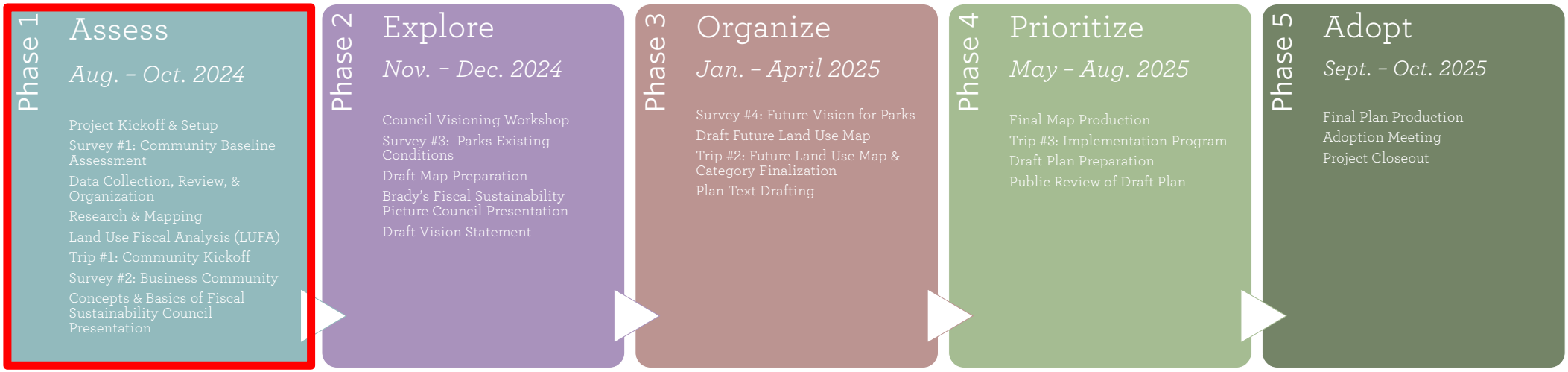
WELCOME!

VERDUNITY

Project Timeline



Cultivating Prosperity

Foundations of Fiscal Sustainability

AJ Fawver, AICP, CNU-A, CPM

A Few Questions to Consider

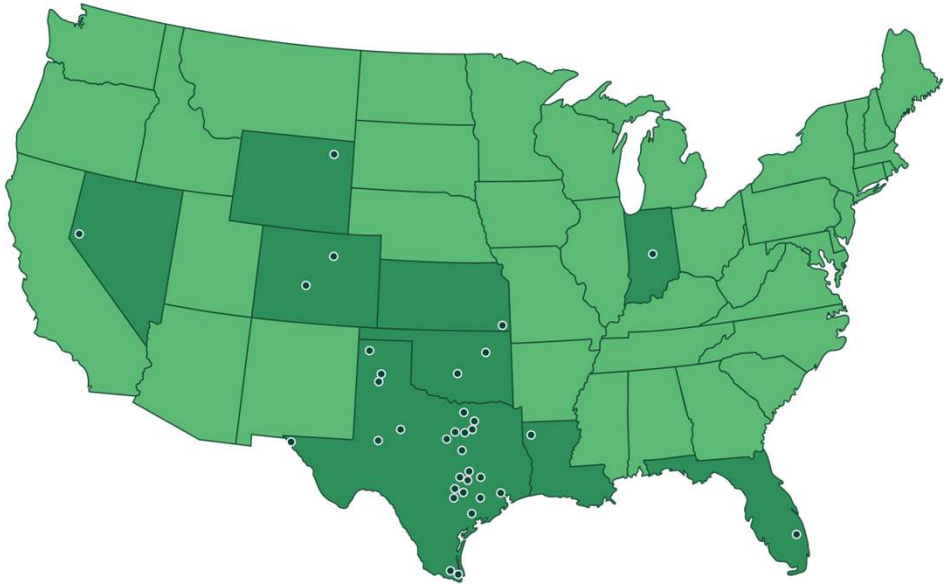
1) Does your city have the money it needs to pay for services and infrastructure?

2) Can everyone who wants to live in your community afford a home?

3) Can locals invest in your community, or do policies favor (larger) outsiders?

4) Do you have a common language with shared values and decision-making principles to inform and explain decisions?

Cultivating Vibrant Communities and Lasting Prosperity



Lasting, inclusive prosperity does not come from endless new growth. It's *cultivated* incrementally by locals.

At Verdunity, we help city leaders align vision, policy, and investments with what residents are able to pay so that you can:

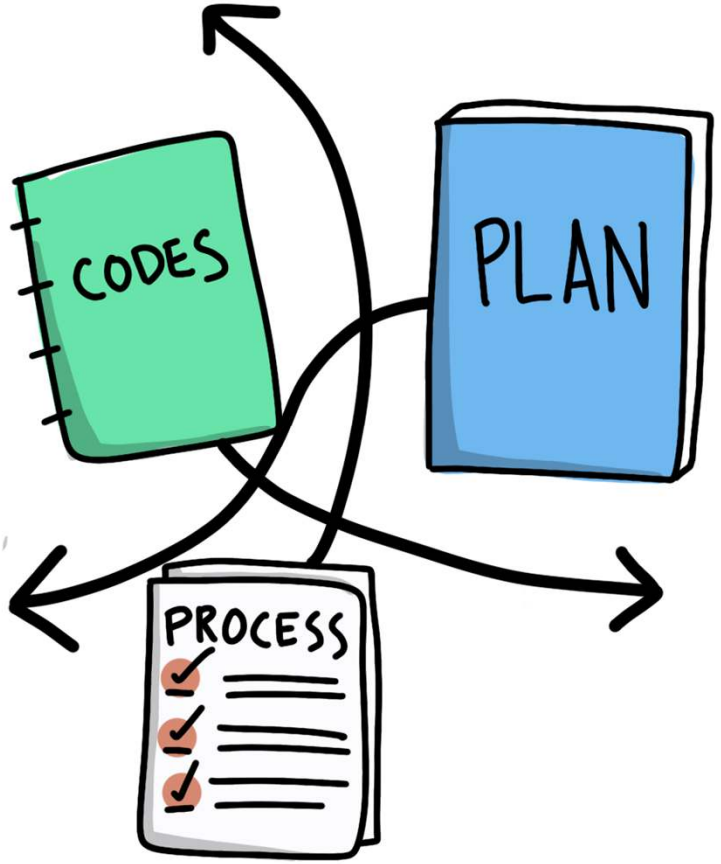
- ✓Create a culture of trust and collaboration;
- ✓Make meaningful progress right now;
- ✓Close your city's resource and affordability gaps; and
- ✓Make your community relevant, unique, and lasting.

The Conundrum

Every city strives to:

- Be fiscally solvent,
- Be environmentally resilient,
- Be socially inclusive,
- Preserve quality of life, and
- Provide affordable housing.

Too often, the daily decisions and investments made rarely align with these desired outcomes.



The Outcomes

We're left with:

- Fragile local economies and city budgets,
- Deteriorating infrastructure,
- Growing affordability gaps, and
- Frustrated residents.

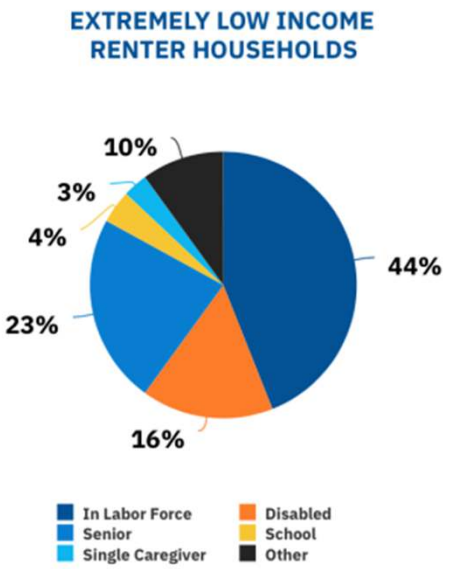
Unfortunately, cities continue administering policies that create generic, unsafe places that citizens and businesses struggle to connect with and invest in.

Needs, Wants, and (Not Enough) Resources

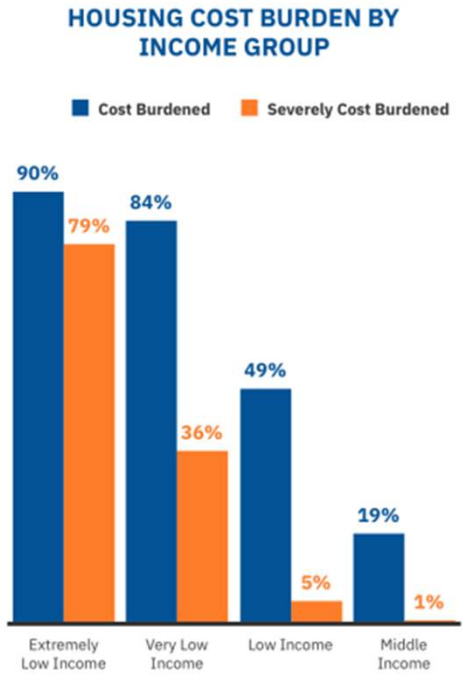
With all the wealth and growth we've experienced in this country, why do our cities struggle to pay for basic infrastructure?

Texas' Affordability Crisis

- Texas has lost nearly half of its low-rent housing units in the last decade
- Housing costs have begun affecting every income level
- Texas ranks in the bottom 10 states for availability of units for extremely low-income households



Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or a person with a disability, and other. Thirteen percent of extremely low-income renter households include a single adult caregiver, 49% of whom usually work at least 20 hours per week. Ten percent of extremely low-income renter householders are enrolled in school, 47% of whom usually work at least 20 hours per week. Source: 2021 ACS PUMS
Source: 2021 ACS PUMS



Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.
Source: NLIHC tabulations of 2021 ACS PUMS

Sources: Joint Center for Housing Studies (Harvard), NLIHC, Texas Housers

Cities Are Feeling the Pinch

- Short on cash, using long-term debt to cover short-term expenses
- Decisions are being made in the short-term without fully considering long-term fiscal impacts
- Infrastructure backlogs are climbing
- Texas' 2023 total outstanding local government debt is $280B

Bottom Line: We're building cities we can't afford to live in and maintain.

Sources: Texas Bond Review Board

Race to be the Best Place to Live, Work and Play

Post WW2, cities have aggressively pursued fast growth and higher quality of life in the short-term without fully considering long-term costs and impacts.

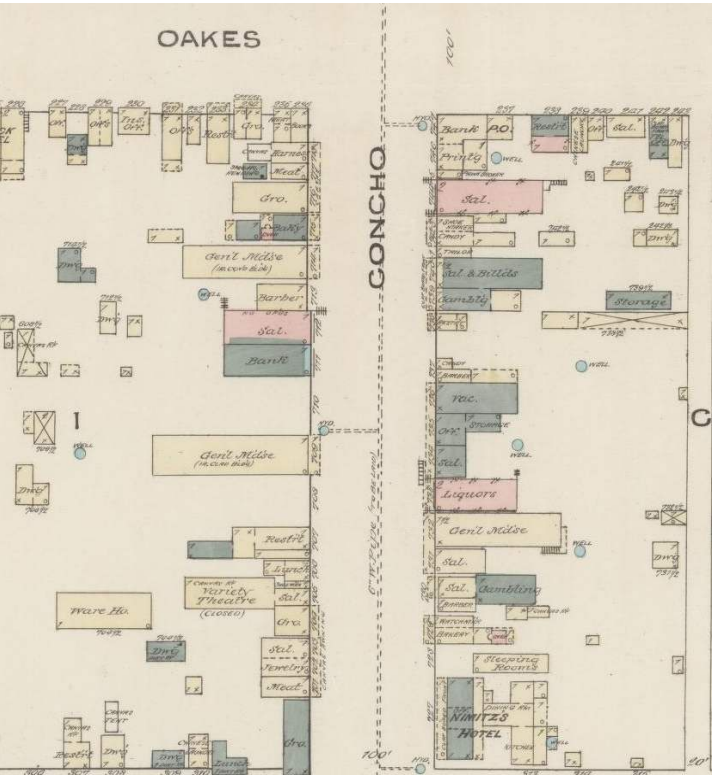
What About Maintenance *After* Growth?

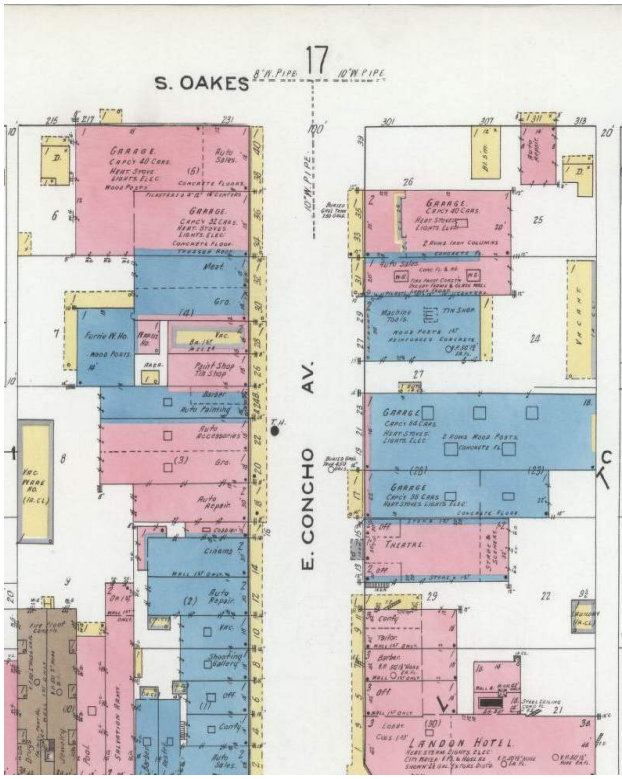
Cities use cash accounting. They have literally hit the infrastructure iceberg and don't know it because they have not accounted for any of it. Not even asked the question. ...it is their insolvent development pattern that is grinding them down, and it won't show up anywhere.

Chuck Marohn, Strong Towns

April 1, 2024

How We Used to Build





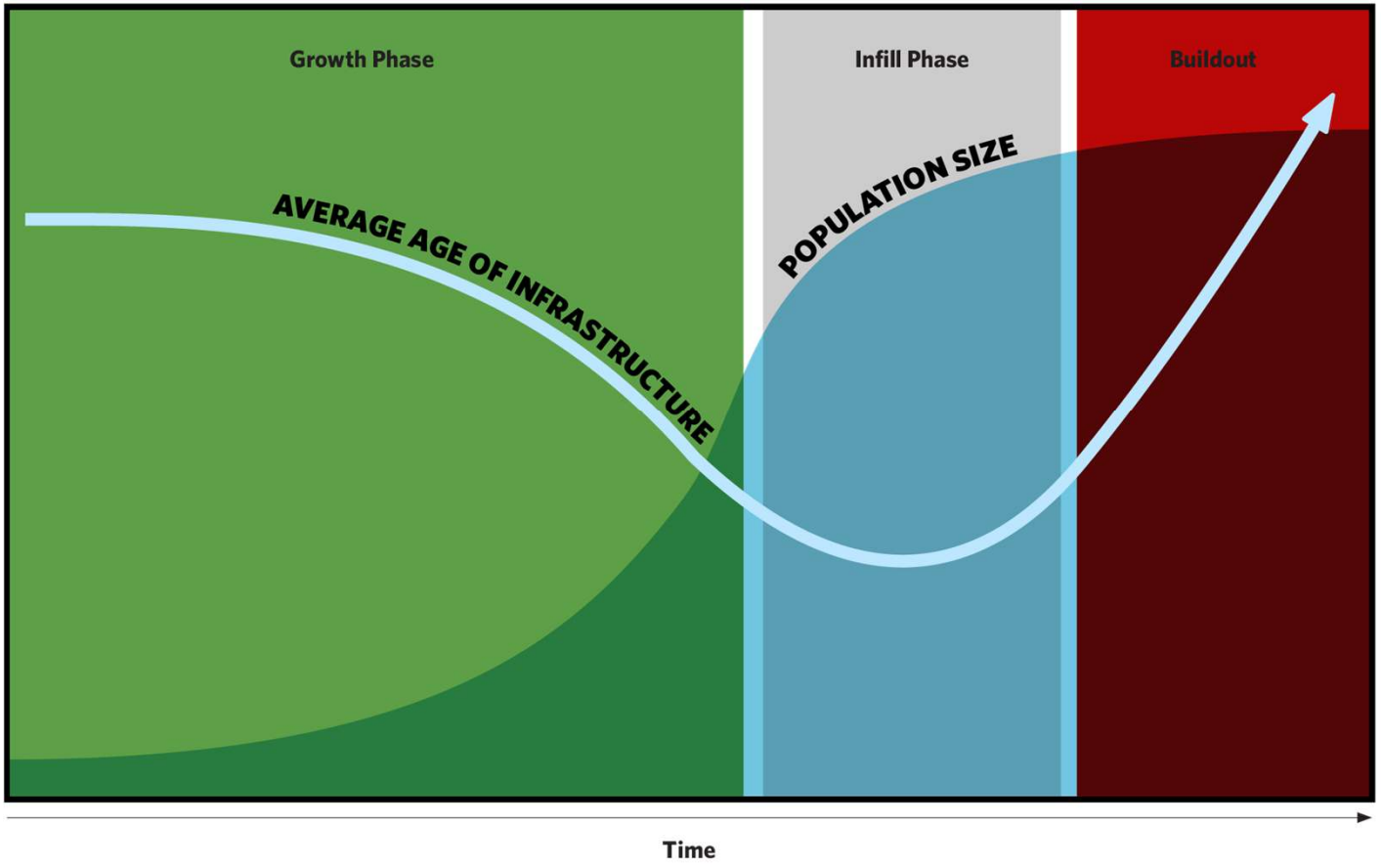
Sanborn Maps, Tom Green County

Traditional Development

Suburban Development

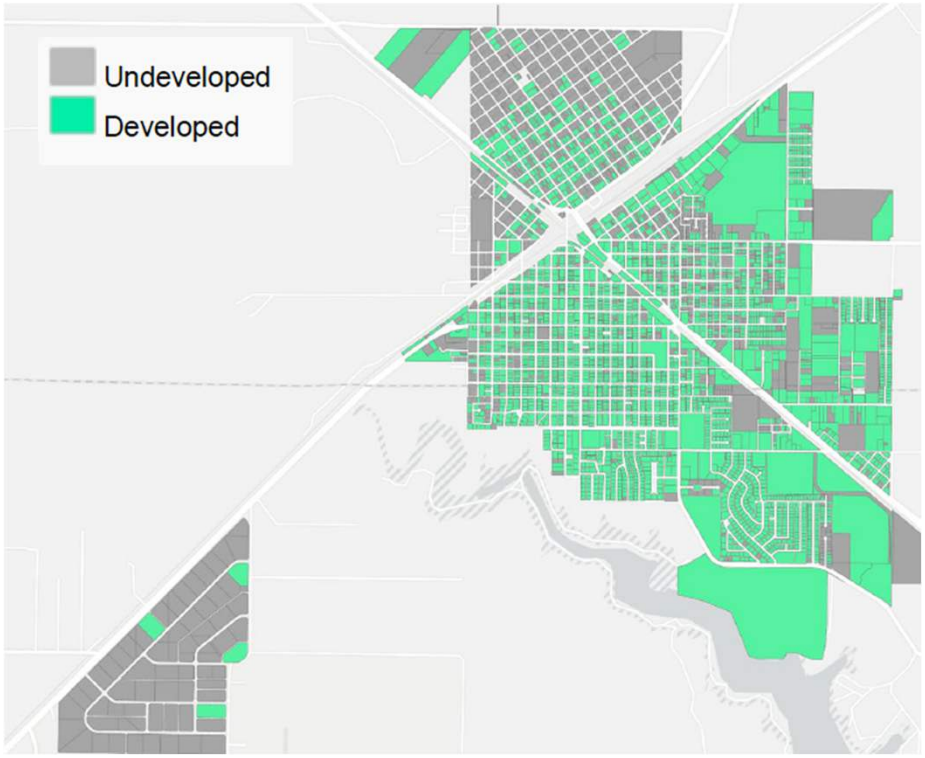
Autocentric Design vs Places for People

INFRASTRUCTURE AGE AND POPULATION SIZE OVER TIME

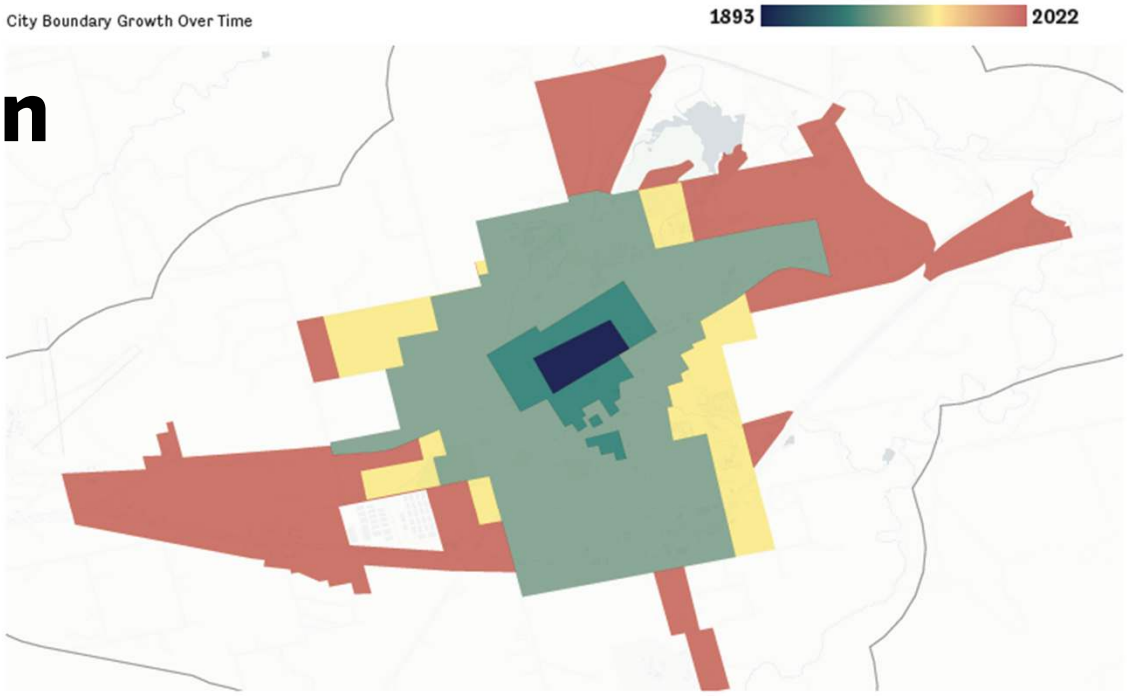


Most cities have not been budgeting for these future liabilities.

An Unsustainable Development Pattern



City of Dalhart, 2023 ^



City of Sweetwater, 2022 >

Since 1893

Population Has Grown

17×

But

City Footprint Has Grown

65×

Does Development Pay for the Infrastructure?

North Heights Phase VI Street Improvements

Project Cost: $1,050,000

Life Cycle: 25-30 years

Land Use Fiscal Analysis
Victoria, TX

Total Taxable Value of Adjacent Properties
$2,939,115

Annual Property Tax Revenue
$17,972

Time to Pay Off Project

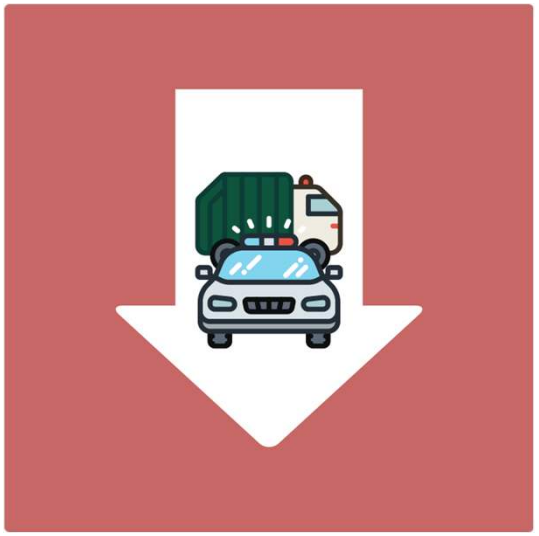
If 100% of the property tax revenue was dedicated to this project, it would take **58 Years** to pay off the investment, around **2X the life of the project.**

The Role of Property Tax in Texas

- **A Texas Municipal League (TML) survey found that property taxes account for 41% of city revenues on average statewide.**
  - It is less volatile.
  - It is easier to predict.
  - It is more insulated than other revenue sources.
- **However:**
  - It is influenced by our development pattern.
  - It is proportionate to housing values/costs.
  - It is lowered when properties fall into disrepair.

Options to Close Resource Gaps

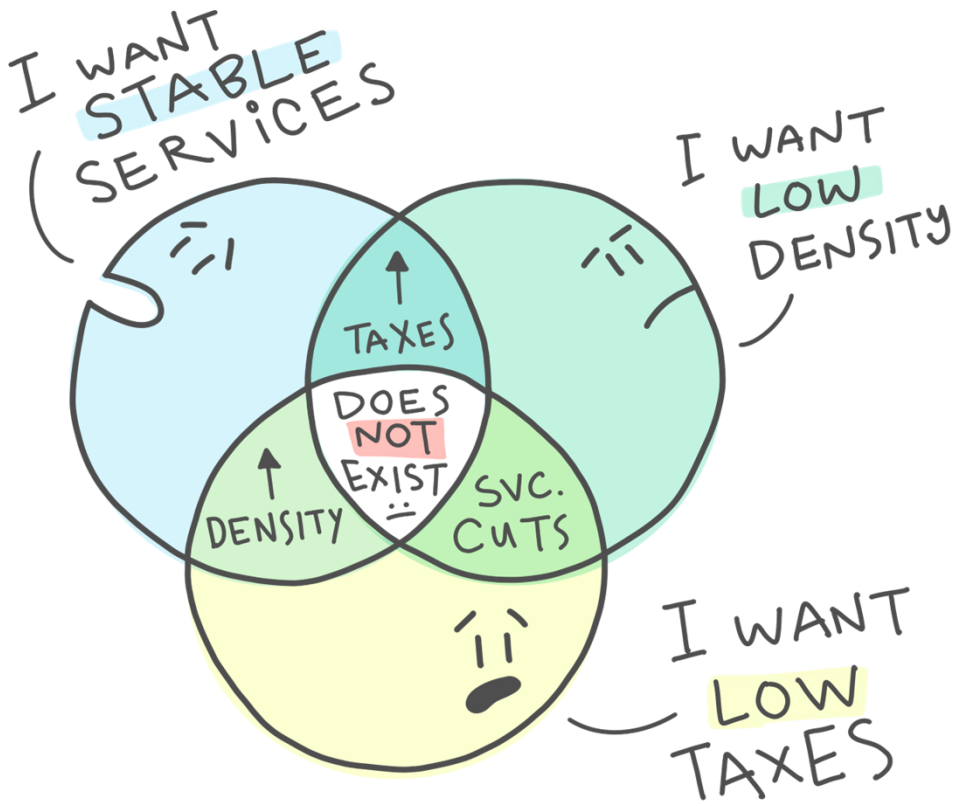
Increase
Taxes & Fees



Reduce
Services

Develop
Productively

Alignment Requires Tradeoffs



Bottom Line

Having it all *without limitation* is a fallacy.

Fiscal Sustainability as a Common Language

Ask: How are we going to pay for it?

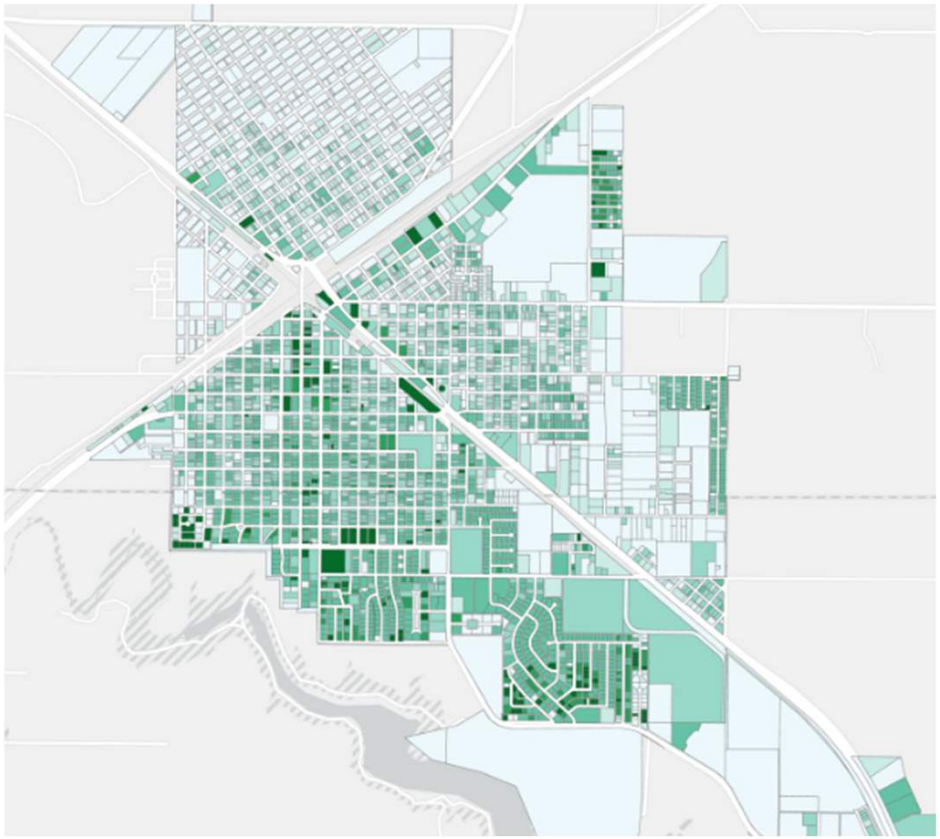
A **common language** helps us **discuss common problems** and **build common solutions.**

Using Land Use Fiscal Analysis to Inform Development Decisions

VERDUNITY

Assessed Value vs Value/Acre

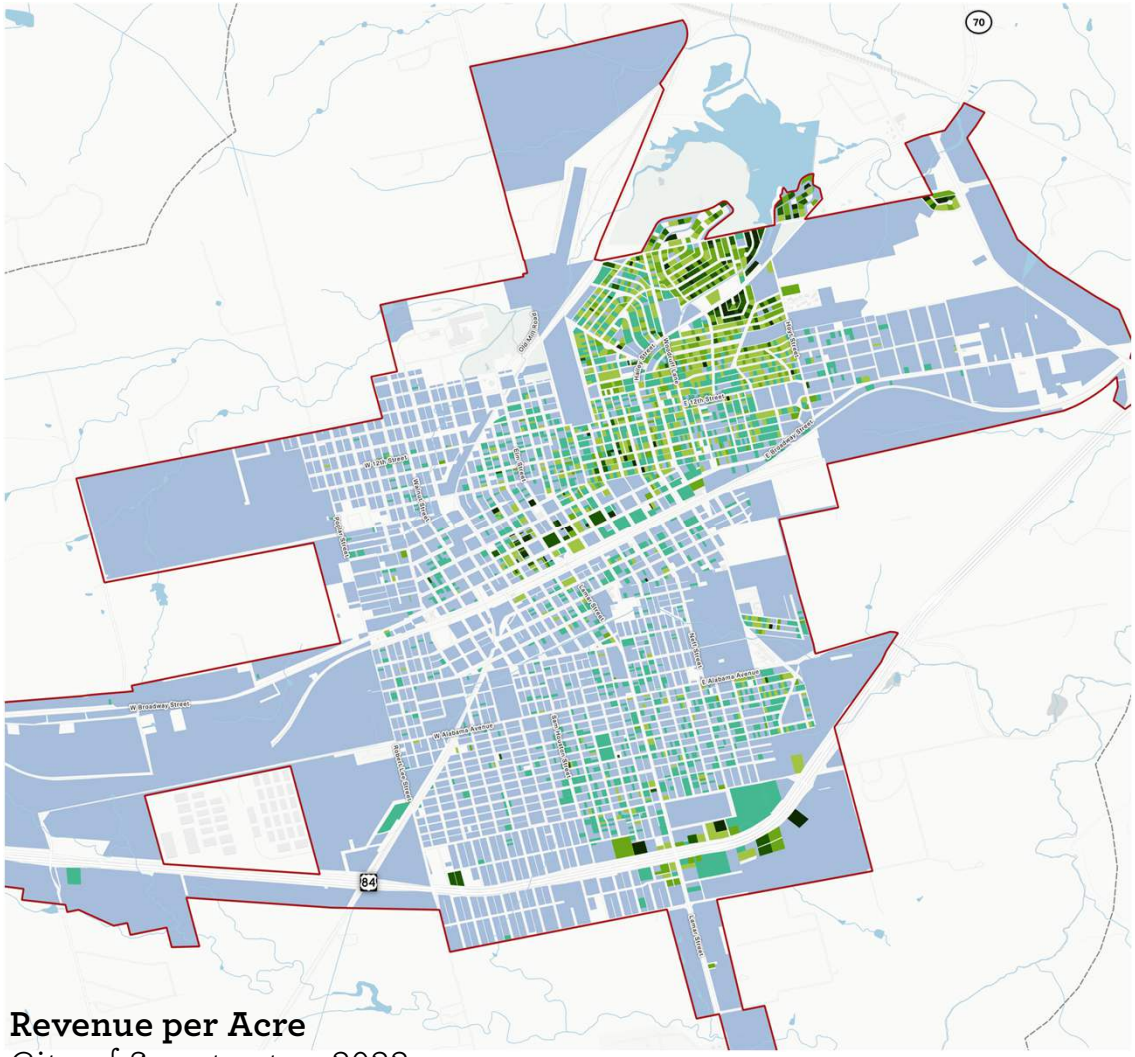
- Highlights the valuable patterns – critical clues for governance
- Shifts the focus to what's built on the property (development) as opposed to the land itself
- Provides insights that transcend misconceptions & long-held beliefs
- Allows an equitable look at relative value



Assessed Value per Acre
City of Dalhart, 2023

Revenue Per Acre Mapping

- Allows examination of profitability
- Helps explain the resource gap
- Demonstrates which properties are powerful contributors to the fiscal picture
- Removes exempt parcels from the equation



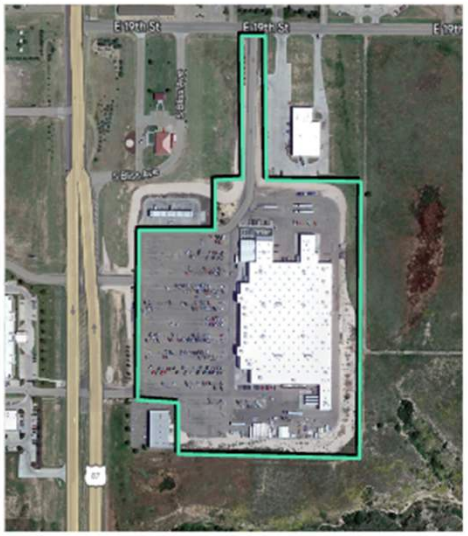
Revenue per Acre
City of Sweetwater, 2022

Comparing the Value of Development Patterns

Rural Estate	Suburban Single-Family	Compact Suburban	Townhome/Zero Lot Line (Abilene, TX)
			
Source: Google Earth	*Source: Google Earth*	*Source: Google Earth*	*Source: Google Earth*
			
Source: Google Streetview	*Source: Google Streetview*	*Source: Google Streetview*	*Source: Google Streetview*
.804 Acres	**.624** Acres	**.139** Acres	**.060** Acres
$74,420 Assessed Value	**$292,290** Assessed Value	**$72,900** Assessed Value	**$103,419** Assessed Value
$92,562 Value Per Acre	**$468,413** Value Per Acre	**$542,460** Value Per Acre	**$1,706,548** Value Per Acre

City of Sweetwater, 2022

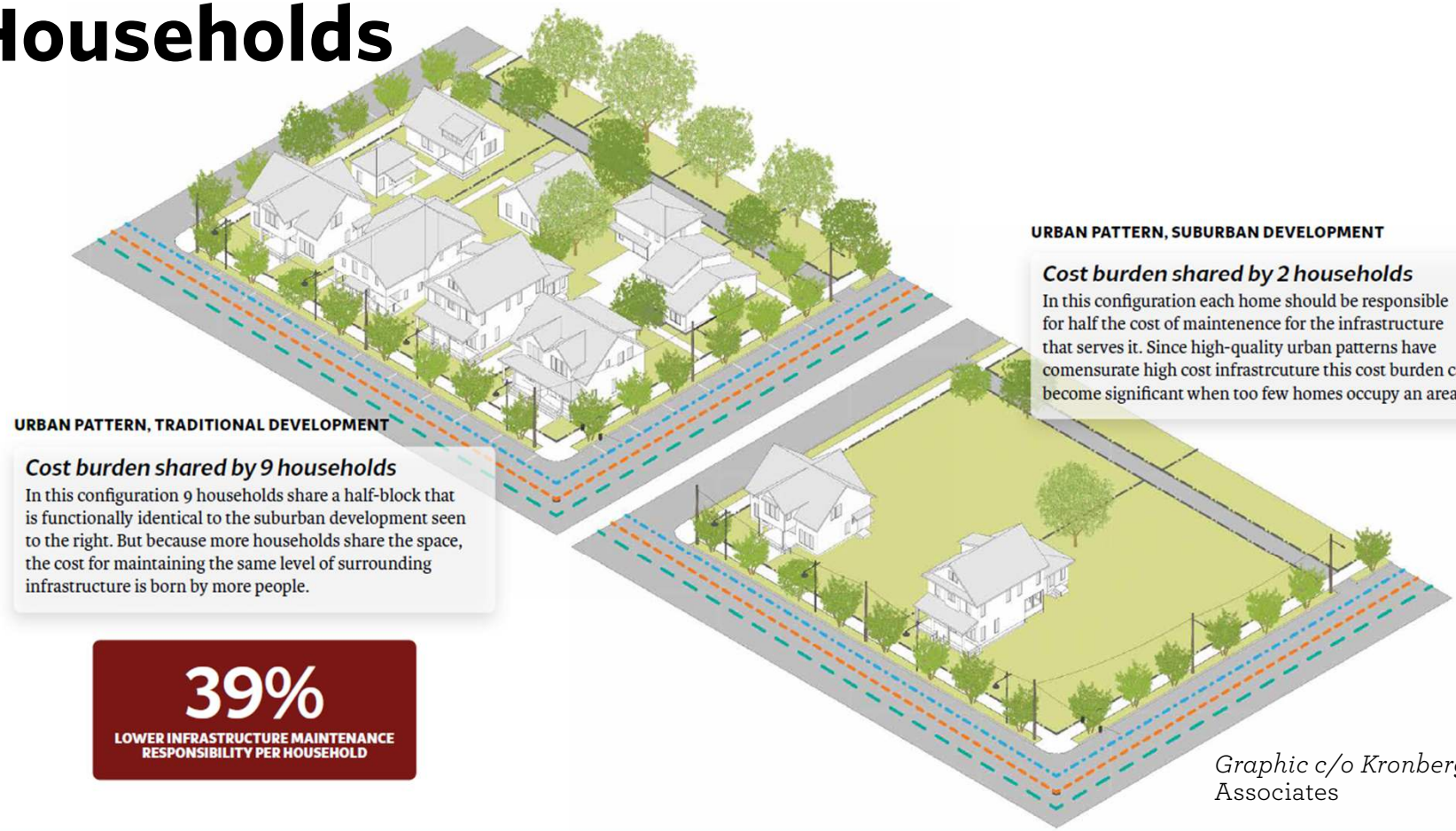
Comparing the Value of Development Patterns

Big Box - Walmart*		Conventional Strip Mall		Downtown Mixed Use	
					
Improvement Value	$ 7,445,280	Improvement Value	$ 3,012,289	Improvement Value	$ 1,069,890
Assessed Value	$ 7,800,000	Assessed Value	$ 3,162,590	Assessed Value	$ 1,159,890
Area	18.93 Acres	Area	4.79 Acres	Area	1.16 Acres
Assessed Value/Acre	**$ 411,974**	**Assessed Value/Acre**	**$ 660,248**	**Assessed Value/Acre**	**$ 999,905**

**Big Box is located in the City of Dumas, data sourced from Moore CAD*

City of Dalhart, 2023

Density Distributes Infrastructure Costs Over More Households



URBAN PATTERN, TRADITIONAL DEVELOPMENT

Cost burden shared by 9 households

In this configuration 9 households share a half-block that is functionally identical to the suburban development seen to the right. But because more households share the space, the cost for maintaining the same level of surrounding infrastructure is born by more people.

URBAN PATTERN, SUBURBAN DEVELOPMENT

Cost burden shared by 2 households

In this configuration each home should be responsible for half the cost of maintenence for the infrastructure that serves it. Since high-quality urban patterns have comensurate high cost infrastrcuture this cost burden can become significant when too few homes occupy an area.

39%

LOWER INFRASTRUCTURE MAINTENANCE RESPONSIBILITY PER HOUSEHOLD

Graphic c/o Kronberg & Associates

The Effect of Lot Size & Street Width on Homeowner's Tax Burden

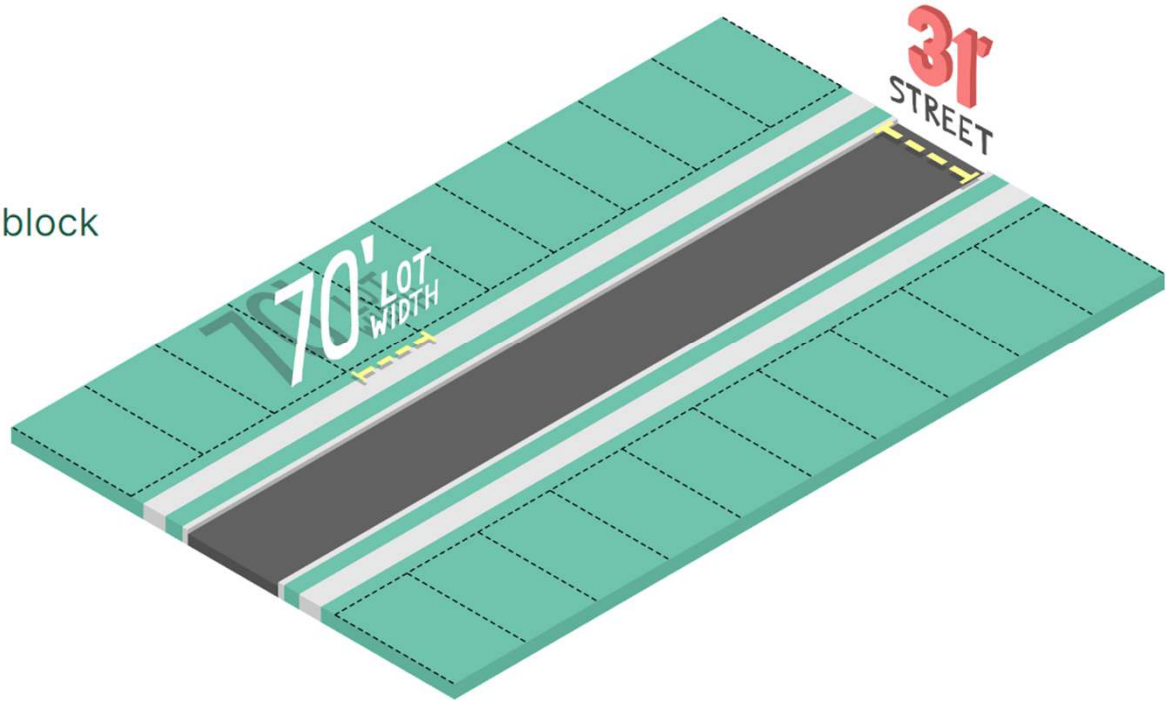
$$\frac{\text{1000' block}}{\text{70' lots}} = 14 \text{ lots}$$

14 + 14 lots = **28 total lots** on block

Street cost per lot

$$\frac{\$532{,}000}{28 \text{ lots}}$$

= $19,000 per lot



Moderate Changes Can Yield Big Savings

$$\frac{\text{1000' block}}{\text{50' lots}} = 20 \text{ lots}$$

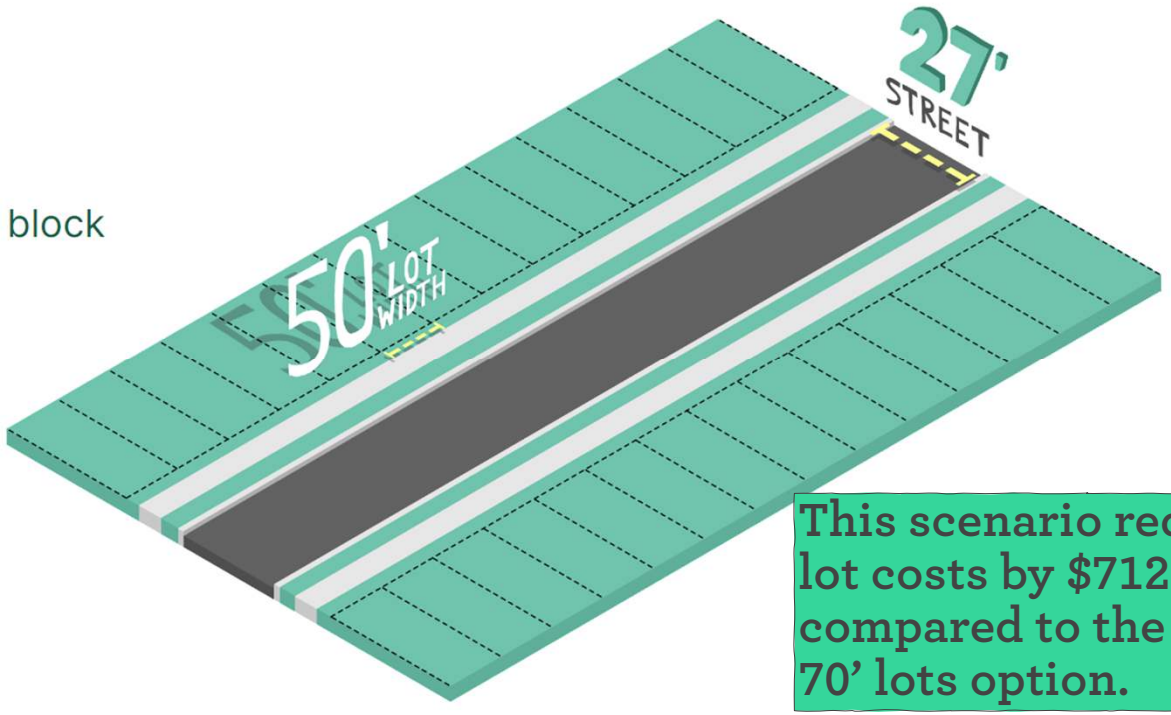
20 + 20 lots = **40 total lots** on block

Street cost per lot

$475,000

40 lots

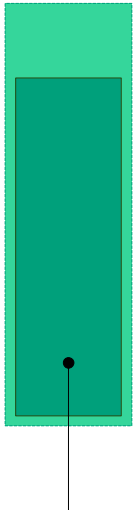
= $11,875 per lot



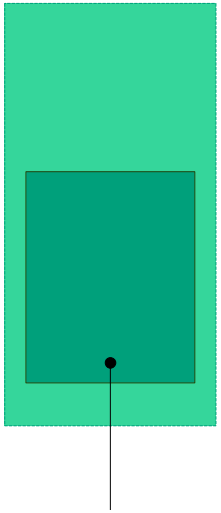
This scenario reduces per lot costs by $7125 compared to the 31' street, 70' lots option.

Increasing Revenue Through Development Patterns

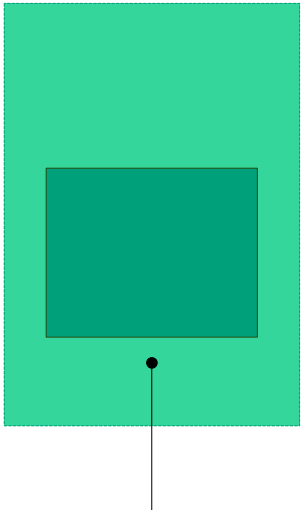
Lot Coverage



3,000 SF RESIDENTIAL LOT
Lot Dimensions: 30 ft x 100 ft (0.069 Acres)
Lot Coverage: 67%
Appraised Value: $205,000
Property Tax Revenue** (Levy): $1,025
Potential Revenue per Acre: $14,885



5,000 SF RESIDENTIAL LOT
Lot Dimensions: 50 ft x 100 ft (0.115 Acres)
Lot Coverage: 40%
Appraised Value: $210,000
Property Tax Revenue** (Levy): $1,050
Potential Revenue per Acre: $9,130



7,000 SF RESIDENTIAL LOT
Lot Dimensions: 70 ft x 100 ft (0.161 Acres)
Lot Coverage: 29%
Appraised Value: $220,000
Property Tax Revenue** (Levy): $1,100
Potential Revenue per Acre: $6,832

** Shapes are drawn to scale* *** Conceptual tax rate of 0.50 used to calculate levy*

The "Win-Win" of Small Development

Small buildings on small lots typically generate the highest value/acre and are among the most affordable for residents or businesses.

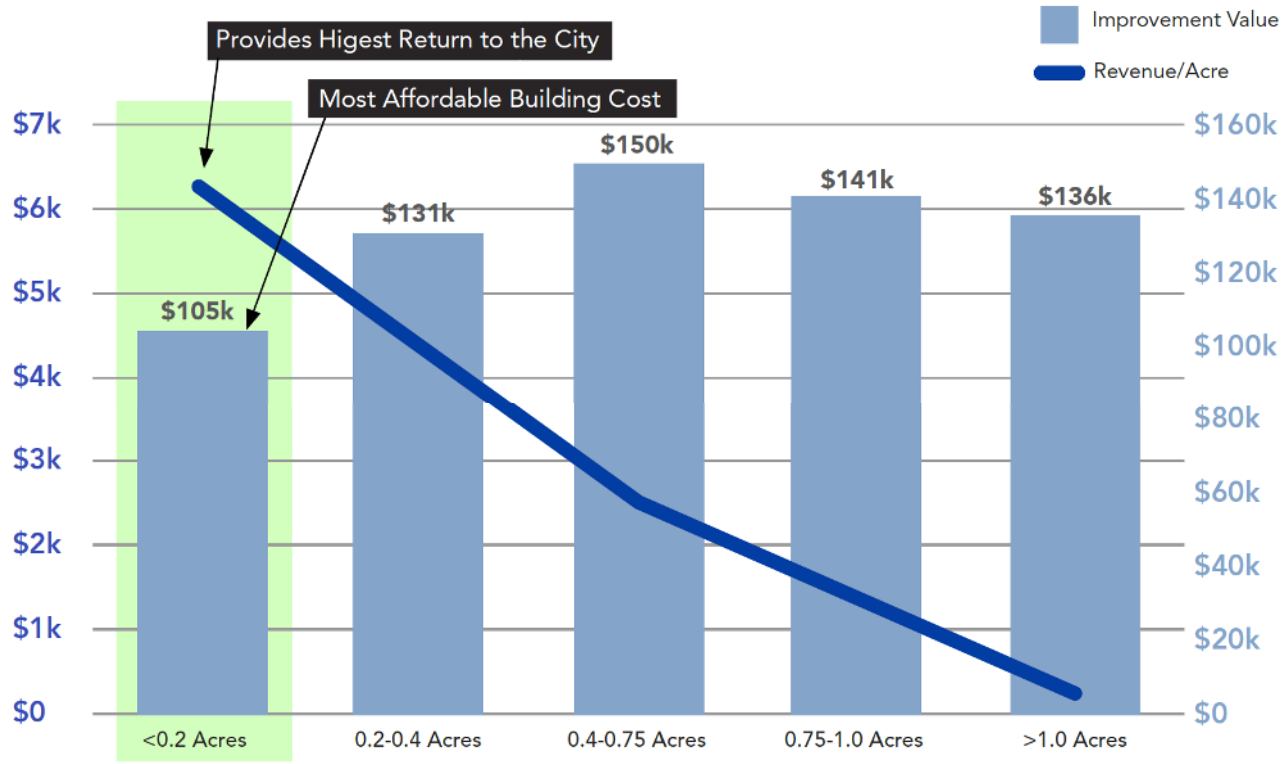


Figure 53: *Single Family Improvement Value compared to Rev/Acre* *Source: Verdunity*

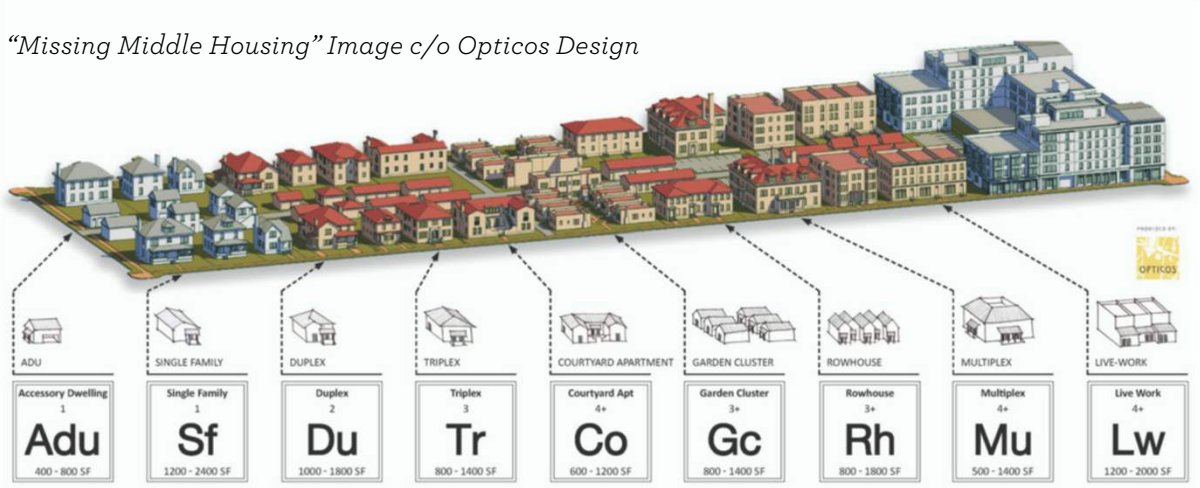
Creating a Vision and Identifying Priorities

Creating A Fiscally-Informed Vision & Plan

- Laying the foundation about fiscal concepts
- Articulating a clear vision for the community
- Creating & examining a fiscal baseline
- Developing a focused examination on land use and parks
- Analyzing incremental steps to move the community forward towards the vision and fiscal prosperity

Build “Complete” Neighborhoods

“Missing Middle Housing” Image c/o Opticos Design



Prioritize Investments in Existing Neighborhoods

Right-Size Corridors

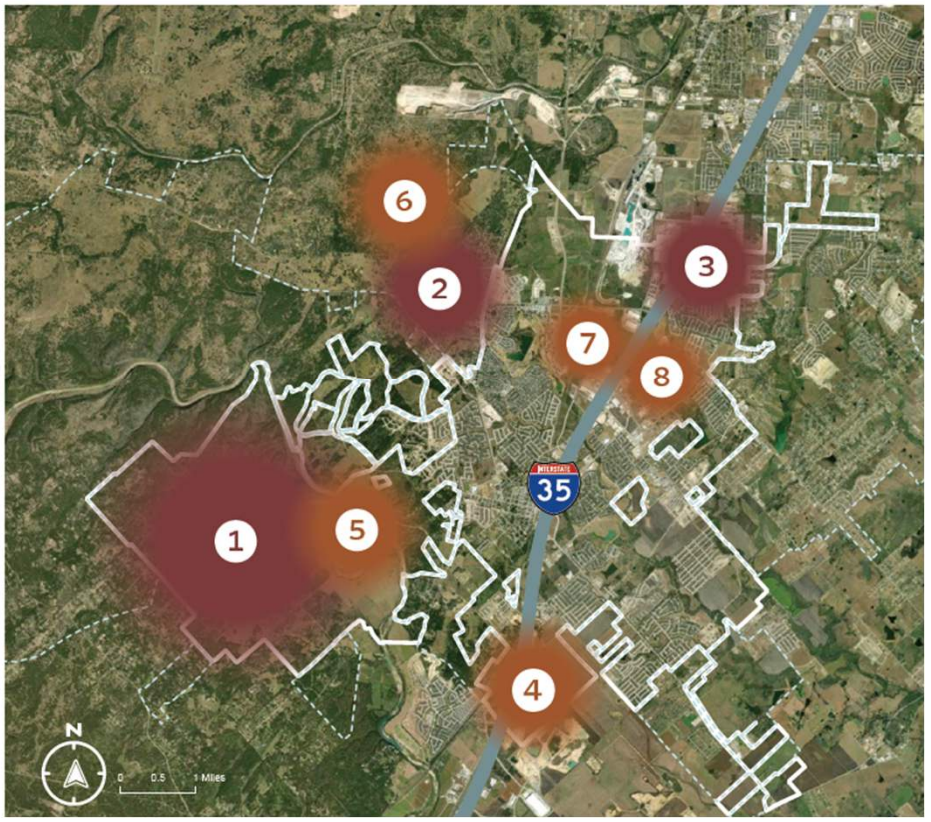
Gillette Avenue, Gillette, WY

Fayetteville, AR

Gillette Avenue, Gillette, WY

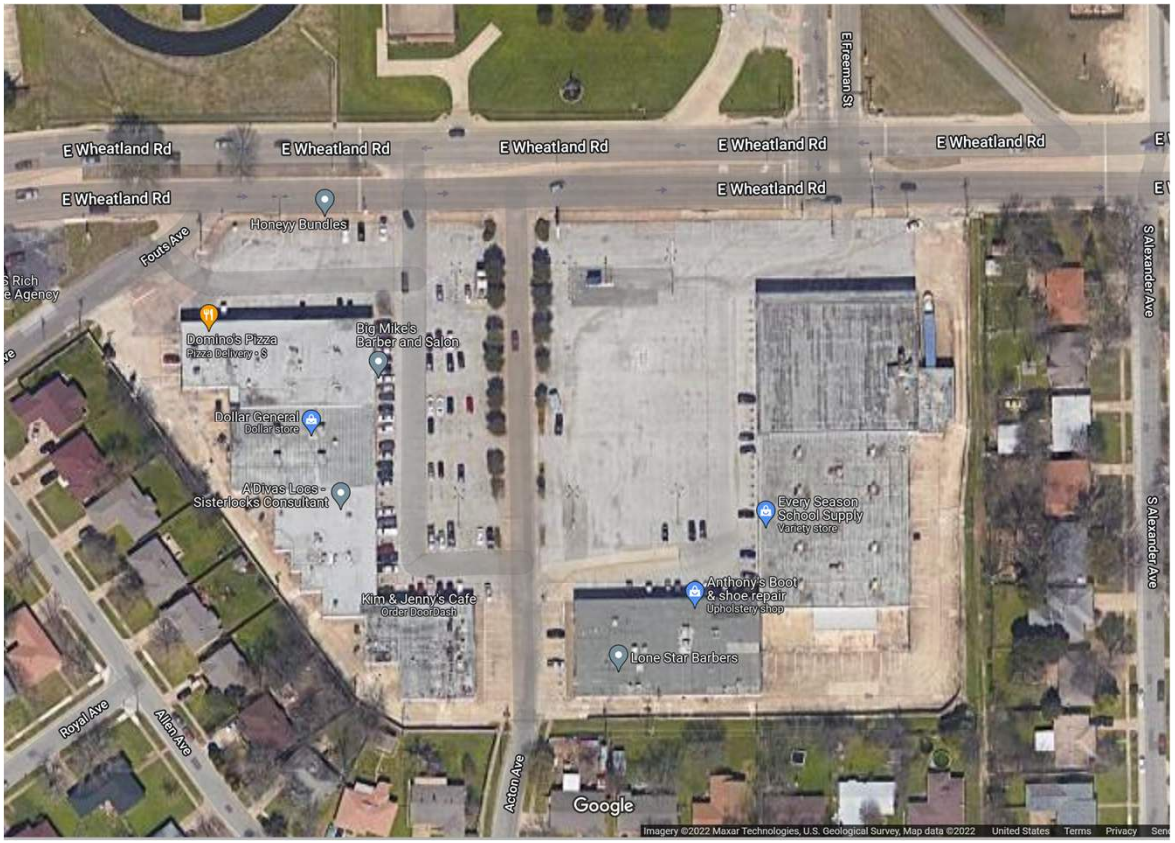
Maximize Infrastructure Investments

City of Sweetwater, 2022 ^



City of Kyle, 2023 >

Reinvest in Aging Places and Buildings



Wheatland Plaza Redevelopment, Duncanville, TX

Incrementally Enhancing Public Spaces

Berwick, LA Improvements
Credit: Colleen Askew

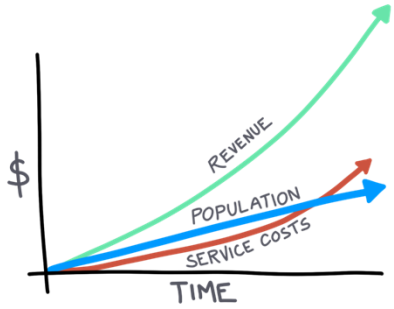
Downtown Garland, TX – BEFORE

Downtown Garland, TX – AFTER

the small investments
have the BIGGEST impacts.

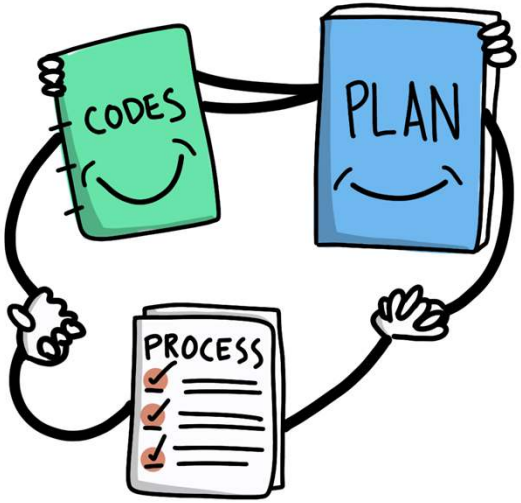
Cultivating Vibrant Communities That Last

PEOPLE AND PLACE-BASED | RESOURCE CONSCIOUS | CONNECTED | INCLUSIVE



Fiscally Sustainable Development

Self-Sustaining Local Economy and Workforce



Aligned Vision, Plans, and Policies

Culture of Trust and Collaboration

Human Scale Neighborhoods

WHAT'S NEXT?

Next Steps

Survey #2 – Local Business Environment
(closes Friday, November 22)

Council Visioning Workshop
(Tuesday, November 19 – 5:00PM)

Brady's Fiscal Sustainability Picture Presentation
(Wednesday, December 4 – 5:00PM)

Survey #3 – Parks Existing Conditions
(Late November 2024)

Survey #4 – Future Vision for Parks
(January 2025)