



Countywide
Planning

Cost of Development

Hyde Park – June 17th 2020

Hyde Park Budget- 2020

- Total Revenue: \$2,882,500
 - Total dedicated to salary's: \$559,600
 - Total dedicated to benefits: \$306,800
 - Total dedicated to service contracts: \$1,000,000
 - Total from these three lines \$1,866,400 (~65% of total)
- Remaining Budget: \$1,016,100 (~35% of total)
- Before even making plans about what the community wants to do nearly 2/3 of the communities revenue is spent on salary, police, fire, and garbage service. Meaning the community needs to really make every dollar go as far as possible to
- So lets take a look at where the money comes from and where it goes

Hyde Park Tax Revenue

Property Type	Property Value	Hyde Park Tax Revenue	Hyde Park Property Tax rate
Average Home	\$336,000	\$203.28	0.000605%
	\$100,000	\$60.50	0.000605%

On average the town of Hyde Park collects \$203.28 **per home** in property taxes

This equates to roughly \$54.41 in taxes **per resident**

Cost of Roads

Road Revenue – Hyde Park Budget 2020

Class C Road Funds	\$220,000
Road Impact Fees	\$93,000
Total:	\$313,000

Road Expenses – Hyde Park Budget 2020

Salaries and Employees	\$99,500
Class C Roads	\$200,000
Road Improvements	\$80,000
Equipment and Building Costs	\$43,000
Total	\$422,500

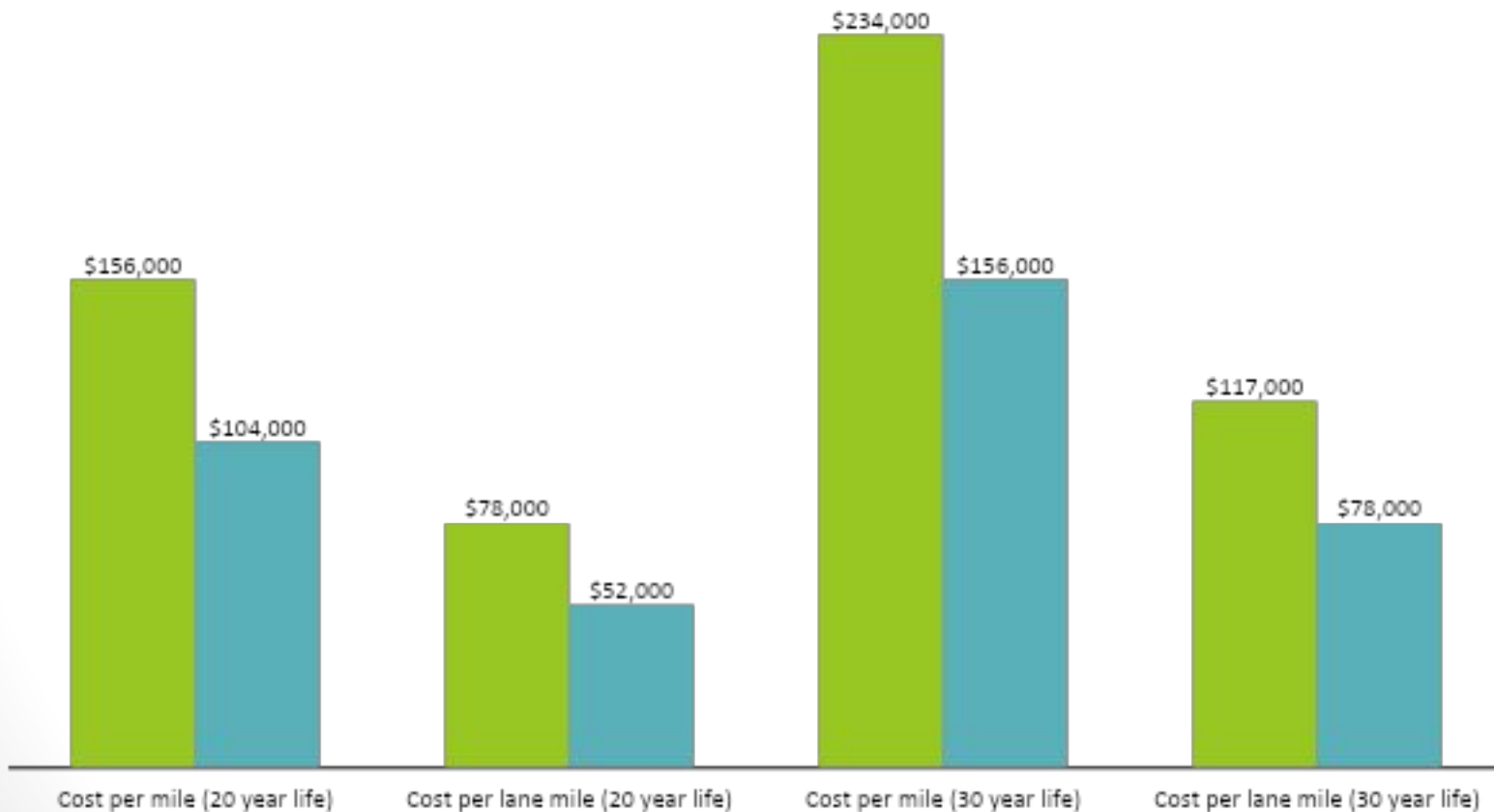
Roads are Expensive

- New 2 lane road: \$1 – 1.5 Million per mile
- Chip and Fog Seal costs ~\$31,000 per mile
- Lifetime of a well maintained road is 20-30 years
- Maintenance Cycles are between 4 and 6 years
- Thus the cost comes down to between \$5,200 & \$7,800 per mile per year
- Cost of Road maintenance is roughly (\$0.98 - \$1.48 per foot per year)
 - Cache County Roads Department

Cost of Roads

Lifetime Maintenance Costs

■ 4 year maintenance cycle ■ 6 year maintenance cycle



Development Impact



Total Area: ~50
Acres

Units: 72

DU/AC: 1.4

Street: ~9,000'

Scenerio	Area	Units	Density DU/AC	Property Tax	Street Frontage	Infrastructre Construction Costs (Road ONLY)	Yearly Maintenance costs (Roads ONLY)	Difference
Existing	50 Acres	72	1.44 DU/AC	\$14,636.16	9,000'	\$1.7 - \$2.56 Million	\$13,320	\$1,316.16
A1	50 Acres	50	1 DU/AC	\$10,164.00	9,000'	\$1.7 - \$2.56 Million	\$13,320	-\$3,156.00
RE -20	50 Acres	100	2 DU/AC	\$20,328.00	9,000'	\$1.7 - \$2.56 Million	\$13,320	\$7,008.00
R1	50 Acres	150	3 DU/AC	\$30,492.00	9,000'	\$1.7 - \$2.56 Million	\$13,320	\$17,172.00
5 Acre Ranchettes	50 Acres	10	.2 DU/AC	\$2,032.80	9,000'	\$1.7 - \$2.56 Million	\$13,320	-\$11,287.20
2.5 Acre	50 Acres	20	.4 DU/AC	\$4,065.60	9,000'	\$1.7 - \$2.56 Million	\$13,320	-\$9,254.40
8,000 SF	50 Acres	272	5.4 DU/AC	\$55,292.16	9,000'	\$1.7 - \$2.56 Million	\$13,320	\$41,972.16

As we can see from the development scenario's above, the cost of infrastructure can wreck havoc with our budgets. Before even accounting for all of the other services our communities provide most large lot developments are actually costing our communities more to maintain than they bring in with tax dollars every year.

It's important to remember that these numbers don't even include snow removal, they are simply the costs of maintaining roads, and saving enough to rebuild them after their lifespans.

Unfortunately many communities don't put money away to rebuild roads, saving some money in their budgets today, but creating great liabilities in the future. This is what some have coined as "The Growth Ponzi Scheme"

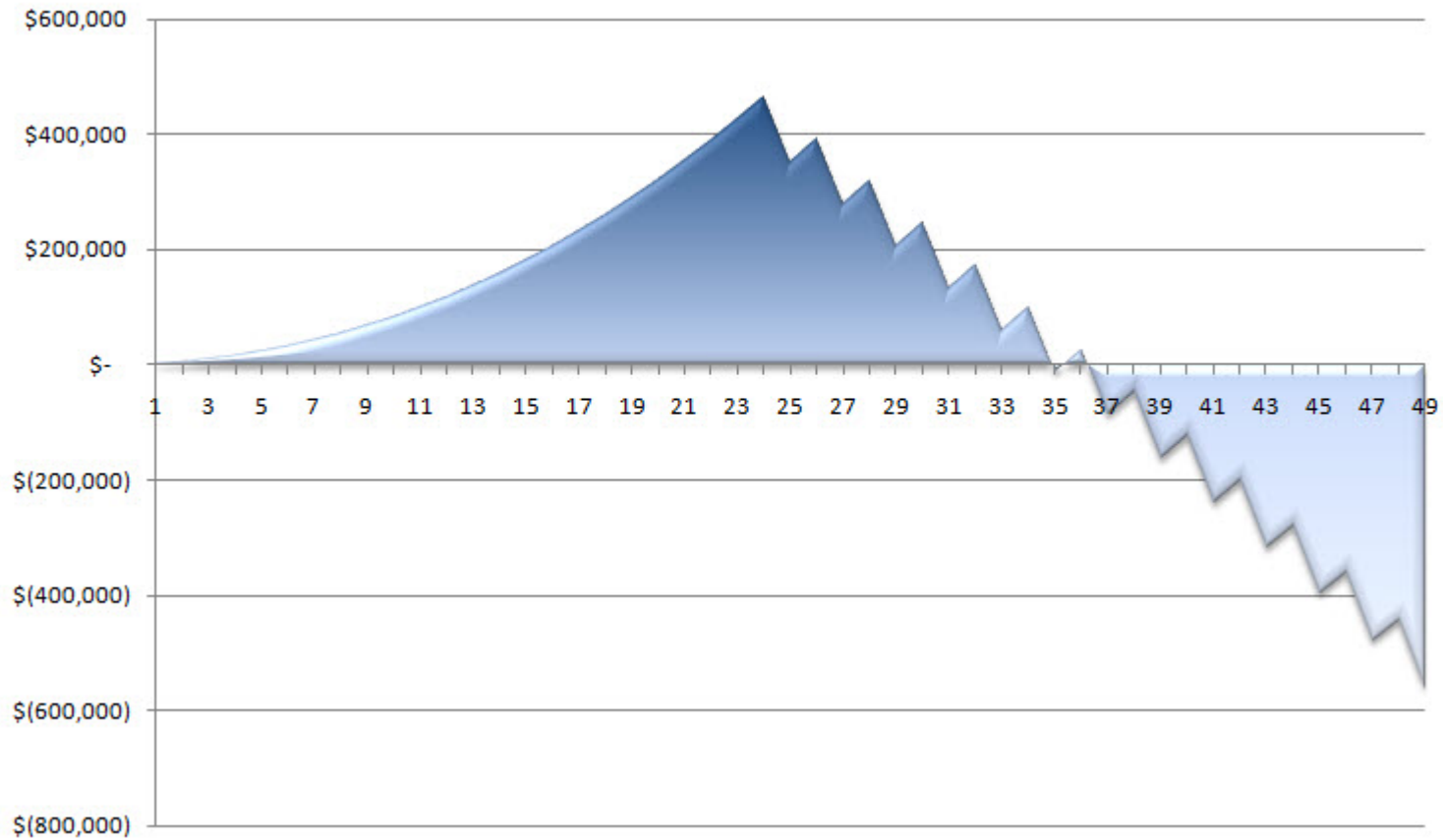
Growth Ponzi Scheme

- Charles Marohn of Strong Towns has a great series of articles on the Growth Ponzi Scheme which I cannot recommend highly enough
- In general the Growth Ponzi Scheme is the development pattern most/all communities follow, where new development comes into the community, builds infrastructure and leaves the municipality or county with the long term maintenance costs.
- Because of our low tax rates it can take us upwards of 40 years to earn enough tax dollars from the development that is served to replace infrastructure designed to last around 25 years.
- Which means about 20 years after new development is approved we have a problem our incomes don't match up with our liabilities

Growth Ponzi Scheme Cont.

- The easiest answer for most communities is, more growth, new growth means new infrastructure (that must be replaced in the future) but it also means a new infusion of cash now, to help us maintain and rebuilt our older crumbling infrastructure.
- Because most communities don't want to change the character of the community we turn around and approve new developments which similarly cannot sustain themselves long term
- This has the effect of making many communities poorer as we develop, while giving us the illusion of being prosperous
- This is until we're no longer able to grow fast enough to keep up with our failing infrastructure, at which point we see a rapid decline – Detroit

Cumulative Cash Flow - Two Life Cycles



What type of Development pays the bills?



Success is measured value per acre for the same reason we measure cars Gallons Per Mile

matters. That's where the miles per tank vs. miles per gallon analogy comes in.



Ford F150 Lariat LTD
648 miles per tank



Toyota Prius
571 miles per tank



1955 BMW Isetta
245 miles per tank



Rolls-Royce Phantom Drophead
380 miles per tank



Bugatti Veyron SS
390 miles per tank

How to encourage development that pays the bills

1. Simplify the permitting process
 - Clear requirements, fast reviews, no unnecessary meetings or public hearings
2. Reduce fees for projects with smaller impacts
 - Don't require additional (or as much) in the way of impact fees for additional units
3. Eliminate, minimum lot sizes, parking requirements, and open space requirements
 - A single parking space can cost \$5,000 - \$10,000
 - A single structured parking space \$25,000 - \$50,000
4. Allow Duplexes, triplexes, fourplexes and ADUs by right in single family residential zones
 - Have the same infrastructure serve additional units

Reading material

- <https://www.strongtowns.org/the-cost-of-auto-orientation>
- <https://www.strongtowns.org/journal/2018/8/7/growing-lasting-wealth-in-cobb-county>