



Fiscal Impact of Development

Investigating the relationship between land use and future municipal revenues and expenditures

Location: Kernersville, North Carolina

Partners: Town of Kernersville; Warren Associates; Kimley-Horn and Associates, Inc.

Context: The Town of Kernersville—population 22,000— is located in the heart of North Carolina’s fast-growing “Piedmont Triad Metropolitan Region,” which encompasses Winston-Salem, Greensboro and High Point. Kernersville has grown steadily for the past 70 years; it enjoys a small town atmosphere and easy access to the Piedmont Triad International Airport and to job centers throughout the region. Kernersville has adopted a progressive planning program committed to establishing itself as a “unique high quality community within the Triad.” As part of their proactive approach to planning, Town leaders wanted to develop a thorough understanding of the fiscal impacts of development decisions related to future growth.

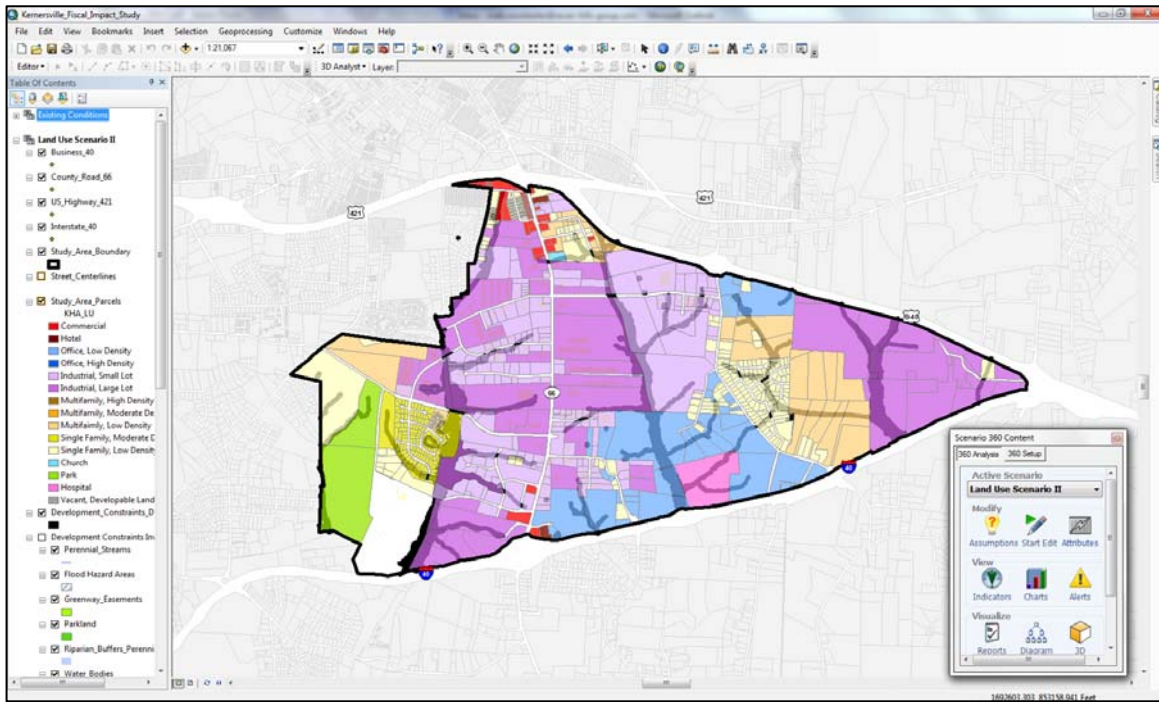
The Town selected a pilot study area of 2,314 acres southeast of downtown Kernersville, bounded generally by Business Route 40 to the north and Interstate 40 to the south. The “NC-66 and Triangle Study Area” is characterized by a variety of residential, commercial, industrial, institutional (hospital), and open space uses interspersed within a large amount of potentially developable property. Much of the study area lies outside Town limits, in Forsyth and Guilford Counties, but within Kernersville’s potential future annexation area. The Town retained Warren Associates and Kimley-Horn and Associates, Inc. to undertake a thorough analysis of the fiscal implications of alternative development scenarios contemplated for this potential high-growth area.



"The days of general assumptions for estimating costs and revenues associated with development are over. It is crucial to understand fiscal impacts of development based on an analysis of the facts. With CommunityViz, a community can readily understand the fiscal impacts of alternative land use plans and the development scenarios they promote."

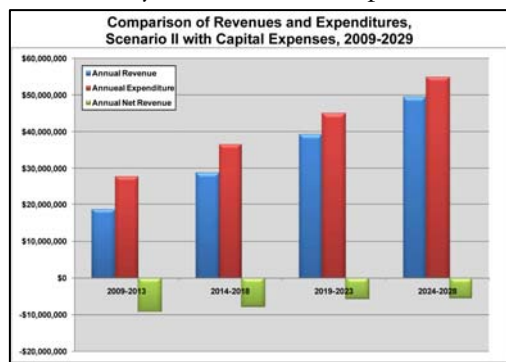
- Jeff Hatling, Kernersville
Community Development Director

Project Description: The consulting team created three development scenarios to analyze the interdependence of development types, patterns, and intensities with expected revenues and expenditures for the Town. The three scenarios represented extremely different futures for the area: *Baseline* (existing land uses); *Scenario I* (moderate intensity growth); and *Scenario II* (high intensity growth). Development criteria associated with each land use category were calibrated using existing development within Kernersville and observed relevant market conditions in the area. Revenue and expenditure assumptions were estimated using the Kernersville Town Budget and interviews with Town officials.

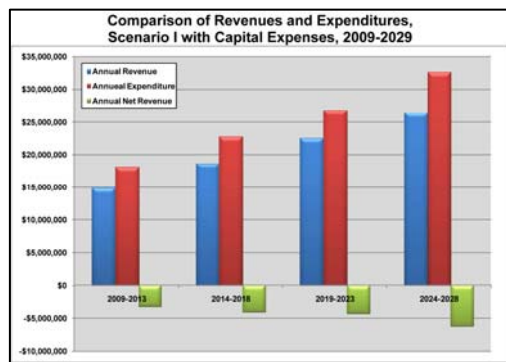


For each scenario, the team used CommunityViz to perform a build-out analysis that excluded areas highly constrained for development and applied a site-efficiency factor for large vacant parcels. Next, they used CommunityViz to forecast expected revenues and expenditures for each scenario. The analysis included

estimates of annual revenues, annual expenditures, total net annual revenues, one-time revenues from new development (permits and fees), and major capital improvements that would be the responsibility of the Town, such as major roads and a fire station for the two alternative growth scenarios.



Technology and Tools: CommunityViz 4.0 including the Build-Out Wizard.



Outcomes: The results of the analysis confirmed a strong correlation between development types, patterns and intensities in the study area and the magnitude of net total revenue and one time fees paid for new development. The *Baseline* scenario showed a positive net total annual revenue from existing land uses; full build-out of *Scenario I* (moderate intensity growth) generated a net negative revenue; and full build-out of *Scenario II* (high intensity growth) generated a net positive annual revenue that was slightly greater than the baseline scenario. The results indicate a clear benefit to the Town in considering the broad range of fiscal impacts in making future land use decisions.

The project was well received by the community, and plans are underway to expand the analysis to a much larger area. Specifically, the Town plans to undertake a full build-out and fiscal impact analysis of the 20,000 acres that are within anticipated future city limits. The goal is to have a good 20-year picture of the revenues and expenditures (both operating and capital) for different development scenarios.

KEY LINKS

- CommunityViz
<http://placeways.com/communityviz>
- Town of Kernersville
<http://toknc.com>
- Warren Associates
<http://www.warren-assoc.com/index.htm>
- Kimley-Horn and Associates, Inc.
<http://www.kimley-horn.com>