

— THE COST OF COMMUNITY SERVICES —

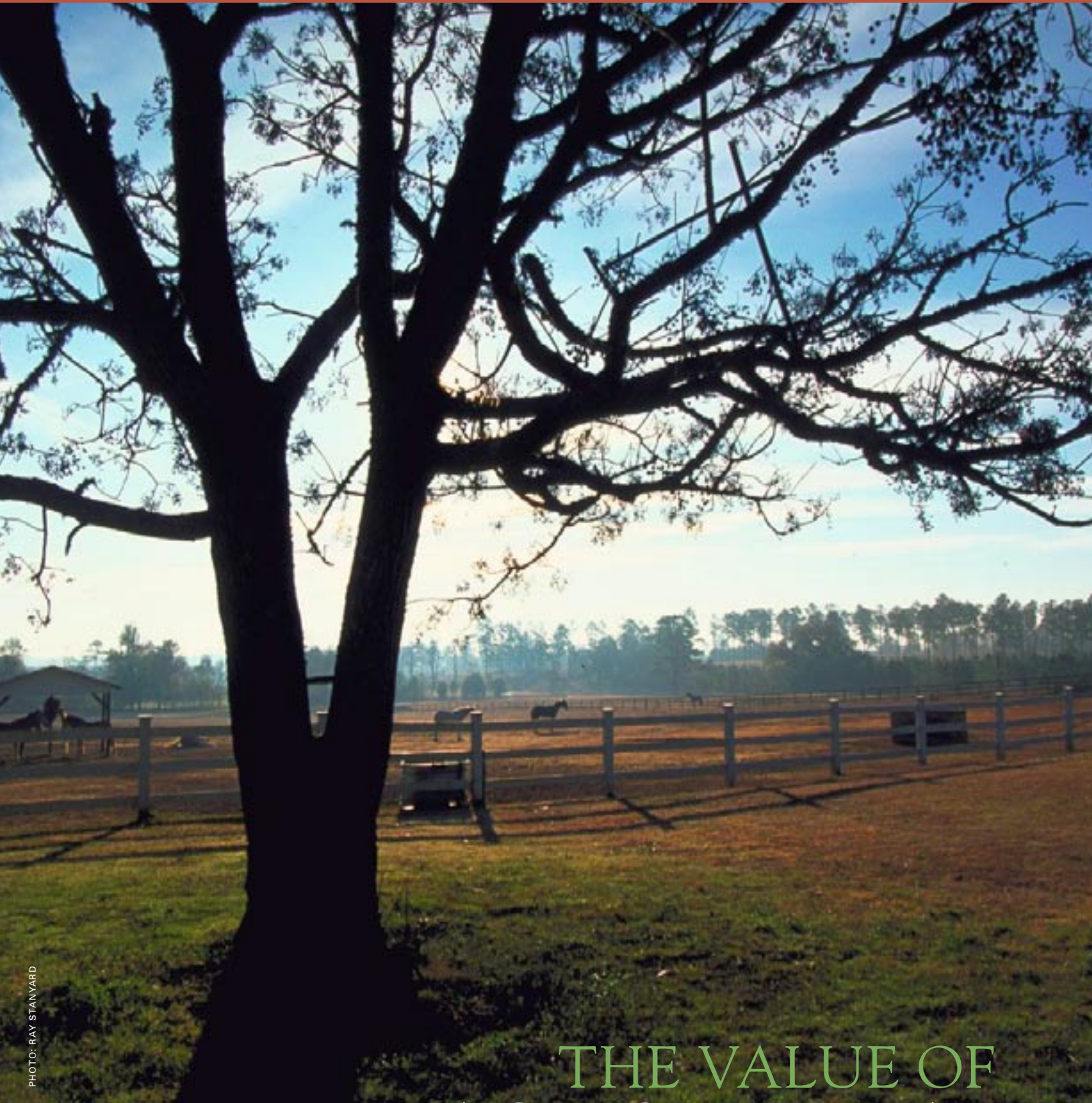


PHOTO: RAY STANYARD

THE VALUE OF
AGRICULTURAL
LANDS & OPEN SPACE
IN THE RED HILLS REGION OF
SOUTHWEST GEORGIA & NORTH FLORIDA



A REGION OF CHANGE

The Red Hills Region, located in the Ochlockonee River and Aucilla River watersheds, is nestled between Thomasville, Georgia, and Tallahassee, Florida. Comprising 300,000 acres, it contains some of the last remnants of the great longleaf pine forests of the Southeastern United States and is home to more than 60 protected species of plants and animals. For generations, Red Hills' private landowners have taken great care to conserve this treasure through their practice of sustainable forestry and prescribed burning.

While the natural resource values of the Red Hills Region are well known to residents and experts alike, these lands are constantly threatened by residential and commercial developments spreading from growing urban areas into the countryside. Complicating this is a perception that agricultural lands are merely in a "holding pattern," awaiting development to more productive economic uses. Too often overlooked are their important economic contributions to communities and the high costs associated with unplanned or poorly planned residential growth.

A NATIONAL CRISIS: PAYING FOR UNPLANNED GROWTH

Across the nation, there is a commonly held belief that residential growth and development are always good for the local economy. That the sound of hammer striking nail, the smell of sawdust, the sight of an ornate new subdivision entranceway are all signs of prosperity. Or are they?

Increasingly, local governments are finding that their costs associated with new residential growth—providing community services such as roads, schools, libraries and emergency and other services—far surpass the tax revenues these developments generate. Sprawling residential developments that require the extension of

costly infrastructure into outlying rural areas further magnify the tax burden. The result is often revenue shortfalls that lead to higher local taxes, decrease levels of public services—or both. It is becoming a national crisis, with the cost to repair crumbling roads and bridges reaching approximately \$1 trillion and the Government Accounting Office reporting that fully one-third of all schools in the U.S. require extensive repair or replacement.

A STUDY TO DETERMINE LOCAL COSTS

In 2002 and 2003, 1000 Friends of Florida, The Conservation Fund, The Georgia Conservancy and Tall Timbers Research Station, with generous funding from the Doris Duke Charitable Foundation, commissioned Cost of Community Services (COCS) studies for three counties in the Red Hills Region: Grady and Thomas in Georgia and Leon in Florida. Their purpose was to determine the financial impact of different land uses on these counties' tax bases. Further, the COCS studies would enable local officials to make more informed land use decisions regarding when, where and how their communities grow.





"For every dollar

in revenue Grady, Thomas, and Leon County receive from farm and forest land, they are only paying out between \$0.38 and \$0.67 to provide services."

"For every dollar

generated by residential development, the counties pay between \$1.38 and \$1.72 in services."

SOME FACTS ABOUT LOCAL GROWTH

When the studies were completed for Grady and Thomas Counties in Georgia and Leon County in Florida, it was found that:

- Farms and forestland generate between 49 and 163 percent more in revenue than they require in public services.
- Commercial and industrial lands contribute significantly more revenue than they demand in services.
- Revenue generated by residential land uses falls short of the actual cost of providing services by between 28 and 42 percent.

RESULTS OF THE STUDY

The table below is based on the results of the COCS studies from Grady, Thomas and Leon Counties. The results are displayed as a series of ratios showing expenditures made relative to revenues collected by land use category. Expenditures **less** than \$1.00 indicate that revenues are paying for expenditures. Expenditures **greater** than \$1.00 indicate that revenues are **not** paying for expenditures.

Based on these results, farms and forestlands in all counties receive between \$0.38 and \$0.67 in public services for every \$1.00 of taxes and fees they contribute to the local tax base, meaning that they are, in effect, paying more than their share of local taxes. These figures are in stark contrast to the residential land ratio, which shows that, for every \$1.00 of revenue, \$1.38 to \$1.72 is expended in public services. The disparity is even greater for manufactured homes, which account for a significant portion of the housing stock in Grady and Thomas Counties, where \$3.85 and \$3.70, respectively, in services is received for every revenue dollar. Residential development requires far more costly services such as schools, libraries, health care services and youth programs than other land use types. Like agricultural lands, commercial and industrial land uses also provide a net financial benefit, receiving from \$0.10 to \$0.38 in local government services for every \$1.00 they provide in revenue.



PHOTO: GRADY COUNTY COOPERATIVE EXTENSION SERVICE

EXPENDITURE RATIOS

| County Government (Includes Schools) | Farm/ Forestland | Commercial/ Industrial | Residential | Manufactured Homes |
|---|---------------------|---------------------------|-----------------|-----------------------|
| | Rev. : Exp. | Rev. : Exp. | Rev. : Exp. | Rev. : Exp. |
| Grady County | \$1.00 : \$0.38 | \$1.00 : \$0.10 | \$1.00 : \$1.72 | \$1.00 : \$3.85 |
| Thomas County | \$1.00 : \$0.67 | \$1.00 : \$0.38 | \$1.00 : \$1.64 | \$1.00 : \$3.70 |
| Leon County | \$1.00 : \$0.42 | \$1.00 : \$0.36 | \$1.00 : \$1.38 | NA |

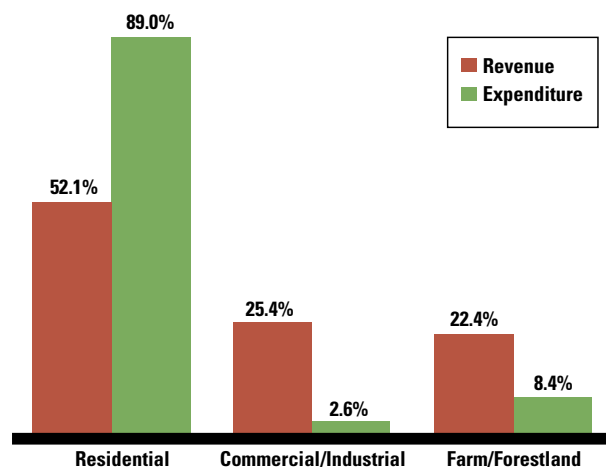


PHOTO: CHRISTINE AMBROSE, PH.D.

FOCUS ON GRADY COUNTY, GEORGIA

Rural Grady County in southwest Georgia has a long, rich tradition as a successful farming community. Within 60 miles are several small to medium sized cities, including Tallahassee to the south, Thomasville to the east, Albany and Moultrie to the north and Bainbridge to the west. Because of its centralized location and low cost of living, Grady County could become a bedroom community for the surrounding cities, converting its farmland and forests to residential lots without a significant increase in local jobs. Data from the 2000 Census show that more than 43 percent of the county's employed residents worked outside of Grady County. The downside of becoming a bedroom community is the high cost associated with supporting residential development. The following chart shows the discrepancy between total revenues and total expenditures for residential development as well as for commercial/industrial development and farm/forestlands in Grady County.

REVENUES & EXPENDITURES BY LAND USE CATEGORY
GRADY COUNTY, 2001



Notably, while residential land use accounts for only 52 percent of county revenue, it represents 89 percent of expenditures. This shortfall is offset to a large degree by revenue surpluses from agricultural land uses (22 percent of county revenue versus 8 percent of expenditures) and commercial/industrial land uses (25 percent of county revenue versus 2 percent of expenditures). The county's major funding sources include property taxes, sales taxes, permits, license fees and charges for various services. These revenues fund critical services like public schools, road construction and maintenance, law enforcement, fire protection and social service programs. The school system is by far the most costly service provided by the county, requiring more than 48 percent of all revenues.



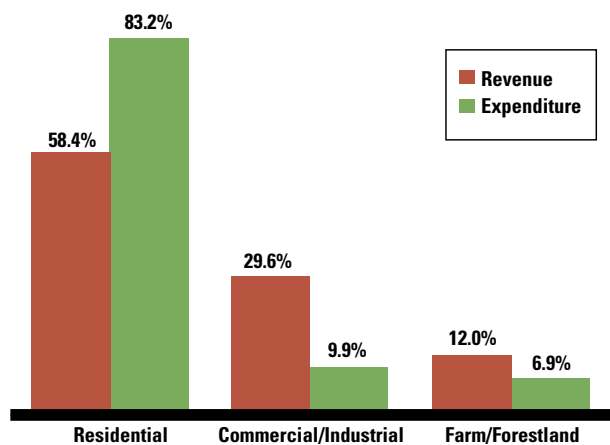
PHOTO: NEIL FLECKENSTEIN



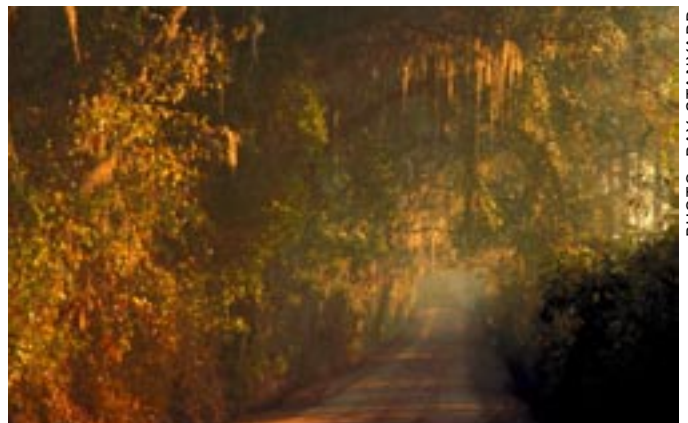
FOCUS ON THOMAS COUNTY, GEORGIA

Thomas County, to the east of Grady, is mostly rural. During the late 1800's, its largest city, Thomasville, gained national, even international fame as a resort. Today, its hospitality and charming downtown lure new residents fleeing colder northern climes as well as neighboring Florida's exploding growth. As communities nationwide have discovered, servicing residential growth is an expensive proposition. For every dollar they contribute to local coffers, Thomas County's residential lands receive \$1.64 in public services, while farms and forestlands receive only \$0.67. Stated another way, residential land use accounts for 58 percent of county revenue but more than 83 percent of county expenditures. Again, the considerable revenue surpluses from agricultural, commercial and industrial land uses offset the high costs associated with servicing residential development.

REVENUES & EXPENDITURES BY LAND USE CATEGORY
THOMAS COUNTY, 2001



Like its neighbors, Thomas County relies heavily on property taxes to fund public services. Property taxes account for more than 36 percent of revenue, with the remainder coming from sales taxes, permits and license fees. The Thomas County school system (which is separate from Thomasville's) is by far the most costly service, requiring 30 percent of all revenues.



FOCUS ON LEON COUNTY, FLORIDA

Leon County is home to Florida's capital city, Tallahassee, which is nestled amidst gently rolling hills and miles of winding canopy roadways. Two universities, Florida State and Florida A & M, draw students, faculty and researchers from around the world, further enriching an already diverse community of interests. Development pressure in Leon County is of a greater magnitude than that experienced by its Georgia neighbors to the north. On average, over the last 30 years, the population has increased by an average of approximately 4,400 per year. The dominant land use pattern fueled by this growth is most accurately described as "sprawl." This can be seen in the increasing number of residents living outside of Capital Circle and Interstate 10: from 21 percent of Leon County's population in 1970 to 49 percent in 2000, with an estimation by area planners of 55 percent by 2020. Supporting this sprawling type of residential growth has required extraordinary costs for infrastructure and services.

The authors of the Tallahassee-Leon County Comprehensive Plan have noted that the community's rate of growth has far surpassed its ability to provide urban services, citing a \$400 million deficit in road construction alone. The COCS study results support this contention. Residential development in Leon County received \$1.38 in public services for every

\$1.00 generated in tax and fee revenue, compared with public service costs of \$0.42 and \$0.36 for every \$1.00 generated by farm/forestlands and commercial/industrial lands, respectively.

Residential land use, while accounting for slightly more than 61 percent of total county revenue, requires 86 percent of county expenditures to provide necessary services. Here again, revenue surpluses from commercial/industrial land uses (34.2 percent of county revenue versus 12.5 percent of expenditures) and agricultural land uses (3.4 percent of county revenue versus 1.5 percent of expenditures) offset the revenue shortfall from residential land uses.

PHOTO: LEON COUNTY



PHOTO: NEIL FLECKENSTEIN

REVENUES & EXPENDITURES BY LAND USE CATEGORY
LEON COUNTY, 2001

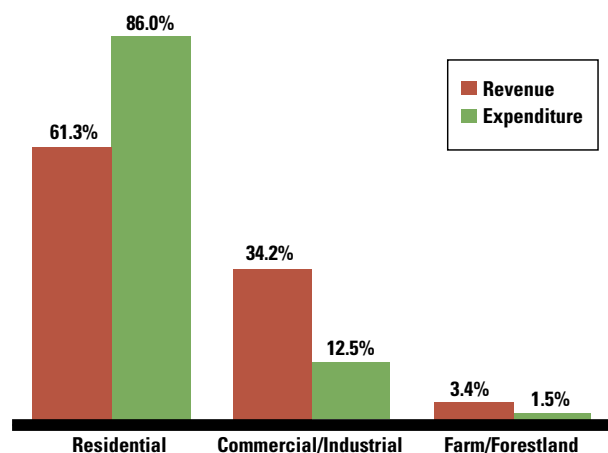




PHOTO: NEIL FLECKENSTEIN

FOCUS ON THE FUTURE

Residential growth, spurred by the high quality of life and relatively low cost of living, appears likely to continue in the Red Hills Region. While growth presents many challenges, it also provides opportunities for creative problem solving. Local leaders must embrace innovative development alternatives as a way to balance growth, infrastructure costs, and community interests. For example, local governments are increasingly turning to compact development and traditional neighborhood design to create vibrant communities that conserve land for open space and maximize the efficient use of taxpayer dollars.

This movement is critical in light of numerous studies showing that conventional sprawling development dramatically raises the cost to taxpayers of many public services. When Troy Mix (2003) reviewed 19 studies evaluating infrastructure costs associated with compact and low-density development, the results were revealing. For example, the authors of studies on sewer infrastructure and water infrastructure determined that, compared with traditional development, compact development saved an average of 26.8 and 25.3 percent, respectively. Similarly, savings for school and road costs averaged 5.9 and 32.6 percent, respectively. Besides saving on road construction and maintenance, more compact land uses can also dramatically reduce household expenditures on transportation. Barbara McCann (2000) found that the average family in a compact community spends \$1,300 less per year on transportation. Researchers at the Center for Urban Policy Research (1999) reported similar dramatic cost savings in their study of alternative patterns of development in Southeast Florida. The authors determined that by increasing the use of compact and in-fill development strategies, local governments in the study area would save an average of more than \$24 million annually.

Fiscal responsibility is just one benefit of well-planned growth. Compact development conserves lands for agricultural uses, forestlands and open space. Besides sustaining working landscapes, these areas, in turn, provide wildlife habitat, protect our clean air, and serve as a critical recharge area for the Floridan Aquifer, the source of fresh drinking water for residents of Florida and Georgia. The scenic beauty and recreational opportunities provided by these lands are integral to the cultural heritage and quality of life for resi-



“The key
for communities who are
attempting to improve their
financial state by increas-
ing their tax base is to seek
a healthy balance between
residential, commercial and
agricultural land uses.”

PHOTO: KEVIN MCGORTY

dents throughout the Red Hills Region. For additional information about the Cost of Community Service studies completed for Grady, Thomas and Leon Counties, contact one of the following organizations:

The Georgia Conservancy

18 North Main Street
Moultrie, GA 31768
229-985-8117

1000 Friends of Florida

926 East Park Avenue
Tallahassee, FL
32314-5948
850-222-6277

The Conservation Fund

Southeast Office
P.O. Box 1362
Tucker, Georgia
30085-1362
770-414-0211

Tall Timbers Research Station

13093 Henry Beadel Dr.
Tallahassee, FL 32312-0918
850-893-4153

- *The Georgia Conservancy* is a statewide environmental organization whose job is to make sure that Georgians have healthy air, clean water, unspoiled wild places and community green space now and in the future.
- *The Conservation Fund* forges partnerships to preserve our nation's outdoor heritage—America's legacy of wildlife habitat, working landscapes and community open-space.
- *1000 Friends of Florida's* mission is to protect and improve Florida's quality of life by advocating responsible planning for the state's population growth.
- *Tall Timbers Research Station* fosters exemplary land stewardship through research, conservation and education in the Red Hills Region of north Florida and southwest Georgia.

REFERENCES

Center for Urban Policy Research, 1999. *Eastward Ho! Development Futures: Paths to More Efficient Growth in Southeast Florida*. Rutgers University.

McCann, Barbara, 2000. *Driven to Spend: The Impact of Sprawl on Household Transportation Expenses, Surface Transportation Policy Project*.

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ACKNOWLEDGEMENT

This document was based on the results of three Cost of Community Service studies completed by Jeffrey H. Dorfman, Ph.D., for Grady, Thomas and Leon Counties in 2002 - 2003. Dr. Dorfman is a professor in the Department of Agricultural & Applied Economics at The University of Georgia and was the founding director of its Center for Agribusiness and Economic Development.

Text by Neil Fleckenstein, Tall Timbers Research Station.

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PHOTOS: (L) KEVIN MCGORTY (M) NEIL FLECKENSTEIN (R) TALLAHASSEE DEMOCRAT

