicing it."

There is an astonishing lack of awareness, in spite of available evidence. Development proposals are still approved in the hope that the new development will bring in revenues that will pay for a new public facility, such as a library, that the county would otherwise not be able to afford– or to prepare for harder economic future. But the evidence is, that citizens hoping for a tax windfall from new development are liable to be disappointed.

The results are similar when added up over many projects in a wider area. A broad study by the Metropolitan Planning Council of the greater Chicago area (a sort DRCOG-like organization) looked at the six-county region surrounding Chicago. The study confirmed an earlier report that found that per capita taxes went up as a county grew, rather than down as they were supposed to. The study also reached several more general conclusions: population growth tends to increase the residential tax burden (measured as a percent of personal income); and fast-growing areas that do not increase taxes tend to see a reduction in public services– a result more likely in Colorado, under the effects of TABOR. . The study measured tax burden in three ways: Tax Rate set by local governing authorities, total Tax Payments per residence, and Taxes as percent of personal income. They found that all three measures, including ***Tax Rate***, were higher in more densely-developed areas.

Perpetual Growth Is Not Sustainable

The 2002 Citizen Survey also revealed that only 19% of the citizens thought we should have a Pro-Growth strategy. In the same survey 73% felt that growth in the county was either "About Right" or Too fast." This data mirrors a state-wide survey done a few years earlier.

Growth can be managed. Environmental, social, and economic standards can direct growth in a community without blocking it entirely. Some communities across the country are already setting such standards to preserve their unique non-urban character.

Our 2002 Citizen Survey revealed that 80% of our citizens prefer a "Directed Growth" or "No-Growth" policy in the county. Somewhat more growth was supported in the 2010 Citizens Survey, but the survey also revealed that that "residents of Clear Creek County are clear that new development must not disrupt the qualities of life that have attracted them here. Not only should new development avoid harming the natural environment, it must be fiscally sustainable…."

Economic Prosperity and Environmental Health Go Together

A study by the Institute for Southern Studies ranked 50 states in two categories: Environmental Health and Economic Health. Twenty indicators were used in each category to create the rankings. Nine of the states ranked in the top 12 on the environmental scale also ranked in the top 12 on the economic scale. Conversely 12 states ranked among the 14 worst on both lists. The report concludes: "The states that do the most to protect their natural resources also wind up with the strongest economies and the best jobs for their citizens."

In a different study, MIT professor Stephen Meyer also ranked the states by economic prosperity and by breadth and depth of environmental programs. He found:

- States with stronger environmental policies consistently out-performed the weaker environmental states on all economic measures,
- The pursuit of environmental quality does not hinder economic growth and development,
- There appears to be a moderate, yet consistent, positive association between environmentalism and economic growth, and
- There is no evidence that relaxing environmental standards will produce economic growth.

A study by the American Chemical Society found that states with lower pollution levels have stronger economies. They also have better environmental quality and lower energy use.

There is Broad Popular Support for Open Space

Nationally, the Trust for Public Land noted that there have been 1,500 open space bond issues since 2000 and 77% passed, which is a higher pass rate than any other public service. Every opinion poll says America wants to spend more money on parks and conservation. From 1995 to 2004 American experienced a 64% increase of real dollar expenditures by local governments on parks and recreation-- again, higher than any other public service.

In the 2002 Clear Creek County Citizen Survey, Open Space acquisition consistently received strong support. It ranked 3rd on a long list of items that citizens were willing to pay higher taxes for– ahead of even Roads & Bridges improvements. In the same survey citizens put Open Space acquisition in the top half of all priorities, ahead even of Law Enforcement. In 2009 election, there was a strong turnout in spite of the fact that an Open Space budget item was the only thing on the list– and it passed by a wide margin. The Citizens Survey of 2010 echoed these sentiments: "Natural Environment" was by far the top reason for living here, while "Protecting air and water Quality," "Keeping the scenic beauty," and "Preserving natural areas" were by far the top priorities for planning.

Local Efforts to Create Jobs Rarely Help the Local Community

The state and the federal governments get income tax revenues from new jobs. But the county does not. The county may get some benefit from sales taxes on additional spending, but it also must deal with a number of new issues brought on by the new job holders, including: housing, road improvements, health & welfare, services, libraries, and recreation.

In 1986, the City of Fort Collins sought to create more jobs by attracting an Anheuser-Busch brewery, with 500 jobs. To direct the jobs to local residents, potential applicants were required to pick up the applications in person. At least 56,000 people did so (in a city whose population at the time was 82,000)! Clearly, many of these people were from out of town. Ultimately 20,000 people submitted applications, and 500 were hired. Only 133 (27%) were from Fort Collins, and an additional 54 (11%) were from in the county nearby. That means that 313 jobs (62%) went to people who were not local residents.

This illustrates a common occurrence. The growth ***expectations*** attracted many more people to the area than there were jobs to be filled. Unemployment actually went ***UP***!

Job creation is better handled by state and federal governments. Local governments do better when they focus on reducing unemployment through such means as providing training programs or covering expenses for training.

The County Derives Value from Vacant Land

Undeveloped land requires little public support. Undeveloped land increases surrounding property values. Undeveloped land does not increase public service costs. Open Space and Farm Land help capture water and helps clean air

Vistas Are Important to Economic Values

A survey by the National Association of Home Builders found that the surrounding environment is the single most important factor affecting the market value of a house. The right “view” can make a $100,000 house sell for twice as much. These values reflect an innate appreciation for other human values, including clean air and wildlife habitat.

It is more expensive to build a home in rural Clear Creek County than on the plains. Wells and septic systems cost more than water and sewer hookups. Driveways are longer and take more grading. Retaining walls may be required. Some blasting may even be required. People have voted with their dollars to accept these expenses, in order to live in the rural mountain environment they enjoy.

The surrounding land and views are our character. They are like an investment, or at least a savings account. They are there for us and for those who follow us. But once they are destroyed, they can not be recovered. The loss is permanent.

So it is quite appropriate for county policy makers to take into account its citizens’ visual preferences in land use decisions. The citizens have chosen to live here because of the setting more than any other reason. They have paid for the privilege, and destroying the visual environment takes that from them.

Quantitative Research on Growth & Development

Urban Planning focuses on Tax Base as its primary fiscal goal, to increase revenue. But in more rural environments, it is even more important to consider the costs associated with new development. SOLVE's research has uncovered a lot of quantitative data that indicates a surprising result: Growth and new Development generally do not provide enough new tax revenue to pay for the county costs that they incur.

Revenue - often touted by development proponents

Revenues are generally touted by developers in their proposals, as economic benefits to the county. Frequently, the proposals talk about total revenue to the whole community, as sort of an economic influx to the county. But the county also needs to know what ***new tax*** revenues are going to be generated by all of the economic activity proposed.

Costs & Offsets - rarely discussed

Far less frequently does a proposal contain anything about the additional costs to the county that the proposed development will incur. Hardly ever is a complete analysis of costs and other offsets to revenue presented. The county needs to know these costs, because they can make the difference between a development that will add to the county's coffers, and one that will be a net burden to the county.

Cost Factors

SOLVE research has discovered five categories of costs. The data for all of these is available in research studies conducted by many cities and counties. Unfortunately, the literature does not usually bring these factors together in any one place. Consequently, they are not usually all available to decision makers. Accordingly, SOLVE has created a framework for considering these factors, which are:

1. County Services

This item represent the cost of additional on-going services required by a development project, such as police and fire coverage, snow removal, storm water management, etc. All too often, these costs are not presented at all-- or when they are presented, only some of the costs are considered.

2. County Infrastructure

Infrastructure includes one-time capital improvements such as road widening or paving, storm water management facilities, etc. Normally a developer is required to build any infrastructure required for his project. But a DRCOG report (Tischler & Associates, for Boulder) shows that even when best efforts are put forward to identify infrastructure requirements, the local government still winds up having to pay for about 40% of them. These costs are frequently hard to identify until well after the development is complete—but they still arise. In many projects, the total is significant, and additive to the cost of services.

3. Displaced Revenue

Commercial developments may present an opportunity for new tax revenue. To the extent that revenue from a new project is merely a shifting of revenue from an enterprise already operating in the county, the county will not see any increase in its total tax revenues—even though it will see an increase in the services required under item 2. The total value to the county needs to be adjusted for these revenues that are only shifts, and not totally new. This item does not usually apply to residential developments.

4. Gain/Loss from Property Re-Evaluation

Any development has the potential to affect the value of surrounding properties, both residential and commercial. A development that cleans up an eyesore may increase values. A development that adds problems to a community may decrease values. The county tax rolls will be affected by the change in values, and where significant, these change in taxes should be considered along with the land development proposal.

5. Cost of other projects

Some development proposals lead to other developments that are not included in the proposal itself. For example, when a commercial development creates new jobs, the new job-holders have to live somewhere. To the extent that additional housing is required, that implies another series of developments, some time in the near future, for residential housing; and from item 2, we can see that those developments will increase costs more than they increase revenues. So there can be future ramifications of a proposed development, ramifications that ought to be considered along with the proposal. In fact, job creation is positive for the state and federal governments who get income taxes, but job creation is generally a fiscal net negative to the county.

Typical Values

Here are some typical figures for county costs incurred per dollar of tax revenue generated, when all the development cost categories are considered. They could be considered "National Average" with more local figures used where available.

For **Residential** development, the county typically incurs from $1.70 to $3.00 of costs for each dollar of revenue generated.

Residential

2. Services Required	1.20 – 1.80
3. Infrastructure	0.70 – 1.00
4. Displaced Revenue	0
5. Re-Evaluation Effect	(0.20) – 0.20
6. Other Projects	0
Total Cost per Dollar of Revenue	1.70 – 3.00

Residential development is particularly costly in Colorado, where the Gallagher amendment limits the amount that residences can be taxed. Single family houses tend to cost less per dollar of revenue than apartment houses. Very expensive houses generate more taxes, but incur little more costs.

For **Commercial** development, the county typically incurs from $1.20 to well over $3.00 in costs for every dollar of revenue generated.

Commercial

2. Services Required	0.67 – 0.75
3. Infrastructure	0.50 – 1.50
4. Displaced Revenue	0.00 – 0.50
5. Re-Evaluation Effect	0.00 – 0.20
6. Other Projects	0.00 – 0.80
Total Cost per Dollar of Revenue	1.17 – 3.75

The wide range reflects parameters that are unique to each project. When development is actually *re*-development of municipal areas where services or infrastructure already exists, a project may actually generate more revenue than costs.

Mixed Use development has been popular with urban planners in recent years. It combines residential and commercial in a single development. It turns out to have cost implications somewhere between residential and commercial, and it is very hard to make it pay off in terms of positive fiscal impact for the county.

These costs represent typical ranges throughout the country. Clear Creek County assessment and budget data indicate that the costs may be somewhat higher in our county. Some developments are exceptional, and the values may be higher or lower than these ranges. The fact that the expenses typically exceed the revenues generated has been confirmed by many studies, such as one by Harvard economists Altshuler and Gomez-Ibanez. Another study in a 6-county area in Illinois showed a high correlation between density of development and higher taxes; this helps explain why the more densely-developed counties to the east of us have higher taxes.

Each development proposal should be measured individually for its fiscal impact on the county. Getting to these costs may avoid a bad decision for the county, or may help explain and confirm a good decision.

There are also other impacts on citizens, such as Quality of Life. Such costs are intangible, including such things as road congestion, view blockage, light pollution, interference with wildlife, etc. They are very hard to quantify with any precision. They do not affect the county budget. But they do affect the citizens, and the value that citizens attach to these intangibles can be very high. Most citizens have chosen to live in the mountain area at least in part for the quality of life available, and they have paid a lot more for their homes (built with rock excavation, retaining walls, long driveways, wells and leach fields). Residents have chosen these costs as partial payment for getting the quality of life they enjoy, and we can thus measure that many a typical family has valued the rural quality of life in the county at something over $50,000 to $100,000. Thus, these intangible impacts are still a very important part of any land development decision, and in fact may be the major impetus for some of the citizen input. These factors help explain why people feel the way they do about any development proposal.

Key Learnings

- Most Growth & New Development projects cost the county more for services and support than they generate in new revenue
- Indiscriminate and unevaluated Growth & Development is a strategy that will not help county finances
- Each development project needs to be measured on its own

Strategies for Clear Creek County

- Leverage what we have and what most residents want
- Commercial Development should be focused inside existing municipalities, where there is already existing infrastructure and services
- Development in rural areas should be low-impact, and promote the county as a destination with recreation, keeping a natural rural separation between municipalities
- Institute a complete fiscal impact as part of its development review, and measure significant developments to confirm the total costs after completion

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