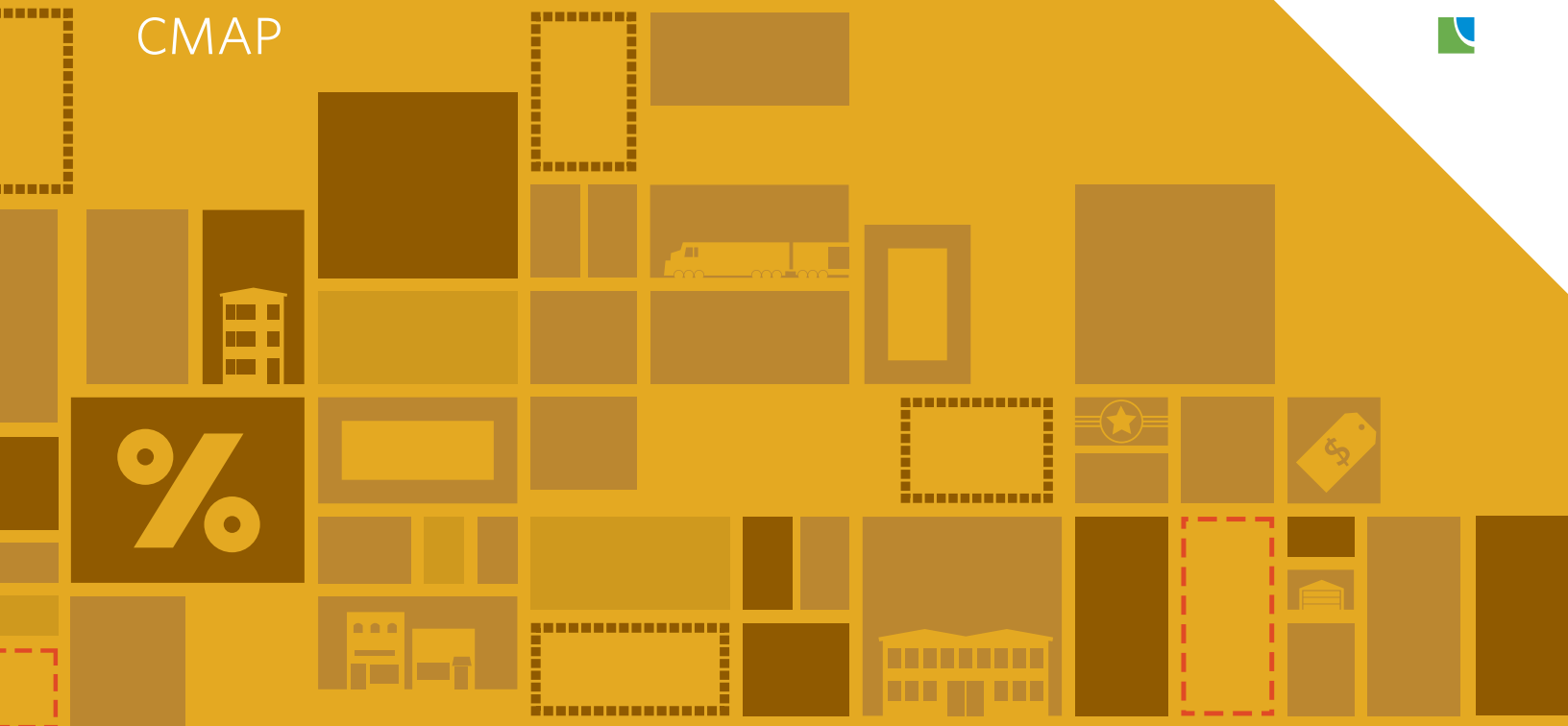
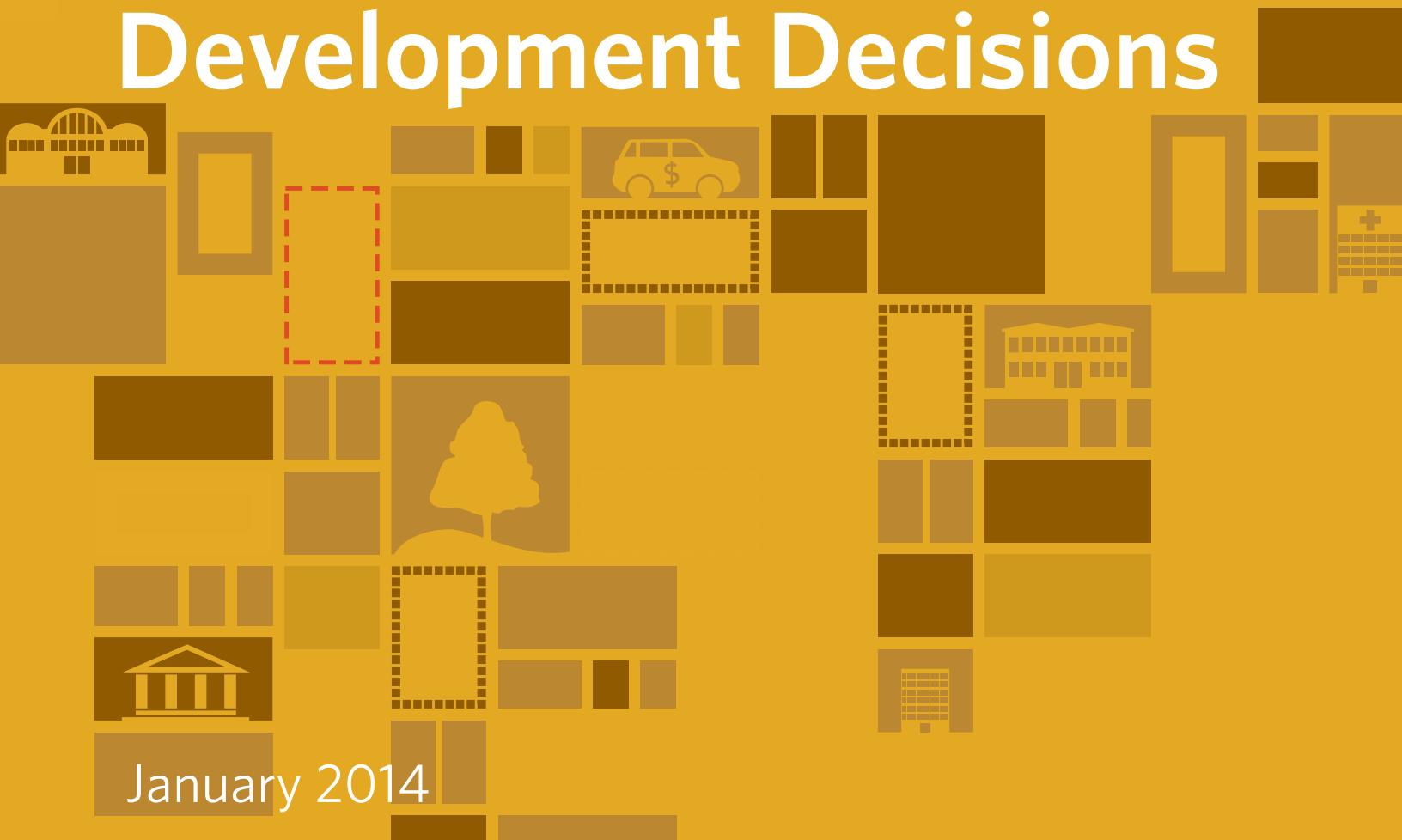
CMAP



Fiscal and Economic Impact Analysis of Local Development Decisions



January 2014

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Executive Summary

Local governments are a core strength of the region and have the ability to make land use decisions that are both locally and regionally beneficial. Development decisions made at the municipal level have far-reaching effects on the long-term fiscal and economic condition of the region. It is therefore important for the region to have the best information possible about how local fiscal policies drive land use decisions as well as the resulting impacts on the regional economy, jobs, and the livability principles addressed in GO TO 2040, the region's comprehensive regional plan.

This report builds on prior Chicago Metropolitan Agency for Planning (CMAP) analysis of local fiscal and regional economic impacts. After approval of GO TO 2040 in October 2010, CMAP assembled the Regional Tax Policy Task Force, an advisory group consisting of representatives from local and state government, business, civic organizations, and academia. Among other issues, the Task Force discussed the balance of fiscal and economic impacts generated by non-residential land uses, focusing on an analysis of the fiscal and economic impacts of prototypical non-residential land uses that was completed prior to GO TO 2040. In its discussion of the Task Force report, the CMAP Board directed staff to continue to study the local and regional impacts of local land use decisions, emphasizing analyses that include specific information and cooperation from local municipalities.[1]

This CMAP report focuses on municipal land use decisions and municipal fiscal impacts across 31 case studies, with an additional assessment of regional economic and market impacts. Each case study is set within a unique context of local market conditions, municipal revenue and expenditure policies, and infrastructure capacity and expansion needs -- all of which influence overall municipal fiscal impact. While some order-of-magnitude trends are present across these case studies, the individual results will not apply to all jurisdictions. Impacts on other districts, such as schools or transportation providers, may also be very different than the municipal impacts assessed here. However, under current market and policy conditions, CMAP has identified several clear trends regarding fiscal impact practice, key revenue sources, and infrastructure and service costs, as summarized below.

Residential case study developments can have slightly negative or low municipal fiscal impacts, but high-density, infill residential and mixed-use development can generate very positive fiscal returns. Negative and low fiscal impacts occur due to the cost to maintain new lane miles, the cost of emergency calls for some multifamily developments, and a combination of lower density, values and property tax rates for some developments. Higher density residential developments generally have more positive returns, and, when in higher property tax communities, are among the highest of the case study set. Additionally, older communities

[1] The advisory report of the Regional Tax Policy Task Force is available at http://cmap.is/1fhK02P.

with excess infrastructure capacity generally experience more positive fiscal impacts because they experience fewer costs generated by development and maintenance of infrastructure and services.

Residential developments as a whole have a higher fiscal impact if their ability to support retail development is considered. Because Illinois allocates sales tax based on point of sale, sales taxes are often not estimated in fiscal impact analyses for residential developments. However, household purchases support retail sales from local retail developments and, when evaluated in fiscal impact analyses, provide a more complete picture of the fiscal of residential developments. This is particularly true for sales-tax dependent communities with low property tax rates.

Office and industrial case study developments generally have low to moderate positive fiscal impacts, with costs very dependent upon infrastructure and service impacts. These land uses have a higher potential range of regional economic impacts, with actual impacts driven by tenant types. Industrial developments generally have low to moderate costs, revenues and fiscal impacts. Office development has higher revenues, driven by property taxes, but costs are more variable and tenant-driven. Expenses in both office and industrial case studies are most influenced by the short and long term cost of infrastructure. Industrial case study communities indicated that trucks cause heavy wear and tear on roadways and incur higher costs for the municipality if the designated truck routes are local roads. For office, medical office tenants can generate costly emergency service calls, while higher traffic levels from more typical office tenants increase transportation network costs.

In terms of economic impact, office developments support the highest levels of employment in the region as well as the highest wages, both by a large margin. Industrial developments have the highest potential to support regional employment, with economic multipliers ranging from four to ten times higher than other development types. However, the tenants in the industrial case studies are largely in the lower-impact warehouse and distribution sectors rather than manufacturing. As a result, wage and employment impacts of the industrial tenants were only slightly higher than those found in the retail case studies.

Due to sales tax revenues, retail case study developments often generate the highest fiscal benefits for municipalities on a per-acre basis, while economic benefits were lower. Retail case studies generated an average of 90 percent of their revenues from sales taxes, with sales taxes often exceeding the total revenues from all revenue sources in other case studies. Municipal retail expenses were driven by emergency service, transportation, and infrastructure costs. While retail fiscal impacts are driven by high sales tax revenues, retail depends upon other land uses to provide customers. Without a sufficient customer base from nearby households or employees, retail may not produce the hoped-for fiscal return.

In contrast to its local fiscal benefits, retail provides lower economic benefits. Potential jobs supported in the CMAP region are lowest for the retail case studies, and actual employment

supported is substantially lower than office. Similarly, wages for retail development were generally lower, with the exception of auto dealerships.

Mature case study communities with underutilized infrastructure and a prevalence of infill development generally experience higher net benefits from new development. Maintenance and repair of transportation and other infrastructure is a major expense category for the municipalities, and accurate assessment of these costs is critical for understanding a development's fiscal impact. The communities with development primarily located in already-developed areas often can depend upon capacity in existing infrastructure and services, leading to higher net fiscal benefits.

In contrast, the capacity-constrained case study communities bear the burden of costs to expand services and infrastructure as new development occurs, significantly decreasing the fiscal benefits they receive from new development. Case study municipalities work to address these costs through strategies such as user fees, special taxing districts, and up-front development impact fees. Furthermore, municipalities do not expect each individual development to recover its expenses, but instead pursue a mix of land uses to achieve fiscal balance and meet community goals. However, municipalities often need to seek additional revenue sources to replace road, water and other infrastructure over the long term.

Furthermore, municipalities in the interview set tend to take a near-term approach to assessing capital cost impacts. These communities often have carefully-considered procedures in place to ensure that a new development pays for its initial and near-term infrastructure costs, but then struggle with long-term reconstruction and replacement needs as well as the cumulative costs generated by many new developments over time. Many communities assume that long-term costs will be estimated in the capital improvement plan process and paid for through general funds and/or bond initiatives. However, this approach does not guarantee that the costs of maintaining and upgrading infrastructure will be sufficiently funded over the long term.

Individual local development decisions can cumulatively lead to overbuilding in regional submarkets or the region as a whole. While a certain level of vacancy allows for normal business turnover, clusters of persistently high vacancies can indicate overbuilding. This drives down rental rates, minimizes returns to investors, can lead to decreased investment in properties, and provides minimal or negative returns to municipalities and other stakeholders who must still provide a minimum level of service to vacant properties.

Local land use decisions can negatively impact subregional and regional markets for a particular land use. For example, because retail has the potential to provide a strong fiscal benefit to communities, they may prioritize this type of land use and allow development of excess capacity. Similarly, office vacancy in the region has been persistently high since 2001. While some localized markets have experienced major new development and lower vacancies, there is a region-wide excess supply of office development.

These types of market dynamics are not always correctly assessed by private developers and municipalities at the local level, leading to development of underutilized retail, office, and/or industrial space. This creates negative fiscal and economic consequences over the long term, regardless of potential near-term fiscal and economic benefits.

Municipal land use decisions affect the fiscal condition of other jurisdictions. A number of overlapping jurisdictions like parks, fire, and school districts are very dependent upon property tax revenues. As such, they tend to experience more negative net fiscal impacts from some residential uses and depend upon an overall balanced mix of land uses to support services. However, the case study results indicate that higher density or higher value residential can provide net positive fiscal impacts for these districts. This analysis shows that actual residents and schoolchildren generated by a development are a driving factor, and those totals can be quite different from what is estimated by stock formulas.

Transportation networks are particularly impacted by development, and transportation services are provided by a number of regional actors. In particular, traffic from non-residential developments can be highly dependent upon state roads and, to a lesser extent, county and tollway facilities. These jurisdictions do experience revenues from property, motor fuel and sales taxes, and generally request impact fees and right of way to address near-term impacts. However, these jurisdictions can experience negative externalities if revenues do not support costs or if a cumulative volume of new development generates the need for accelerated expansion and replacement of existing facilities. Better coordination of these development impacts across jurisdictions can improve the region's fiscal outcomes.

Introduction

GO TO 2040, the comprehensive regional plan for metropolitan Chicago, emphasizes the importance of development patterns that support livability via a range of housing options, more compact development, targeted expansion of the region's developed area, and prioritizing redevelopment near existing infrastructure. This vision is implemented at the local level as municipalities make land use decisions. However, these decisions can be impacted by state-level tax policies that govern the ability to raise local revenues and provide services, shaping the development of communities. Local development decisions can also impact adjacent communities and the economic vitality of the region as a whole.

It is important for the region to have the best information possible about how our fiscal policies drive land use decisions as well as the resulting impacts on the regional economy, jobs, and principles of livability as addressed in GO TO 2040. Prior CMAP analyses of local fiscal impacts have focused on regionwide-averages and protytypical sites. While this provides an order of magnitude estimate of the fiscal and economic impacts of average developments, assessment of localized development decision case studies and their outcomes can contribute to regional understanding of the impacts of individual development types at the local level. To better understand the dynamics of local and regional development impacts, this analysis outlines the fiscal framework in which local development decisions are made and assesses the outcome of local development decisions through a case study approach.

In February 2010, CMAP developed the State and Local Taxation snapshot.[2] This report summarized key issues impacting state and local tax policies, with an emphasis on the property tax, sales tax, income tax, and motor fuel tax. Within its focus on outlining the challenges that face the region regarding tax policy, the report also provided an analysis of the local and regional fiscal and economic impacts generated by a set of prototypical nonresidential land uses. The snapshot made no recommendations, but did inform the tax policy recommendations of GO TO 2040.

Shortly after the approval of GO TO 2040 in October 2010, CMAP assembled a Regional Tax Policy Task Force, an advisory group consisting of representatives from local and state government, business, civic organizations, and academia. Throughout 2011, this group deliberated on a range of state and local tax policies affecting the economic competitiveness of northeastern Illinois. An issue discussed by the Task Force was the balance of fiscal and economic impacts generated by non-residential land uses. In its discussion of the Task Force's report, the CMAP Board directed staff to continue to analyze the local and regional impacts of local land use decisions, with an emphasis on analyses that include specific information and cooperation from local municipalities.[3]

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[2] Available at http://www.cmap.illinois.gov/cmap-regional-snapshots#Tax.

[3] The advisory report of the Regional Tax Policy Task Force is available at http://cmap.is/1fhK02P.

GO TO 2040 supports collaboration across communities and development patterns that provide long-term fiscal and economic benefits both for municipalities and the region as whole. A broad number of local jurisdictions are impacted by municipal land use decisions. This report primarily focuses on municipalities, but also provides basic assessment of the fiscal impacts to school, park, library and fire protection districts. Additionally, impacts to the road network, which is maintained by a combination of local, regional, and state actors, are also discussed. This analysis is accomplished through a set of 31 case studies of recent development in the region. The economic impacts of new developments cross local boundaries, both in terms of job creation and impacts on the existing built environment. This report explores traditional economic impact measures like employment multipliers and wage impacts. However, it also discusses the market context in which the case study developments occur and the potential impacts on development trends in adjacent communities and the region.

Background and Context

Local fiscal and development policy is shaped by state statute, which outlines the ways in which municipalities can raise and spend funds. This legal authority affects the fiscal impact of local land use decisions because revenues generated from a development are driven by both the market success of a property and the local jurisdiction's decisions regarding tax rates and preferred tax base. This section provides an overview of state laws which govern local fiscal policy. Additionally, it discusses how fiscal impacts are incorporated into the local planning and development approval process.

Fiscal Framework

The manner in which local governments can raise funds and provide services varies depending on the type of government and the revenue source. Additionally, how local governments choose to employ revenue sources affects the fiscal impact of development within their borders. The following section will provide background on the revenue and expenditure framework used in this fiscal impact analysis, as well as the extent that municipalities rely on these revenue sources.

Primary expenditure categories

Most established municipalities provide a broad array of services to their residents and businesses. The Illinois Municipal Code authorizes municipalities to provide services and regulations, although in some cases, special districts like fire protection districts provide the service. The following will provide a brief overview of some of the services that are particularly affected by new development.

Public safety

Police services are typically provided by municipalities, although in unincorporated areas, the county sheriff's department typically provides these services. With regard to fire and emergency services, municipalities may have fire departments or may be covered by a fire protection district that overlaps multiple jurisdictions.

Public works and transportation

In incorporated areas, municipalities are responsible for maintaining local roads, and may also take on other related services such as sidewalks and parking. In unincorporated areas, local roads are maintained by the township. In addition, roads that are a part of the state or county system are maintained by those entities. This analysis assesses these expenditures through three separate categories: expenditures to maintain new lane miles generated by a development, ongoing public work costs to maintain infrastructure, and long-term capital expenditures and bonding to pay for the replacement of infrastructure.[4]

[4] In this analysis, capital expenditures include transportation, water and sewer infrastructure, municipal buildings, and similar capital investments.

General government

All local governments have expenses associated with general administration such as budgeting, finance, accounting, purchasing, and human resources. In addition, many municipalities perform a variety of other functions, including community development, economic development, and building inspection.

Primary revenue sources

While most local governments in Illinois are authorized to impose a property tax, the extent that they can impose other types of taxes and fees depends on the type of local government. State statute provides municipalities and counties with more varied opportunities to raise revenue than other types of local government.

State and local sales tax

State and local sales taxes are a major revenue source for many municipalities. Most of these sales tax revenues come from municipalities' share of the state sales tax. State sales tax revenue sharing to local governments is based on where the sales took place or where the final acceptance of the order occurred. Municipalities (and counties for sales in unincorporated areas) receive 1 percentage point of the 6.25 percent rate on general merchandise sales within their borders. They also receive the full amount of the revenues from the 1 percent state rate on qualifying food, drugs, and medical appliances. Counties receive a quarter of a percentage point of the state rate on general merchandise sales within their borders. The exception is the Cook County share, which is allocated to the Regional Transportation Authority (RTA).

In addition to receiving state sales tax revenues, counties and municipalities can impose local option sales taxes on general merchandise under certain circumstances. In northeastern Illinois, 154 municipalities and 2 counties have a local sales tax.[5] Home rule[6] units may implement local option retail sales taxes and utilize those revenues for general expenditures.[7] Non-home rule municipalities require a referendum to implement retail sales taxes of up to 1 percent for expenditure on municipal operations, public infrastructure or for property tax relief.[8] Non-home rule counties also require a referendum to implement a sales tax, and revenues may only be used for public safety, public facilities, or transportation.[9]

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[5] The RTA and the DuPage Water Authority also impose sales taxes.

[6] All municipalities with populations greater than 25,000 are granted home rule status and municipalities with smaller populations may adopt home rule status by referendum. The state constitution also grants home rule to counties that adopt, by referendum, a county executive form of government. Cook County is currently the only home rule county in the state.

[7] 65 ILCS 5/8-11-1.

[8] The provision allowing the revenue to be used for municipal operations only applies until December 31, 2020. See 65 ILCS 5/8-11-1.3.

[9] 55 ILCS 5/5-1006.5.

Property tax

Individual taxing bodies, including counties, townships, municipalities, special districts, and school districts, have their own levy rates that are individually determined by the relationship between their annual financial requests and the assessed value of property within in their geographical boundaries. Tax levies are requested for specific purposes, or funds, such as the corporate fund, bond funds, retirement, police, or library. Each county clerk calculates the tax base for each taxing district located within the county using the Equalized Assessed Value, and applies the requested local jurisdiction property tax levy to that base to calculate the property tax rate. The relationship between property tax extensions and the tax base results in rate differentials throughout the region. Relatively high property valuations typically allow local governments to maintain lower property tax rates than those with smaller tax bases.

Other state revenue sharing

Municipalities and counties receive a share of state individual and corporate income tax revenue based on their share of the state population (for counties this is based on unincorporated population only). The share is equivalent to one-tenth of the revenue generated under the rates in effect before January 1, 2011. In addition, municipalities receive a portion of state motor fuel tax revenue and use tax revenue based on their share of the state population. These revenue sources tend to be a major source for communities that are primarily residential and have few businesses.

Telecommunications tax

The Simplified Municipal Telecommunications Tax Act[10] allows municipalities to impose a tax on gross sales of telecommunications services, such as telephone services, cell phone services, paging services, and telegraph services. Through the adoption of an ordinance, municipalities can impose a tax of up to 6 percent, except the City of Chicago, which is authorized to impose a tax of up to 7 percent. In northeastern Illinois, 266 out of 284 municipalities impose a telecommunications tax, with rates ranging from 1 percent up to the 7 percent imposed by Chicago.

Other utility taxes

Municipalities may also impose other taxes on utilities, such as natural gas and electricity.[11] Municipalities may impose a tax on distributing, supplying, furnishing, or selling natural gas for use or consumption. The maximum rate is 5 percent of gross receipts, except in Chicago, where statute allows a maximum rate of 8 percent. Taxes on the distribution, supply, furnishing, selling, transmitting, or delivering electricity for use or consumption have maximum statutory rates that vary depending on the amount of electricity used or consumed. They start at 0.61 cents per kilowatt-hour for the first 2,000 kilowatt-hours and the maximum rate decreases as more is used, all the way to 30 cents for consumption in excess of 20,000,000 kilowatt-hours.

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[10] 35 ILCS 636.

[11] 65 ILCS 5/8-11-2.

Fines, licenses and fees

Municipalities have the power to impose a variety of fees and fines. This includes fees for business licenses, liquor licenses and impact fees as well as fines for violating regulations such as parking, building codes, or sanitation codes. State statute provides a vast list of businesses that may be licensed, taxed, and regulated by municipalities.[12] Communities are at liberty to apply a license fee, which is often based on the type of business and/or the floor area of the business location. The Liquor Control Act also provides for the establishments of local liquor control commissions, which provide municipalities with the ability to regulate and license establishments that sell liquor.[13] These licensing activities generate a regular revenue source for municipalities, as they are typically renewed annually.

Impact fees

Home rule municipalities may also impose impact fees on development to provide for the cost of additional water, sewer, stormwater, and other public services affected by new development. In general, to pass legal muster, there must be a reasonable relationship between the fee and the needs generated by the development, the fee must be uniquely attributable to the development, or there must be some other rational nexus between the imposition of the fee and the development.[14]

State statute also allows counties with a population over 400,000 and home rule municipalities to impose road impact fees.[15] The impact fee must be specifically and uniquely attributable to the costs generated by the development, and cannot be used to cure existing deficiencies or to upgrade existing facilities to meet new environmental or safety requirements. To impose an impact fee, a government must develop future land use assumptions and, once those assumptions are adopted, a comprehensive road improvement plan. The improvement plan must catalogue existing deficiencies and funding sources for those deficiencies as well as a schedule for all planned road improvements. Once the impact fee is in effect, actual project fees must take into account developer dedications of land or right of way, infrastructure contributions, and special districts and liens dedicated to funding required road infrastructure. Impact fees must be spent or encumbered within five years of their collection or they are refunded to the entity that paid the fee.

Tax reliance

Variations in the property tax base affect units of government differently in terms of ability to generate the revenues necessary to provide public services. They also impact the tax rates that a community uses and, by extension, the fiscal impacts of individual developments. For example,

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[12] 65 ILCS 5/11-42.

[13] 235 ILCS 5.

[14] Champaign County Regional Planning Commission, Overview of Impact Fees in Illinois, June 2010, http://www.ccrpc.org/planning/pdfs/OverviewOfImpactFees.pdf.

[15] 605 ILCS 5/5-901.

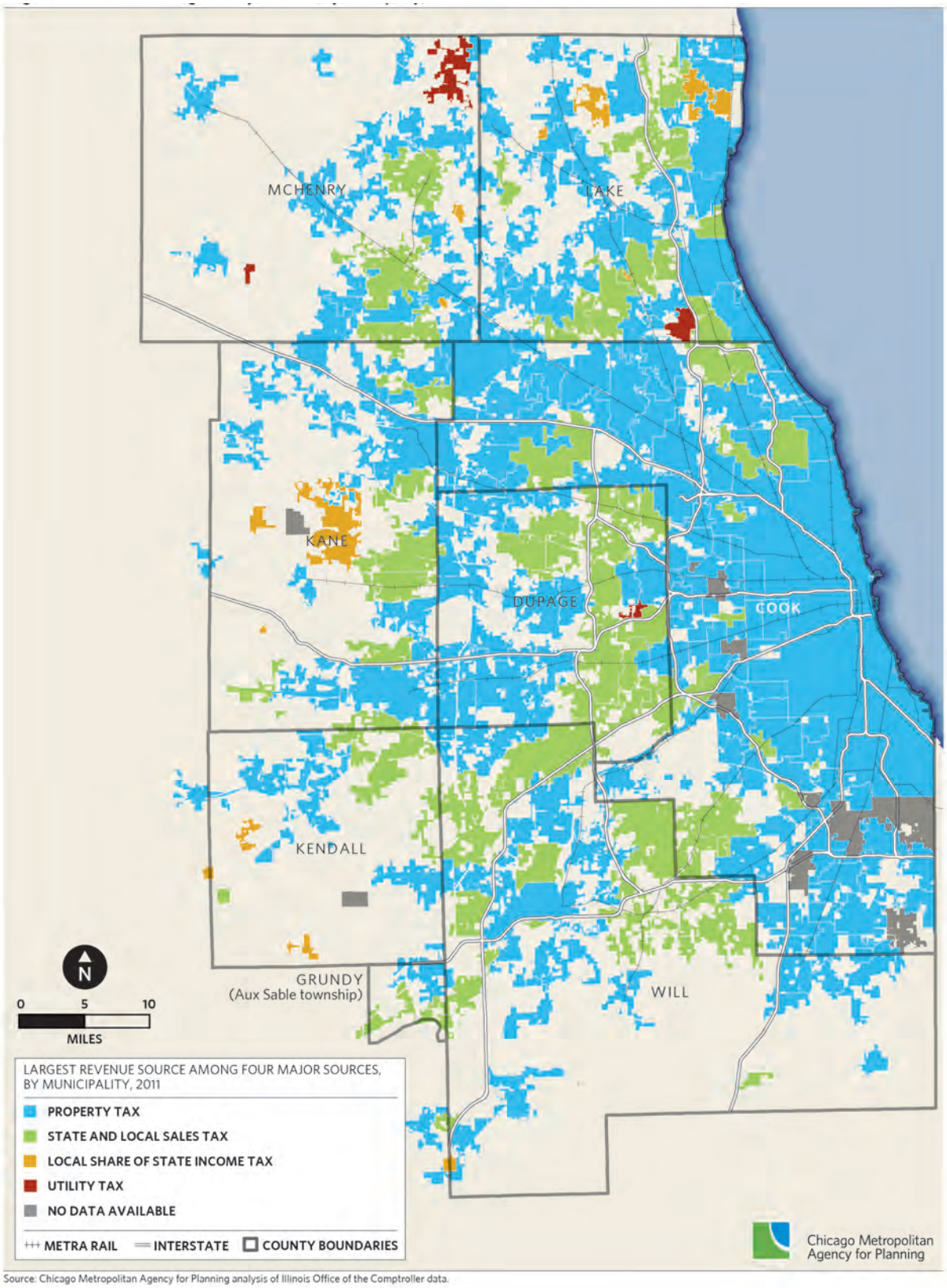
a low property tax base would negatively affect a unit of government that primarily relies on the property tax base to generate revenues, likely leading to a higher than average property tax rate to generate sufficient funds to provide services. A unit of government that derives the majority of their revenues from other sources is less impacted by its property tax base, and can have a lower property tax rate. Units of government like special districts and townships generate nearly all of their revenues through the property tax.

Municipalities and counties can choose to generate revenues from a variety of sources. To some extent, the variation is a policy choice made by the community to encourage land uses that generate certain types of revenue, whether it is encouraging residential development that brings in state income tax revenue sharing or retail development that generates sales tax revenue. In some cases, the predominance of one revenue source is connected to a policy decision not to employ certain tax options. For example, there are 18 municipalities in the region that do not impose a property tax and 18 different municipalities that do not impose telecommunications taxes. While 127 municipalities do not impose a home rule or non-home rule sales tax, all municipalities receive a share of the state sales tax based on the sales generated within their borders. In addition, all municipalities receive a share of the state income tax.

Among the municipalities in the region, property tax revenue tends to be a larger source than sales tax and utility tax revenue. Property tax was the largest source for 183 municipalities, while sales tax was the largest for 66 and state income tax was the largest for 14 municipalities. It is less common for utility taxes such as telecommunications, electricity, and natural gas taxes to be the largest source, with just four municipalities utilizing these as their largest source of revenue. The following map provides an overview of the largest revenue source among the four sources analyzed for each municipality.

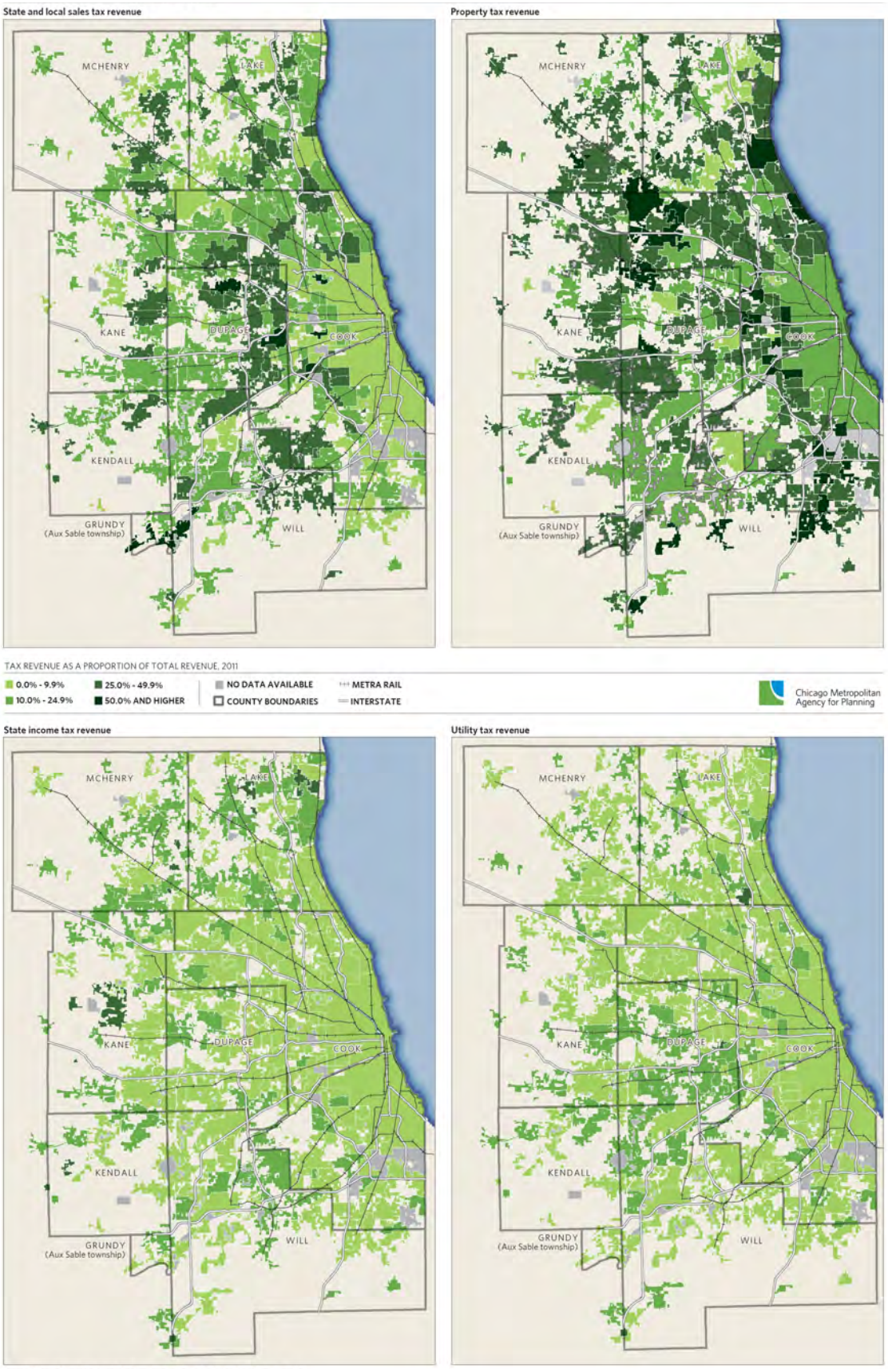
The extent of the reliance on each revenue type depends on the tax rate imposed, the tax base, and the extent that other sources are used. For example, several municipalities rely on sales tax revenue for more than 50 percent of their revenues. Many of them have a large sales tax base from which to generate revenue. In contrast, Chicago has a large sales tax base, but it also has a vast array of other sources from which it generates revenue, resulting in sales tax revenue contributing less than 10 percent of overall revenues. Many municipalities exhibited heavy reliance on property tax revenue, with 31 generating more than 50 percent of revenues from property taxes. These municipalities may have few retail sales from which to generate sales tax revenue. As a result, their property tax rates may be higher, particularly if their property values are low. This drives differences in fiscal impacts of similar development types across municipalities. Nearly all municipalities relied on utility taxes such as telecommunications, electricity, and natural gas tax revenue for less than a quarter of total revenues. The following maps show the extent that each municipality in the region relies on these major revenue sources.

Figure 1. Largest revenue source by municipality, 2011



Source: Chicago Metropolitan Agency for Planning analysis of Illinois Office of the Comptroller data.

Figure 2. Municipal reliance on major revenue sources



Fiscal Impact Practice in the CMAP Region

Communities make day-to-day development decisions based on a number of factors, including the potential fiscal impact of a development, quality of life considerations, and community goals. The overall fiscal impact of new developments depends on both near-term fees and exactions imposed by municipalities as well as long-term revenue generation and service provision. Additionally, local practice regarding fiscal impact analysis can influence what type of revenues municipalities generate from individual developments as well as what type of development they choose to pursue.

To better understand what role fiscal impacts play in local development decisions as well as how municipalities estimate fiscal impacts, CMAP staff interviewed twenty communities about their use of fiscal impact analysis in the planning and development approval process. Communities were asked to provide information on both formal and informal processes, and an effort was made to include communities with a variety of capacities and staffing levels. While the communities were not chosen in a statistical sampling process, they were selected to represent a cross-section of community types across the region. The questions and list of communities interviewed is available in Appendix II. Two of the 20 communities do not request or perform full fiscal impact analyses, although they perform informal, internal analyses for some commercial developments and have put in place impact fees, sewer and water connection fees, and other procedures to compensate for the public costs of new developments.[16]

Reasons for using a fiscal impact analysis

Communities were first asked when and why they might request a fiscal impact analysis. Most communities indicated that formal, consultant-driven fiscal impact analyses are a rarity, particularly since the economic downturn. Growing communities indicate that they depend upon their impact fee schedules and negotiated compensation such as parks, water main connections, trail connections, and other amenities. Additionally, the substantially built-out communities indicated that they have excess capacity that can accommodate most new developments.

However, several key events would cause the communities interviewed to request a fiscal impact analysis, including new subdivisions, a major change of use, a very large project or planned development, and/or a request for incentives. Within the municipalities interviewed, the most frequent trigger of a formal fiscal impact analysis is a request for an economic development incentive such as a sales tax rebate or tax increment finance (TIF) funds. [17]

[16] In addition to transportation impact fees, communities can charge for new connections to existing water and sewer services. The fee to add access to this infrastructure is often called a tap fee.

[17] There are many ways that municipalities can incent development, but the most common in the northeastern Illinois region are tax increment finance (TIF), sales tax rebate, Cook County property incentive classes, and property tax rebates. For more information on local economic incentive policies, see the CMAP analysis Examination of Local Economic Development Incentives in Northeastern Illinois.

Considerations in a fiscal impact analysis

During the interviews, municipalities were asked what types of data they request in a fiscal impact analysis, what districts are considered, and what time lengths were assessed. Municipalities most frequently ask for analysis of traffic impacts and the resulting near-term transportation costs. Larger projects receive a higher level of assessment more consistent with a complete fiscal impact analysis that assesses municipal and other local district costs and revenues. Overall, most municipalities consider other districts like parks or schools, either through a formal assessment of impacts on those districts or through requesting metrics such as the number of schoolchildren generated by a development.

Municipalities consider varying timeframes when assessing fiscal impacts. Some request a standard time length for all projects, while others calibrate the request depending upon the type of project and whether the project has requested an incentive. Furthermore, many municipalities expressed doubt about the accuracy of longer-term fiscal impact projections, instead placing more weight on a project's estimated impacts at stabilization and/or within the first 5 or 10 years.[18] However, this shorter time length does not reflect the long-term replacement and maintenance costs for impacted transportation, water, and other infrastructure.

While most interviewees indicated careful consideration of up-front capital needs generated by a development, long-term costs were considered to a lesser degree. While a developer may pay for the initial construction cost of traffic signals, new streets or turn lanes, new water mains, etc., a municipality must then cover the cost of long-term repair and replacement of that infrastructure. Most communities assumed that long-term capital maintenance planning and costs for new development would be folded into their capital improvement plans and general fund expenditures over time. Two of the older communities in the interview set indicated that this approach has caused current capital budgeting problems, since a large proportion of their infrastructure was constructed 30 to 40 years ago and now requires rebuilding. However, a younger community indicated that it is actively planning for these long-term needs by banking impact fees and developing a long-term capital improvements plan.

Finally, six communities indicated that long-term transportation capital costs for some developments are less of a concern because a portion of their commercial and industrial developments are located on state or county roads. This is somewhat reflective of non-residential development patterns, as the state manages many of the region's higher volume roads and many retail, office and industrial developments prefer to locate on higher-traffic roadways. In this case, communities and/or developers pay for initial upgrades required by a development and may be responsible for upgrade costs. The state approves major new development on state roads, requires upgrades such as turn lanes and traffic signals where

[18] Project stabilization is the point at which it is fully constructed and occupied with normal vacancy rates. Depending upon the size and type of project, this can take a few months to several years.

needed, and ensures that right-of-way is set aside for future expansion.[19] The state also pays for most long-term maintenance, lane additions, and road replacement needs.

Community goals and fiscal impacts

Municipal interviewees noted that they often choose to take on projects that do not provide a fiscal gain because they enhance the community in other ways. There are a number of soft factors that are considered when assessing any project. Municipalities cited an array of potential factors, but the most commonly described were a development's ability to enhance quality of life, meet community goals, fulfill comprehensive or strategic plans, and/or increase employment.

Specifically, senior housing and catalytic redevelopment projects were noted as developments that may not meet fiscal goals on their own, but could contribute to a community in other key ways. For example, municipalities recognize that senior housing may not provide significant revenues and may incur major costs for emergency service personnel. However municipalities see senior housing as meeting quality of life goals and providing a housing option for long-term residents to stay within the community as they age.

Fiscal practice interview findings

The twenty communities interviewed approach fiscal impact analyses in a variety of ways. Requests for economic incentives were the most common reason for utilizing a fiscal impact assessment, although large developments and major land use changes will also prompt an assessment in some municipalities. Most communities have procedures to ensure that near-term infrastructure costs are assessed and, for major projects, broader fiscal impacts. A number of municipalities forgo formal fiscal impact analyses, but defer to previously-set impact fees, sewer and water tap fees, general government impact fees, and similar systems to ensure that capital costs of new development are recovered.

The municipalities surveyed tend to take a near-term approach to assessing fiscal impacts. As noted, these communities often have carefully-considered procedures in place to ensure that a new development pays for its initial and near-term infrastructure costs, but then struggle with long-term reconstruction and replacement needs as well as the cumulative costs generated by many new developments over time. Many communities assume that long-term costs will be estimated in the capital improvement plan process and paid for through general funds and/or bond initiatives. However, this approach does not guarantee that the costs of maintaining and upgrading infrastructure will be sufficiently funded over the long term.

[19] Per interview with IDOT staff on March 3, 2013.

Case-Study Analysis of Fiscal and Economic Impacts

The purpose of this analysis is to understand fiscal and economic impacts in both regional and local contexts. Given the broad variability of tax rates and jurisdictions across the region and the in-depth nature of fiscal impact analysis, a case-study approach was chosen. This also expands on the prior, regional average approach that was taken in CMAP's State and Local Taxation Snapshot.[20] Additionally, a Technical Advisory Group (TAG) comprised of municipal administration and financial staff, county transportation staff, school district staff, and academic and advocacy representatives was created to provide local and technical expertise. [21]

In order to capture a variety of municipality types and locations, 31 case studies were completed across 10 municipalities. To select case study communities, staff categorized the region's municipalities using a matrix of three physical and three tax capacity criteria and selected communities that represented a range of types. After input from the TAG regarding desired community types as well as considerations such as municipal staff institutional knowledge, a revised list was completed and municipalities were recruited to participate in the analysis. Figure 3 identifies the case studies communities as well as their physical and tax capacity categories.

While the City of Chicago contains a substantial proportion of the region's development, it was not considered for this analysis. Its budget, many expenditure types, and breadth of revenue sources were considered to be too complex for this analysis. Similarly, there were also concerns that, while case studies are by definition each somewhat unique, a case study of Chicago fiscal impacts would not be easily generalizable to other communities in the region.

Additionally, fourteen land use typologies were defined with the assistance of the TAG. They reflect a broad array of commercial, industrial and residential land uses found throughout the region and ensured that the case studies would reflect a range of development types. Case studies reflecting these land uses were selected from CoStar, Metrostudy and Axiometrics data on developments completed within the case study municipalities between 2000 and 2010.[23] This time period was chosen because assessment, sales tax and other data required for fiscal impact analysis is more readily available for projects developed after 2000. 2010 was chosen as a cap to ensure that all projects were completed and had several years of service and revenue data. At least two case studies of each land use typology were analyzed and at least two case studies were completed within each community.

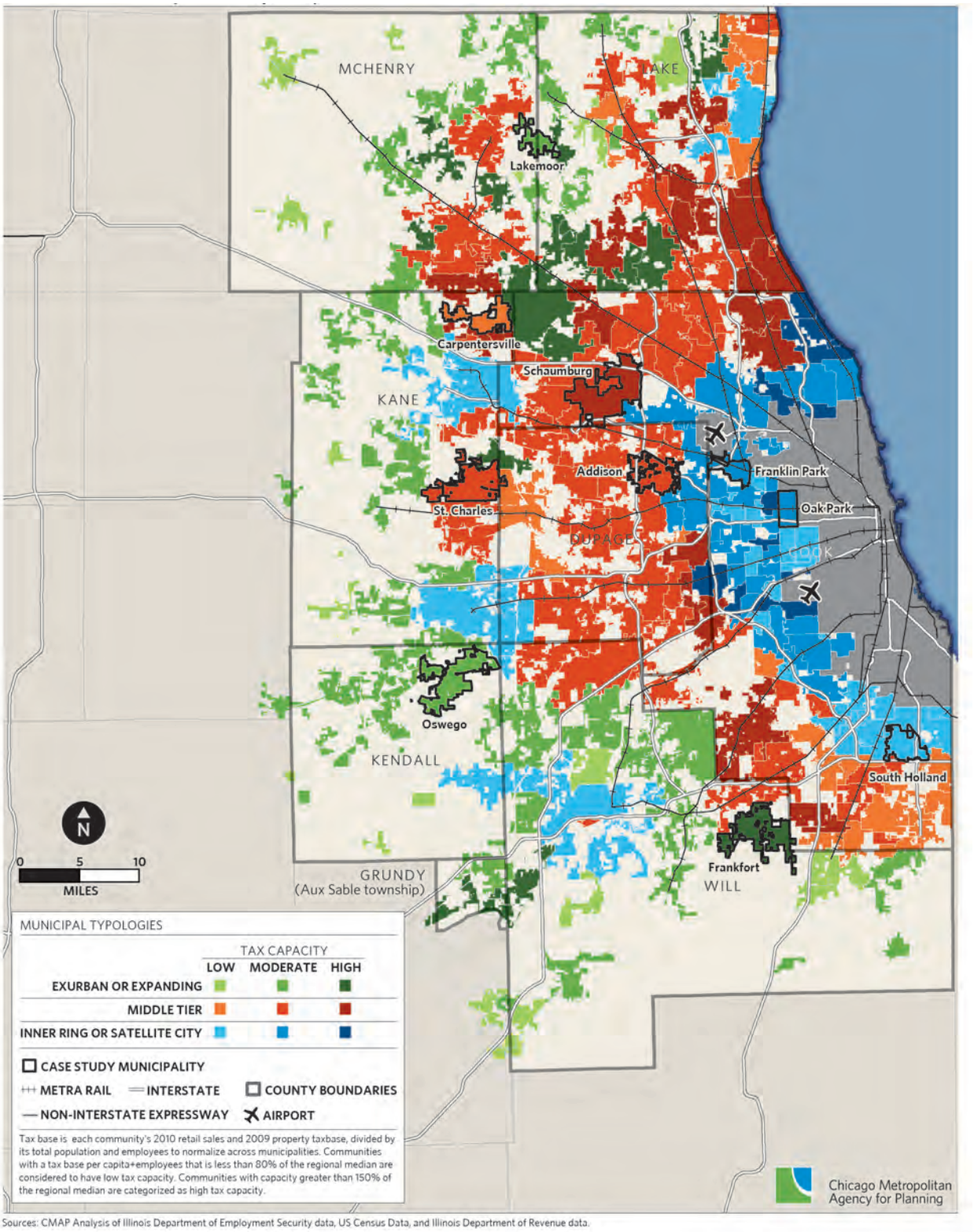
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[20] Available at http://www.cmap.illinois.gov/cmap-regional-snapshots#Tax.

[21] For further information on the TAG, please see Appendix I.

[23] CoStar is a provider of project-specific data on retail, office, and industrial development. Reis and Axiometrics provide data on multifamily rental properties. In general, complete, well-occupied developments with typical tenants were used for this analysis.

Figure 3. Final fiscal and economic impact case study municipalities



Sources: CMAP Analysis of Illinois Department of Employment Security data, US Census Data, and Illinois Department of Revenue data.

Fiscal Impact Analysis

The fiscal impact of projects varied depending upon the land use, density and market value, jurisdictional tax rates and policies, and existing infrastructure capacity. These results indicate that no development type is guaranteed to have a specific fiscal outcome for a municipality. However, some trends emerge across the case study set. At the municipal level, long-term costs such as maintenance of new roads or provision of emergency services push many developments into low or negative fiscal returns. Due to sales tax revenues, retail establishments usually generate the highest fiscal benefits for municipalities on a per-acre basis, but high-density, infill residential and mixed-use development can also generated high returns. For other districts such as parks, libraries, and schools, the results depended far more on property values and the number of residents in each development.

Types of fiscal impact analysis

Fiscal impact analyses take one of two general approaches, an *average cost approach* and a *marginal cost approach*. The average cost approach is more common in fiscal impact analysis because it simply utilizes a jurisdiction's current cost per resident or employee to estimate future costs. However, this approach allocates costs to new developments regardless of the capacity of the existing system and the unique needs of any given development.

A marginal cost approach determines cost via detailed information on existing capacity and planned capacity expansions as well as professional judgment regarding the potential service and infrastructure impacts of a new development. It requires an extensive analysis of each affected jurisdiction's existing physical and service capacities and projected costs. This method, while more specific, is less frequently used due to the level of information required and the somewhat subjective nature of the assessment of existing capacities.[24]

Fiscal impact analysis methodology

For this analysis, the data collection, municipal interviews, and initial analysis were performed by SB Friedman, with final analysis and assessment completed by CMAP. For each project, data on current and past sales taxes, property tax assessment levels, police, fire, and emergency service calls, and required capital improvements was collected from local jurisdictions. Additionally, municipal, school district, park district, library district and fire protection district budgets and annual financial reports were reviewed to estimate general administration, public works, and other cost categories. All municipalities and fire districts were also interviewed to verify data and obtain information about current and future service levels and capacity. Expenses were estimated using two approaches: an average cost approach and a modified average cost approach.

[24] For a more detailed discussion of the types of fiscal impact analysis, see the Lincoln Institute of Land Policy's discussion of fiscal impact analysis types and limitations at http://www.lincolninst.edu/subcenters/teaching-fiscal-dimensions-of-planning/fiscal.asp.

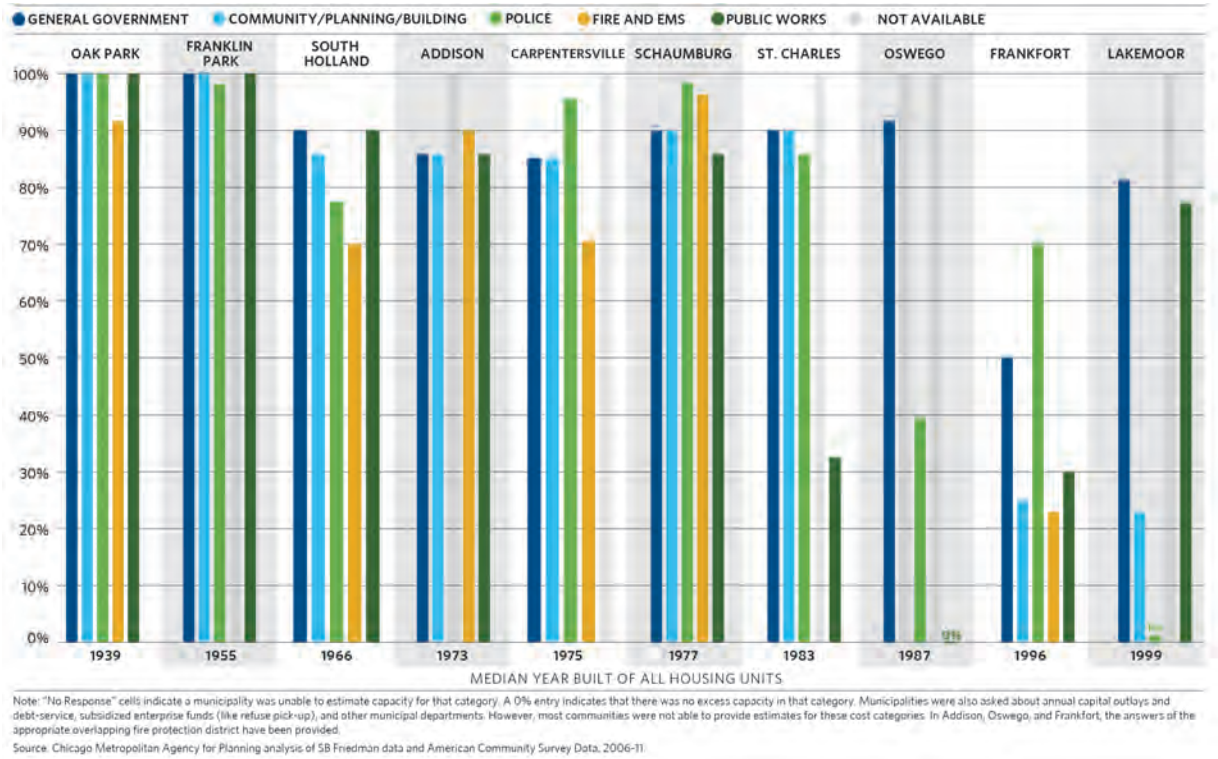
Average cost fiscal impact approach

The average cost methodology is a common fiscal impact analysis approach. In this approach, a per-capita (and/or per-employee) cost of services is calculated for the jurisdictions impacted by a development. In this analysis, a cost generation factor was defined for each service or infrastructure category. For example, police calls from a development are used to estimate police costs, and new residents or employees are used to estimate general government costs. In the average cost approach, the cost of each new resident, police call, etc. is assumed to be the same as the average cost of each prior resident or call.

Modified average cost fiscal impact approach

For this analysis, a modified average approach was developed to estimate what proportion of departmental budgets would be unaffected by new development, essentially estimating the current excess capacity of services and infrastructure. To approximate this, municipalities were asked to estimate the increase in costs by department required to serve the full GO TO 2040 forecasted employment and population at their current level of service. The projected budget "gap" was then divided by projected new employees and residents or other appropriate metrics (e.g., trips at build-out, additional service calls) to create a new average cost.

Figure 4. Proportion of costs to serve new development through 2040 that can be absorbed into baseline service levels, by service type



Note: "No Response" cells indicate a municipality was unable to estimate capacity for that category. A 0% entry indicates that there was no excess capacity in that category. Municipalities were also asked about annual capital outlays and debt-service, subsidized enterprise funds (like refuse pick-up), and other municipal departments. However, most communities were not able to provide estimates for these cost categories. In Addison, Oswego, and Frankfort, the answers of the appropriate overlapping fire protection district have been provided.

Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data and American Community Survey Data, 2006-11

Figure 4 shows each municipality's expectation of their ability to accommodate new development as well as the median year built of all housing units to approximate each

community's age. In established and built-out communities, the proportion of development that could be served within existing budgets was often very high, meaning that communities felt that most new development would have minimal to zero impact on their service levels and infrastructure capacity. In some cases, municipalities, fire districts, or other jurisdictions have built additional capacity in anticipation of new development, which allows for new development but can be problematic if that development does not occur.

Some fast-growing municipalities are already over the capacity of their existing systems, and would need significant new infrastructure and staff to serve projected development. These have estimated that they have zero capacity for new development in a particular service category. Generally, older communities estimated that they had more capacity for forecasted population and employment growth. However, some of the older communities had staff capacity but indicated that they have backlog of infrastructure replacement needs. As with growing communities, new development therefore has the potential to increase costs.

Assessment of capacity to absorb new development is inherently subjective, and is greatly influenced by a municipality's current priorities and recent experiences. For example, many of the participating municipalities instituted staff and service cutbacks during the recent recession and some anticipate an increase in staffing levels as conditions improve. Other municipalities maintain efficient, low staffing levels, work to cross-train staff, and anticipate that general government levels will remain at current levels.

The cost and revenue data utilized in this analysis generally represent an average of data from the past three to five years rather than a single year. This approach has been chosen because current and recent economic conditions have the potential to skew the results. For example, several of the retail case studies experienced a drop in taxable retail sales between 2007 and 2011. This results in lower sales tax revenues than may be expected under more normal economic conditions.[25] Similarly, many of the case study communities cut staffing levels and services during the economic recession, so service costs may be lower than those found in other years.

Residential fiscal impact results

The analysis included five single-family, three townhome, two condominium, two apartment and two senior housing examples. The projects were a range of sizes, with several developments as small as 30 or 40 units and one as large as 560 units.

[25] Several of the retail case studies experienced large decreases in sales taxes over the analysis period due to the recent recession. The largest of these changes was in one of the retail power centers, which was 46 percent below its peak 2007 taxable retail sales at the time of this analysis.

Figure 5. Residential development case study programs

Land Use	Project	Municipality	Residential Units	Land Acreage
Single Family Residential 0.33 to 1 units/acre	Woods of Fox Glen	St. Charles	90	129.1
	Bayview Farm	Lakemoor	48	46.5
Single Family Residential 2 to 6 units/acre	Sandalwood Estates	Frankfort	254	126.2
	Springacre Hills	Carpentersville	157	123
	Lakemoor Farms	Lakemoor	264	63.9
Townhomes 8 to 18 units/acre	Plank Trail Estates	Frankfort	32	7.2
	Silverstone Lake	Carpentersville	560	79.9
	Ridgeland Station	Oak Park	27	0.6
Condominiums 26 to 60 units/acre	Lakeview Place	Addison	162	11.5
	The Ridgeland	Oak Park	52	0.8
Garden Apartments 24 units/acre	AMLI St. Charles	St. Charles	400	25.5
	Farmington Lakes	Oswego	304	19.0
Senior Housing	Hunt Club Village	St. Charles	104	4.7
	Rose Terrace	Oswego	36	3.3

Sources: CMAP analysis of case study materials from SB Friedman

For most residential developments, net municipal fiscal impacts when using an average cost approach were slightly negative.[26] Five of the case studies transition from a slightly negative to a slightly positive fiscal return when moving between the average cost and modified average cost. In these cases, municipalities have estimated that a proportion of the cost of new developments can be absorbed into existing excess capacity that the municipality has already built. These differences are starker on a per-acre basis, as shown in Figure 7. Finally, while new households do not generate sales taxes on-site, they provide an important contribution to the market success of a municipality's retail development, making their potential net fiscal impact more positive for the community than is shown in this analysis.

Figure 6 and Figure 7 depict the range of net fiscal impacts created by the two fiscal impact cost approaches. Each vertical line (or pair of overlapping dots), represents a single case study. The lower dot is the average cost approach, and the upper dot is the modified average cost approach. The latter approach always has a higher net fiscal impact because it assigns a portion of the costs to existing excess capacity in a municipality. As described above, older, built-out communities tended to have more excess capacity and, therefore, larger ranges of estimated fiscal impacts. This change is critical, as it reflects the difference in existing infrastructure capacity found in communities that are experiencing primarily infill development as opposed to development in primarily unincorporated areas.

[26] Please see page 23 for a description of the average and modified average cost approaches.

Figure 6. Municipal net fiscal impacts per project by residential case study

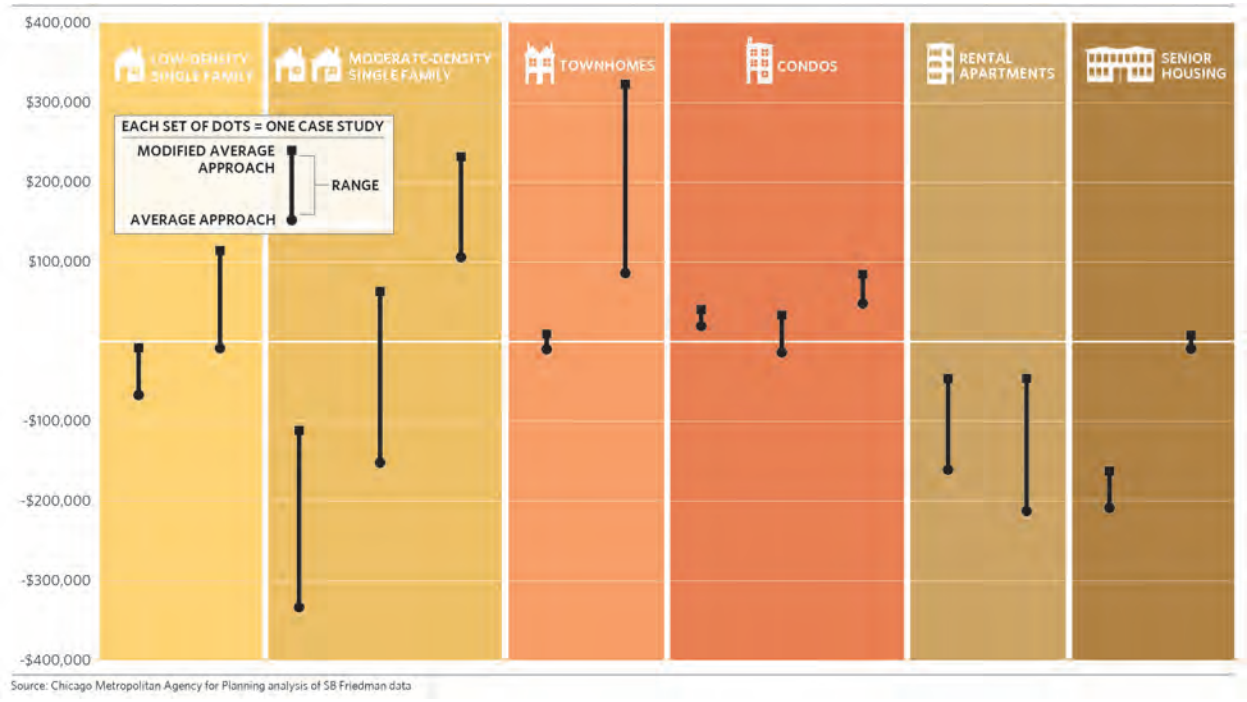


Figure 7. Municipal net fiscal impacts per acre by residential case study

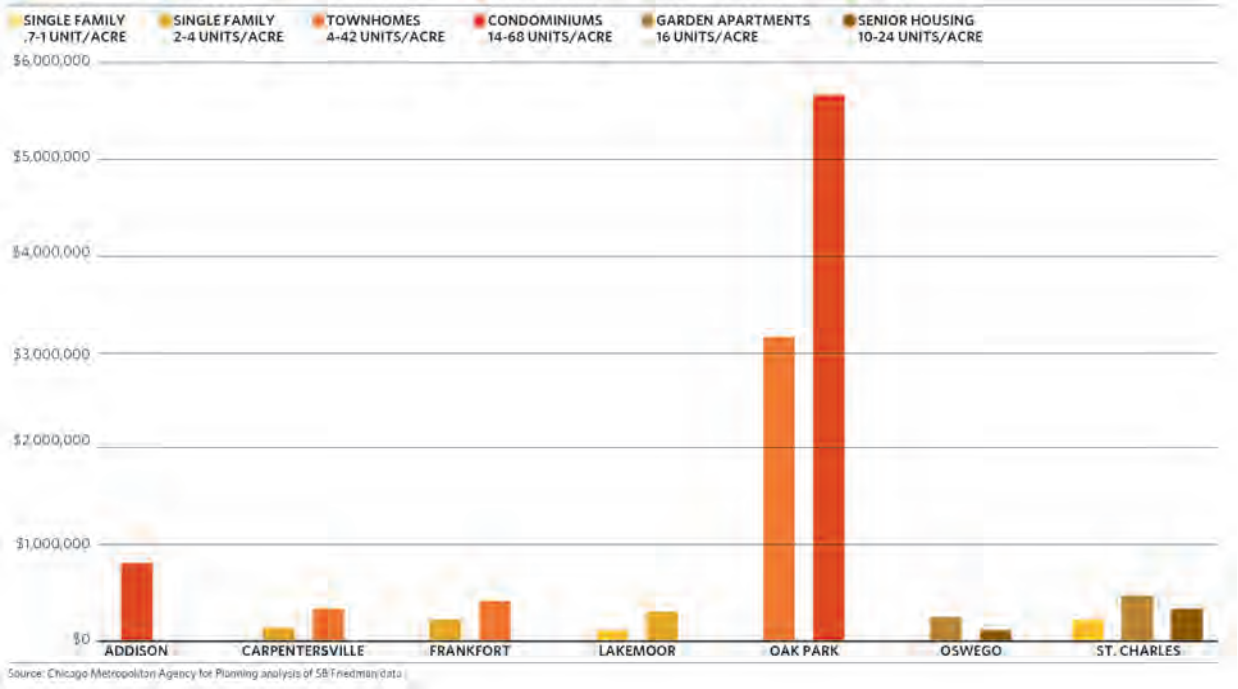


Residential revenues

Major local revenue sources from residential developments include property taxes, utility taxes, state per-capita revenue sharing, and local fines and fees. Revenues per project varied not only

based on project density, but also by community. The variation in revenues by community can occur due to a combination of county-level assessment practices, municipal property tax rates, and predominant residential market values in each community. For example, the Oak Park case studies (the Ridgeland condominiums and the Ridgeland Station townhomes) have both a higher assessed value per acre and a higher-than-average property tax rate than other case study developments. As a result, they produce the highest property tax revenues and revenues per acre in the residential property case studies. Overall, denser projects drive higher revenues, but municipal reliance on property taxes and the resulting property tax rate is also a significant factor in how much revenue a residential project generates.

Figure 8. Equalized assessed value per acre by project type and municipality



For example, Oswego has one of the lowest property tax rates in the region. As a result, Oswego derives the smallest proportion of its project-based revenue from property taxes, with state per-capita revenue sharing and fines and fees comprising the bulk of the revenue per project in this analysis. While not depicted in the net fiscal impact charts, Oswego also estimates and depends upon sales taxes generated by new households. In contrast, St. Charles ranks very close to the middle in terms of property tax rates. St. Charles also experiences the broadest variation in property taxes per case study, with its high-end single family project generating significant property tax revenues and its senior housing development generating the least.

All case study communities except Oswego generated the largest proportion of project revenues from property taxes, with state per-capita revenues (income tax, use tax, and motor fuels tax sharing) generating a slightly lesser share. With the exception of Lakemoor and Oswego, fines, fees and all utility taxes combined generated between 15 percent and 25 percent of revenues.

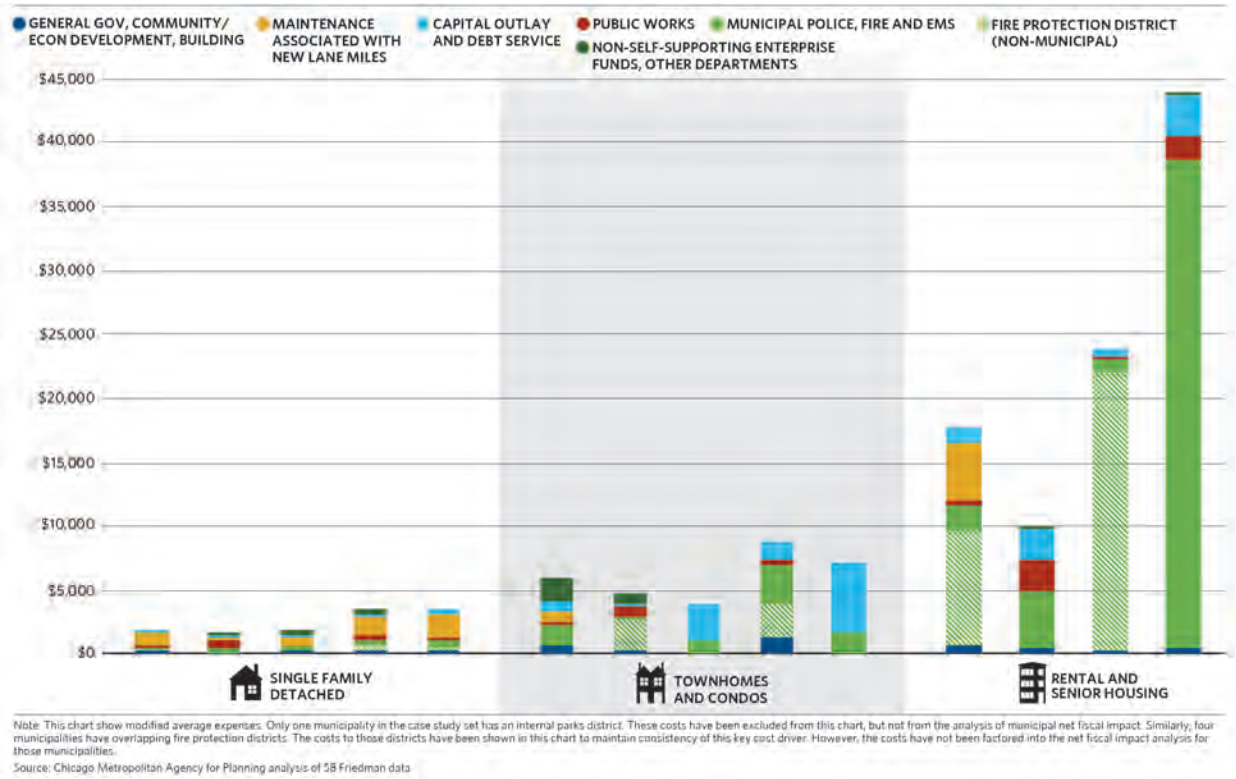
As noted above, Oswego also estimates sales taxes from residential developments, which are not included in these calculations. For further detail on potential sales tax revenue generated by purchases from new case study households, see Appendix III: Key Fiscal Impact Analysis Results by Case Study.

Reliance on a particular revenue source changes over time and as development occurs. Oswego has a low property tax rate in part because it has a strong retail presence. However, much of the community's development has occurred since 1990, significantly changing its land use pattern and tax reliance to its current distribution. In contrast, Oak Park depends on its high and stable property tax base, and significant redevelopment would need to occur for that to change.

Residential expenses

At the municipal and fire protection district level, expenses per acre were most dependent on emergency services calls and the cost to maintain new road miles. Particularly for multifamily rental and senior developments, calls to police, fire and emergency service providers generated the highest costs. These increased costs are due to false alarms in both development types, and a higher proportion of emergency medical calls at senior developments.

Figure 9. Municipal and fire district expenses per acre by residential case study



Municipalities appear to expect and accept higher emergency service costs for senior developments or large multifamily buildings. Furthermore, municipalities often desire these land uses to meet other community goals, such as providing housing choice. In interviews,

municipalities indicated that they have contemplated strategies to address emergency service costs, such as establishment of or increasing fines for false alarms, or creation of special service areas to partially fund the cost of the additional public services required. Others build these costs into their initial expectations for the development and may not expect that a senior residence will be a fiscal positive.[27] Several of the case study municipalities do charge for emergency services, and the expenses shown are net of these revenues.

The second biggest driver of municipal expenses related to new residential developments was the cost to maintain new road miles and/or existing infrastructure utilized by the development. In the single-family case studies, new road mile costs represented the largest proportion of project costs. However, there is substantial variance. Across the seven residential developments that involved the development of new road miles, maintenance costs ranged from 14 percent to as high as 63 percent of annual project costs and consumed from 8 to 81 percent of municipal project revenues. Case studies with new road miles have higher overall costs than other development types. Public works costs, which cover the maintenance costs of existing roads and other infrastructure, were smaller by comparison in almost all of the case studies.

Households and retail sales

One aspect of residential development that is often not considered in fiscal impact analysis in Illinois is the amount of sales tax revenue that residents of the development may generate. Because Illinois state statute directs sales tax revenues to the municipality where a good is purchased, retail sales taxes are often only considered for retail stores, sales offices, and industrial and distribution facilities that sell or deliver to consumers. However, new and existing households provide the market that supports retail stores and local sales tax revenues.

To develop a store, retailers require certain demographic characteristics, including a minimum amount of households, aggregate income, and/or residents in a particular life stage to support a potential new store.[28] Residents within a store's market area are a critical component of that retailer's decision to locate at a particular site. Therefore, new residents contribute to a municipality's ability to attract and retain retail stores.

Using household expenditure data by municipality from ESRI business analyst, a provider of market and demographic data, CMAP analyzed the taxable retail sales potential of the average household in the case study communities. The potential of each municipality to capture those retail sales within the community was obtained from ESRI leakage analyses.[29] Critically, several

[27] CMAP fiscal practice interviews, March and April 2013.

[28] William M. Bowen, Kimberly Winson-Geideman, and Robert A. Simmons, "Financing Public Investment in Retail Development," in Financing Economic Development in the 21st Century, ed. Sammis B. White, Richard D. Bingham, and Edward W. Hill (Armonk, NY: M.E. Sharpe, Inc, 2003), 250-265.

[29] Staff utilized ESRI reports on average household retail goods and service expenditures as well as on community-wide retail leakage. Retail leakage estimates the proportion of retail demand produced by a community that is met by purchases outside of the community. In this analysis, only retail good categories that are taxable in Illinois were considered. The retail leakage rate was applied to each major purchase category, and retail leakage rates above 1

of the case study municipalities have minimal retail development, and therefore capture a small portion of residents' potential retail purchases. However, this does not indicate that these communities have the potential to attract new retail, as these households may be served by retail in adjacent communities.

Accounting for retail sales tax does not result in large changes in the fiscal impact of most of the residential projects, but it does generate an average 20 percent increase in residential project revenues. Individual project benefits ranged a four percent increase in revenue for residential projects in municipalities with little retail to slightly more than 70 percent for a multifamily project in a community with a significant retail base. Under this analysis, both multifamily developments and one of the senior developments moved to a positive net fiscal impact, but all other residential projects experienced minimal net change.[30]

When considering the community as a whole, sales tax revenues cannot be counted for both retail and residential developments. However current practice assigns all retail sales tax benefits to the retail location only. This analysis illustrates that new households provide an important contribution to retail sales tax revenues within communities and have annual fiscal impacts beyond basic property taxes, utility taxes, and population-driven state income tax sharing revenue. In a community, each individual development is supported by the larger network of residents, employees, and establishments.

Office and industrial fiscal impact results

The analysis included two medical office, two corporate office, five warehouse/distribution, and two small industrial case studies.

(retail attractors) were reduced to one to focus on the impact of new households only. ESRI separates internet purchases into a separate category, and those have not been taxed in this analysis.

[30] Appendix III: Key Fiscal Impact Analysis Results by Case Study contains the estimated municipal sales tax revenues generated from each household and project. As noted, all the multifamily and senior developments moved to a positive net fiscal impact in this analysis. For communities with lower property tax rates, estimated sales taxes provided the bulk of revenues once included in the analysis.

Figure 10. Industrial and office case study programs

Land Use	Project	Municipality	Square Footage	Land Acreage
Corporate Office	Woodfield Preserve 1 & 2	Schaumburg	610,462	14.4
	Windy Point 1 & 2	Schaumburg	469,635	18.9
Medical Office	Brighton Corporate Park	Frankfort	57,000	4.6
	Rush Oak Park Hospital	Oak Park	139,200	2.3
Large Scale Warehouse/ Distribution	1350 N Greenbriar	Addison	120,727	6.2
	2200 W Pinehurst	Addison	81,761	4.9
	11222 W Melrose	Franklin Park	73,160	4.6
	3700 Willow Dr.	Franklin Park	195,071	20.6
	Liberty Furniture	South Holland	200,000	10.6
Small Scale Industrial	2910-2930 Commerce St.	Franklin Park	20,021	1.7
	27900 W Concrete Dr.	Lakemoor	26,795	2.2

Source: CMAP analysis of SB Friedman Data

As with residential case studies, net fiscal impacts for the office and industrial case studies were highly variable. On a per-acre and per-project basis, revenues generally exceeded single-family and multifamily residential revenues and were most dependent upon property taxes and utility taxes. Although both office and industrial developments can house sales tax-generating tenants, none of the case study projects did. Additionally, as with new households, both office and industrial workers buy goods and generate retail sales taxes near their place of employment. Corporate office developments generated the highest returns, and medical office exhibited the most variation in community impacts. Industrial, whether large-scale or small, exhibited little variation and tended to have low, positive fiscal impacts.

Figure 11. Municipal net fiscal impacts per project by industrial and office case study

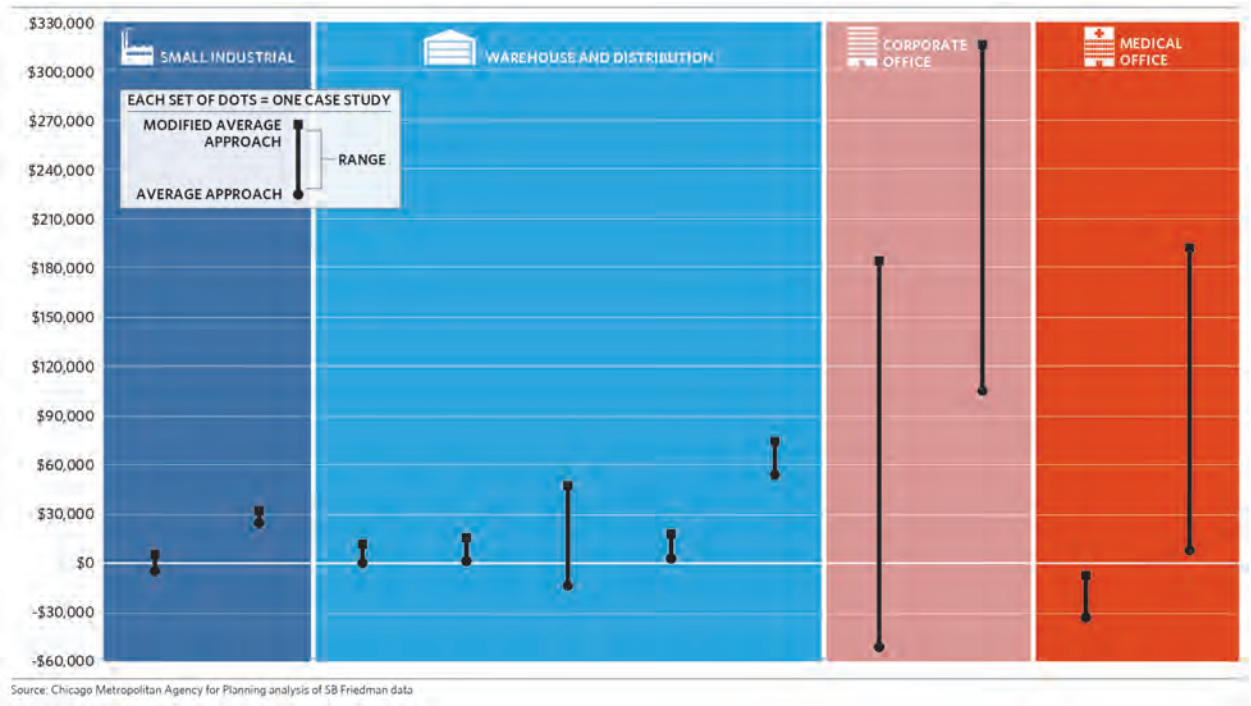
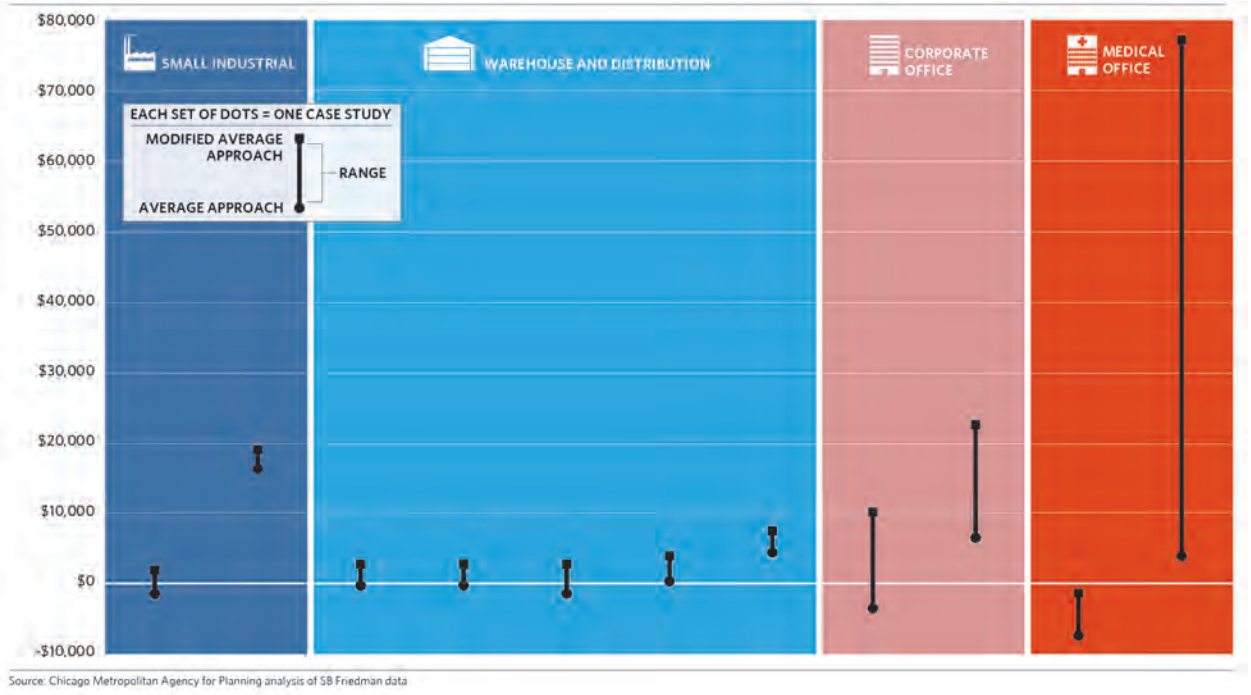


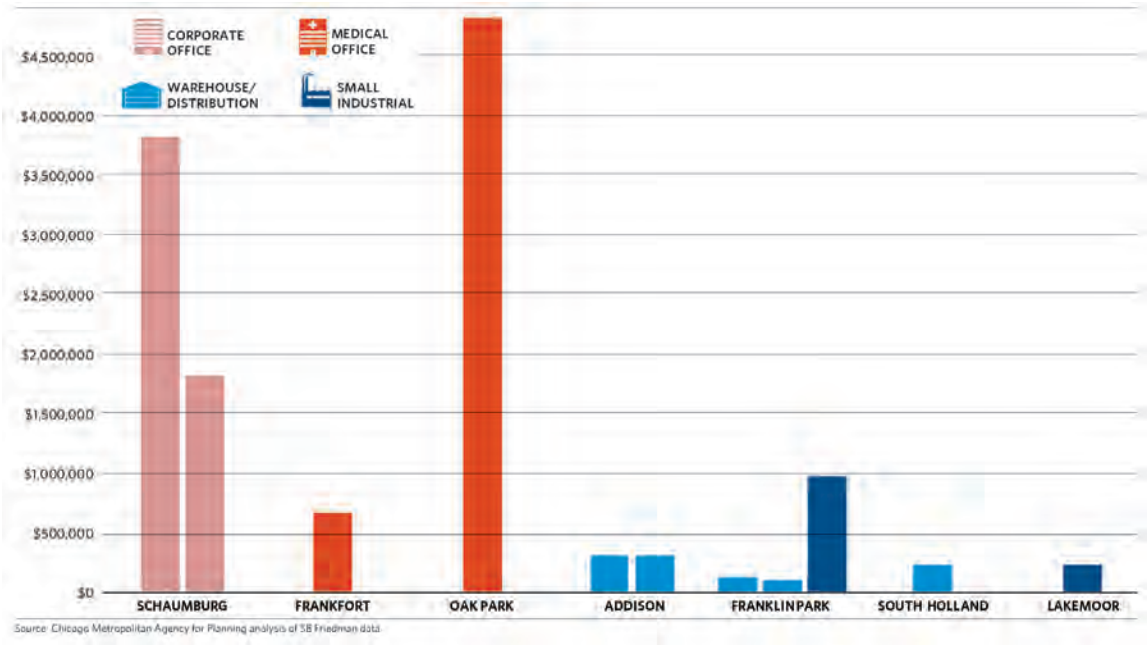
Figure 12. Municipal net fiscal impacts per acre by industrial and office case study



Office and industrial revenues

The office and industrial projects generated municipal revenues from different sources, with office developments clearly depending upon property tax revenues and industrial developments generating higher amounts of utility taxes. In four of the industrial case studies, utility taxes generated more than 40 percent of overall project revenues. This is due to the comparatively lower assessed values per acre of industrial development, as illustrated in .Figure 13. While industrial buildings are large, they tend to be simple structures that are assigned low assessed values. The most value is in the equipment, which is not assessed for property tax purposes.

Figure 13. Equalized assessed value per acre by project type and municipality



Overall, the highest revenue generation per acre was found in the medical office development in Oak Park, driven by higher per-acre revenues in property taxes, utility taxes, and fines and fees. This is the densest of the office and industrial case study developments, with a floor area ratio of 1.4 as compared to 0.97 in Schaumburg's Windy Point development, the next densest development. [31] As noted in the residential discussion, Oak Park also has a high property tax rate compared to the rest of the region, and it is second only to South Holland in the case study set. These factors combine to generate the higher revenues in this case study.

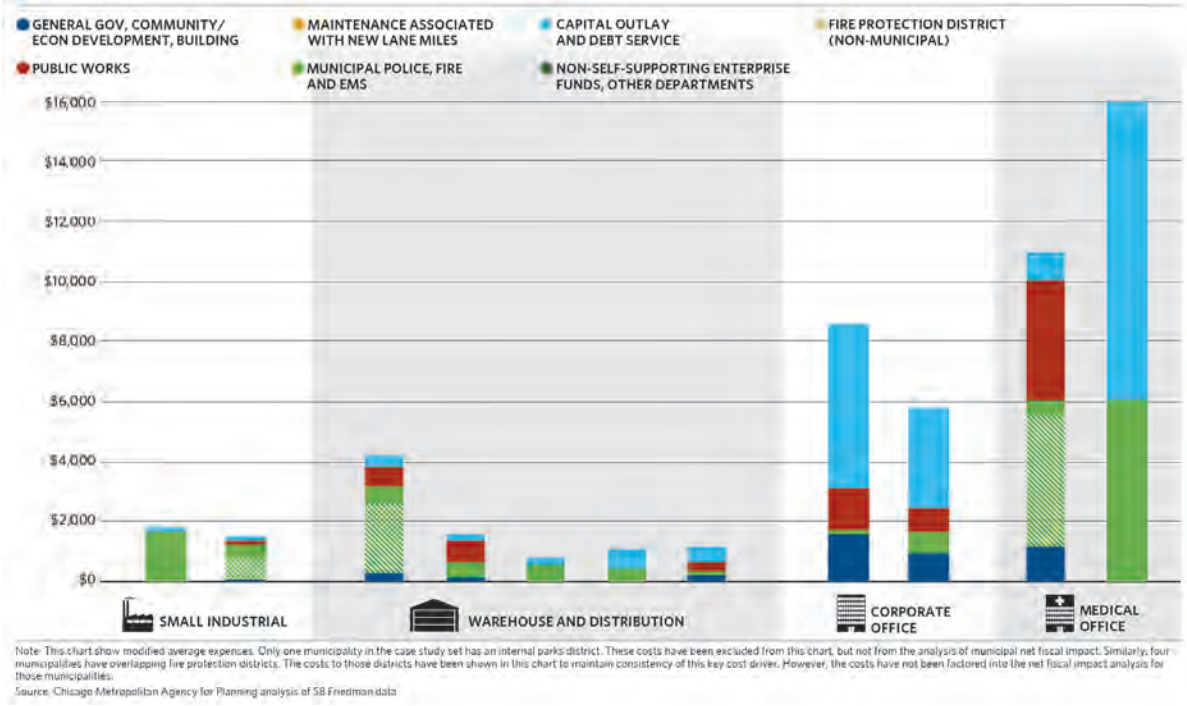
Office and industrial expenses

Municipal expenses from office and industrial land uses were most dependent on impacts to existing roadways and facilities. Increased travel on roadways and use of other infrastructure

[31] CMAP analysis of CoStar and SB Friedman data.

increased both annual public works costs and capital outlays and debt service for major infrastructure upgrades and repairs. Industrial case study communities indicated that trucks cause heavier wear and tear on roadways and incur higher costs for the municipality if the designated truck routes are local roads. For example, in Addison, a higher proportion of truck route lane miles are locally managed, increasing local costs for ongoing public works and long-term capital outlays. South Holland, another case study community, has a lower proportion of truck route miles under local management, decreasing their costs for serving industrial facilities. Regardless of the case study, the cost of maintaining the roads is addressed by one of a set of regional stakeholders (counties, townships, and/or the state) who must bear costs of maintenance, repair, and upgrade on these facilities.

Figure 14. Municipal and fire district expenses per acre by office and industrial case study



Medical office was an outlier among the office case studies, as the case study in Frankfort generated a large number of emergency service calls. Municipal interviews indicate that this is typical for medical office.[32] In contrast, the Oak Park medical office case study is associated with and directly adjacent to Rush Oak Park Hospital, minimizing calls for services and depending upon a large amount of existing infrastructure serving the hospital. In addition, this medical office provides taxable revenue associated with Rush Oak Park Hospital, which is largely exempt. The medical office case study in Frankfort is a typical small suburban office park that

[32] Concerns about calls for service at medical office were cited not only in interviews with Frankfort, but also the larger set of communities that were interviewed in the Fiscal Practice analysis.

has attracted a high proportion of medical users. As with rental and multifamily developments, municipalities may consider options like additional service fees, special service areas, higher licensing fees, and other alternatives to defray costs.

Retail fiscal impact results

The retail case studies encompassed a broad range of retail typologies, including two retail power centers, two auto dealerships, two neighborhood/strip retail centers, and one regional mall.[33] The neighborhood/strip retail case studies include the first-floor retail in the Oak Park Ridgeland condominium case study.

The regional mall case study is Woodfield Mall in Schaumburg. Due to its large cost and revenue values, it has been excluded from several of the charts, but its analysis results are footnoted. Additionally, Woodfield Mall was first developed in 1972, with two major additions in the intervening 40 years. Due to this timeline, complete municipal and other local jurisdiction costs and revenues related to Woodfield Mall's initial construction and improvements over time were not available. Fiscal impacts apply only to an average of current years rather than the full lifetime of the facility. Finally, Woodfield Mall is part of a complex of office and retail developments that may not have developed in the same way without the presence of the mall. Taken together, it is difficult to assign transportation and other costs to the Mall alone.

Figure 15. Retail case study programs

Land Use	Project	Municipality	Square Footage	Land Acreage
Retail- Regional Mall	Woodfield Mall	Schaumburg	2,752,644	140
Retail - Big Box	Eastgate Commons	St. Charles	266,230	32.8
	Oswego Commons	Oswego	482,377	66.6
Retail - Auto Dealership	McGrath Honda	St. Charles	31,601	4.7
	Woodfield Lexus	Schaumburg	68,738	5.8
Retail - Strip/Neighborhood	The Ridgeland (Retail)	Oak Park	4,737	0.8
	Town Center	South Holland	20,820	2.0

Source: CMAP Staff Analysis and SB Friedman Data

The retail case studies draw a very high proportion of their revenues from sales taxes, and often generate more municipal revenue in sales taxes alone than the total revenues for many of the other case studies. These case studies drew a relatively small proportion of revenues from property taxes and other revenue sources, although relative per-acre levels were on par with other case studies. As with many of the other case studies, municipal and fire-district expenses

[33] A retail power center is a retail development of 250,000 to 750,000 square feet with one to two large anchors, such as a Target, multiple smaller anchors, such as a Best Buy or Cost Plus World Market, and a mix of smaller retailers, service businesses, and dining establishments. For more information on retail center types, see the International Council of Shopping Centers list of shopping center definitions at http://tinyurl.com/jwh8brz.

were driven by police, fire and emergency calls as well as short and long term infrastructure costs.

Figure 16. Municipal net fiscal impacts per project by retail case study

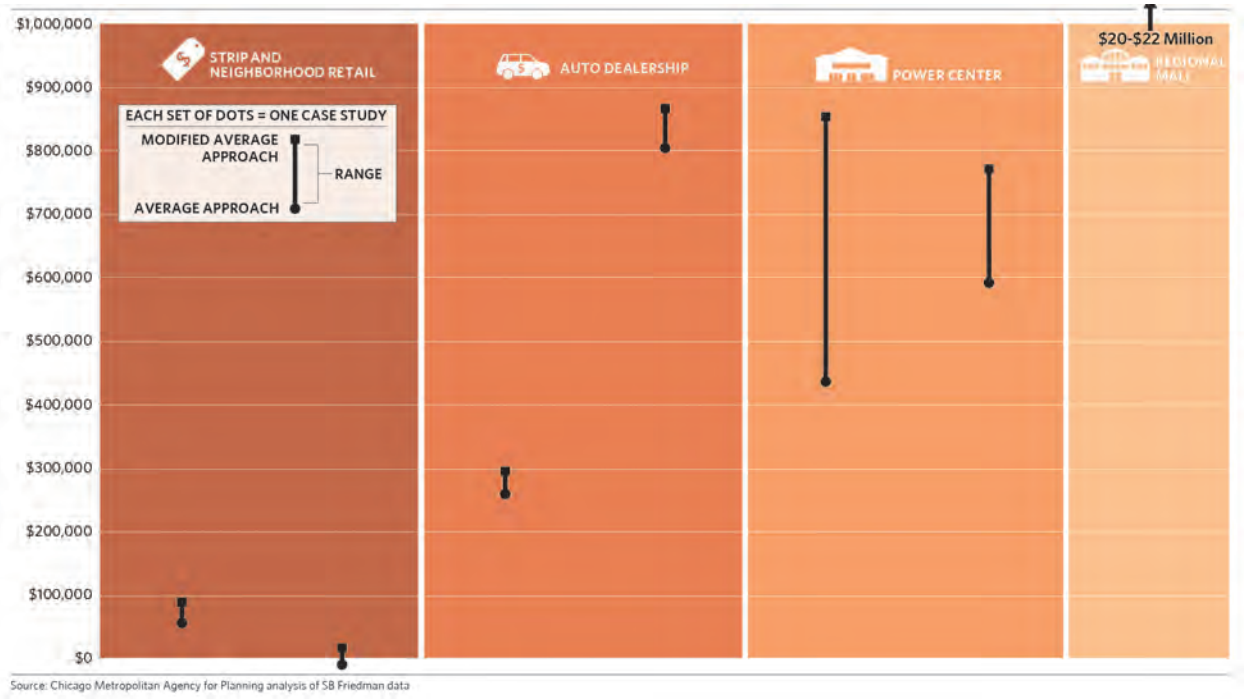
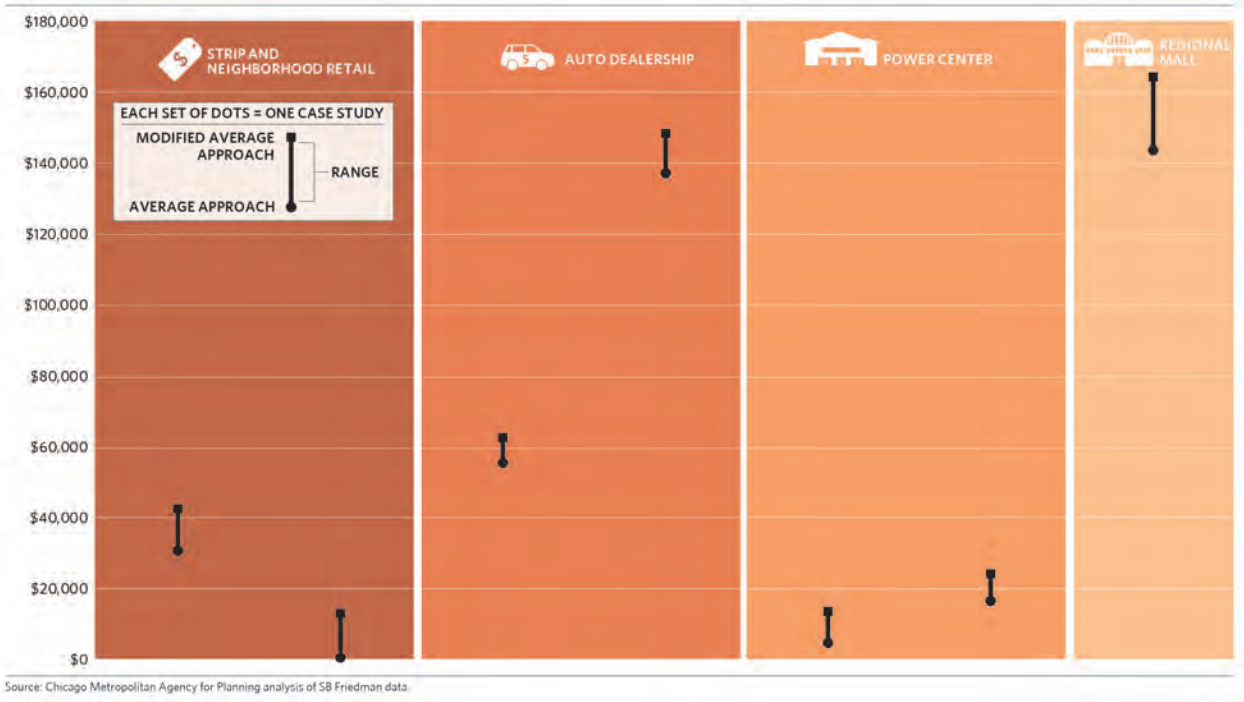


Figure 17. Municipal net fiscal impacts per acre by retail case study



Retail revenues

Retail case study revenues are primarily driven by sales taxes, with an average of 90 percent of total revenues per project derived from this source. However, the case studies were generally well-occupied developments that have sufficient market support from local residents and employees. Property tax revenues comprise a smaller proportion of total project revenues, although per-acre property tax revenues are at a similar level to many of the industrial, single-family, and multifamily rental developments.

Despite the size of its site, Woodfield Mall generates the highest revenues per acre among the retail case studies. Auto dealerships generated the highest per-acre revenues after Woodfield Mall, although there was significant range within these two case studies. The Lexus dealership in Schaumburg generated atypically high revenues due to its status as a luxury dealership, sale of both new and used vehicles, and large maintenance and repair operations. The South Holland strip retail case study gains almost all revenues from sales tax, since a TIF is in place to fund the development of a larger, new town center for the Village and all revenues have been committed to that project.[34]

Development of retail also presents a fiscal risk for municipalities. For example, closer analysis of the retail power center case studies indicates that both have suffered significant declines in retail sales and property values since the start of the recession, with sales tax revenues in one of the projects at 46 percent less than their 2007 levels. Despite these declines, both case studies still produce positive net fiscal impacts. However, this variability in revenues illustrates the risk inherent in municipal development decisions regarding retail and anticipated versus actual fiscal impacts. Without a sufficient customer base from nearby households or employees, retail may not produce the hoped-for fiscal return.

Retail expenses

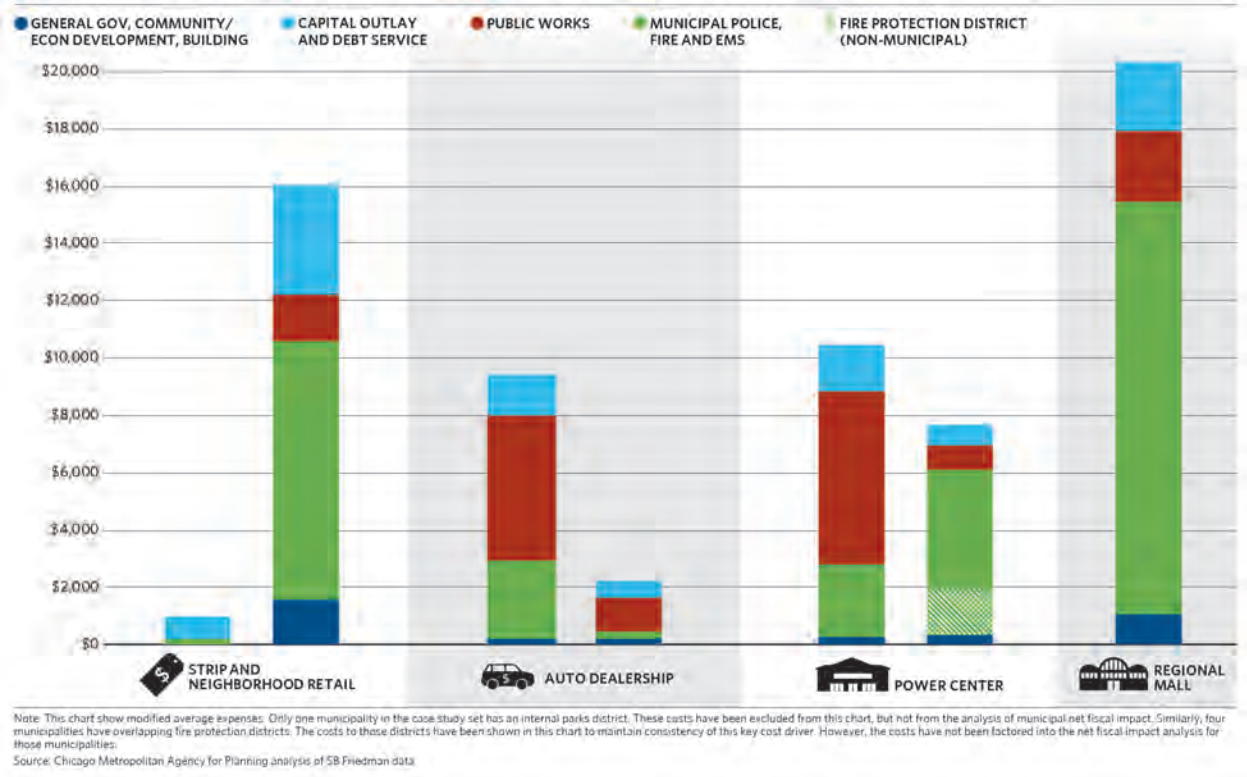
As with the other case studies, municipal and fire protection district expenses to serve retail are driven by a combination of calls for service and capital maintenance and debt costs. None of the retail case studies generated new road miles that fell to municipalities to maintain. However, they all generated significant traffic impacts with resulting short and long term maintenance, repair, and replacement costs.

Woodfield Mall represents a unique case. It has the higher per-acre costs for provision of fire, police and emergency services and a comparatively low combined per-acre cost for public works and long-term capital and debt service costs. Schaumburg has instituted a traffic impact fee for Woodfield and surrounding areas, designated as the north quadrant, to account for the high level of traffic that the mall, regional retail attractors like Ikea, other retail centers, and

[34] The South Holland Downtown TIF was established when South Holland owned the case study property within the TIF, thus its TIF base value is zero. Therefore, no property tax revenues from the development have been returned to the Village general fund, but are instead directed toward redevelopment within the TIF.

major office developments generate in the area.[35] These fees are banked and pay for long-term improvements to the road network in this area. However, the Woodfield area is also accessed via numerous state, county, Illinois Tollway roads, somewhat reducing the local transportation costs of these developments.

Figure 18. Municipal and fire district expenses per acre per retail case study by major land use, modified average cost method



The remaining developments generate significant public works costs, which are related to annual maintenance and repairs of roadways and other infrastructure. The South Holland neighborhood retail case study generates a larger than average long-term cost, found in the "Capital Outlay and Debt Service" category. This is due to a larger set of identified capital needs and costs for upgrade of the Village's transportation system and required upgrades to other infrastructure facilities. As with expanding communities, mature communities with a large amount of infrastructure replacement needs can experience significant costs when new development places demands on already-overburdened infrastructure.

[35] CMAP interview with Village of Schaumburg staff on April 12, 2013. Additionally, this traffic impact fee was not in place at the time of Woodfield Mall's development. As a result, the Mall did not pay traffic impact fees.

Fiscal impacts on other local districts

In addition to municipal fiscal impacts, many local overlapping jurisdictions are impacted by new developments. For this analysis, overlapping jurisdictions were analyzed at a high level through review of recent and historical budgets and financial reports. Appropriate metrics such as new households, employees, or non-residential square footage were used to estimate costs via an average cost approach for each jurisdiction. Where available, calls for fire and EMS services were obtained for each development.

School, park, library, and fire districts

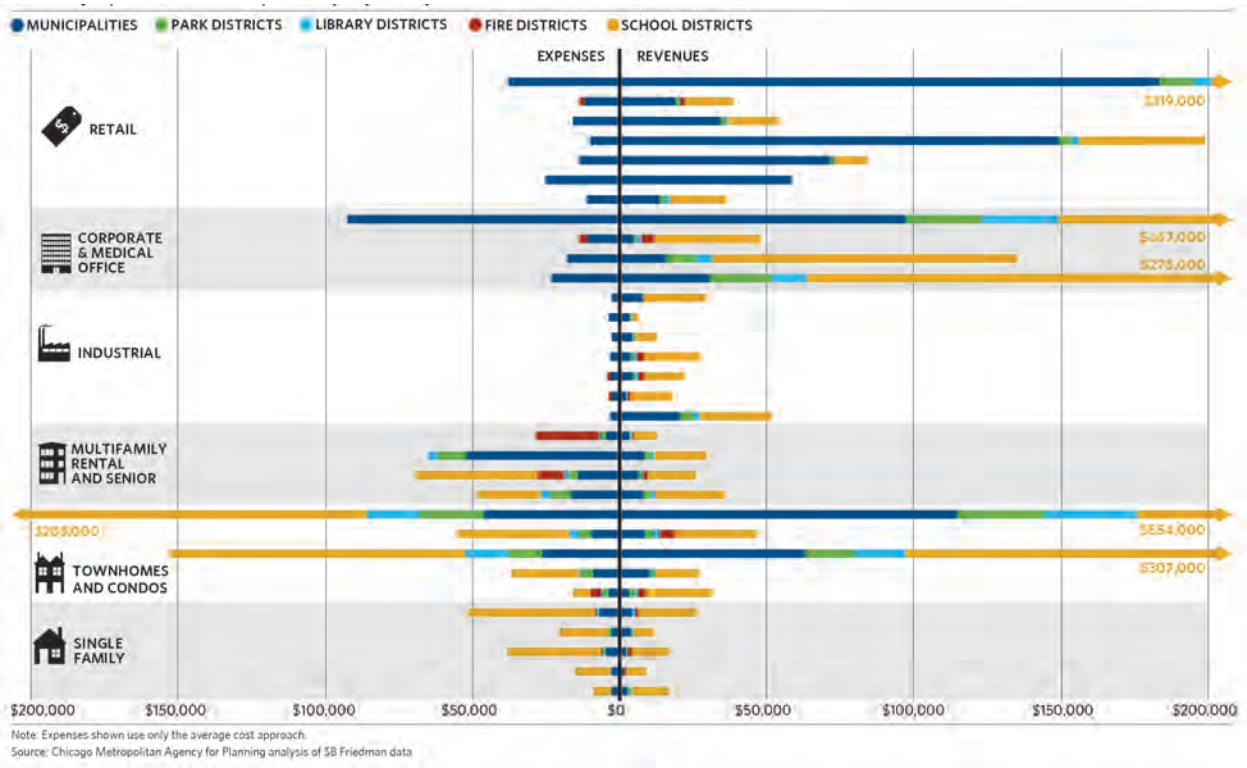
For other local jurisdictions like school, park and library districts, only an average cost approach was used. Unlike the analysis completed for municipal and fire districts, there was no assessment of excess capacity to accommodate new residents. As was found with the municipal fiscal impact analysis, a more extensive analysis of the capacities of these local jurisdictions might yield a different result for the residential case studies. However, the analysis indicates that net fiscal impacts for non-municipal jurisdictions are driven by development value and density as well as the actual total of residents and schoolchildren generated by each development.[36]

As shown below, school districts often receive the largest proportion of revenues from the case study projects, based on their larger share of the property tax rate. The exception to this is retail land uses, which generate sales taxes for municipalities and significantly increase their overall proportion of project revenues. A number of the overlapping jurisdictions are very dependent upon property tax revenues. As such, they tend to experience more negative net fiscal impacts from some residential uses and depend upon an overall balanced mix of land uses to support services. However, the case study results indicate that higher density or higher value residential can provide net positive fiscal impacts.

Most of the case studies have a positive net fiscal impact on overlapping jurisdictions. When considering just park, fire, and library districts, all land uses except multifamily have net positive impacts. As with the municipal case studies, the reason for this negative result in two of the case studies is calls for service to local fire districts. In the other two cases, total revenues from property taxes were exceeded by average costs per household for park and library services. As noted above, an analysis that assesses capacity to absorb new residents might show a more positive result for the individual case studies.

[36] The charts showing expense by case study in the assessment of municipal impacts show impacts in overlapping fire districts where applicable. This approach has been used because the majority of the municipalities have internal fire departments, and showing the three external fire protection districts helped to maintain consistency in depicting project expenses. However, expenses for external fire districts were *not* included in the figures depicting net municipal fiscal impacts. Instead, full fire protection district costs and revenues are shown in this portion of the analysis.

Figure 19. Case study expenses and revenues per acre by major local jurisdiction and land use



Finally, school districts often comprise the largest proportion of local property tax rates. As such, they experience a different scale of benefit from other local districts. provides the net fiscal impact for local school districts by case study and land use. Since non-residential land uses do not generate students, these all provide net positive impacts. Residential developments had varying results. As with the municipal analysis, revenues depended on the school district tax rate as well as the underlying land value.

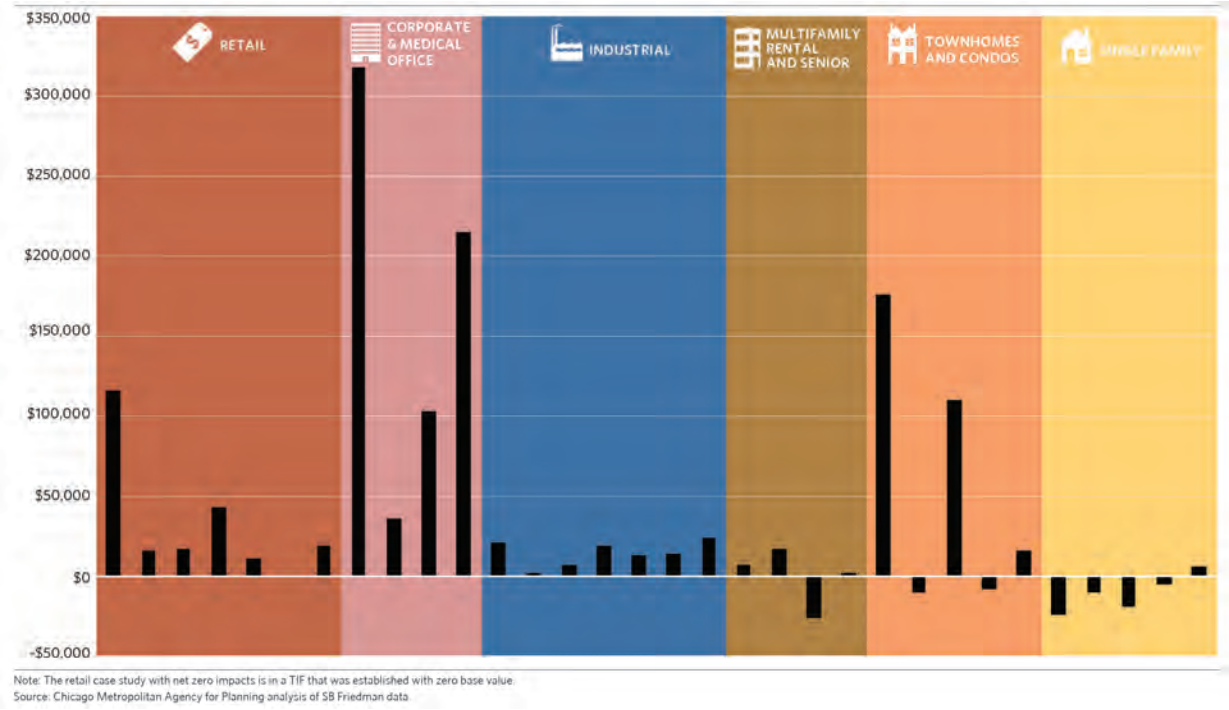
Higher-density and higher-value for-sale residential developments tended to produce more positive impacts for school districts. Additionally, some developments produced few or no students, as was the case with both senior developments. In particular, the case studies produced a varying number of schoolchildren that differed significantly from what is often estimated by schoolchildren demographic ratios commonly used in fiscal impact assessment. [37]

For example, the multifamily rental development in St. Charles houses schoolchildren at less than half the rate that would typically be estimated and at the lowest rate per unit of all of the

[37] See the Rutgers University Center for Urban Policy Research Residential Demographic Multipliers for Illinois as of 2006 for an example of commonly-used demographic multipliers by residential land use. The AMLI development in St. Charles has 0.072 K-9 schoolchildren per household and 0.035 high school age children per household. In contrast, the Rutgers demographic multipliers are 0.2-0.64 K-9 schoolchildren per unit and 0.06-0.24 high school aged children per household. Other case studies differed from these multipliers to a lesser degree, but were generally below the levels estimated.

case study developments. While this may be due to a combination of factors, including the configuration of units, rental price points, and the age of the development, this indicates that each development is unique and may not have the magnitude of impacts anticipated prior to development.

Figure 20. Net fiscal impacts per acre for local school districts by case study



Note: The retail case study with net zero impacts is in a TIF that was established with zero base value.
Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data

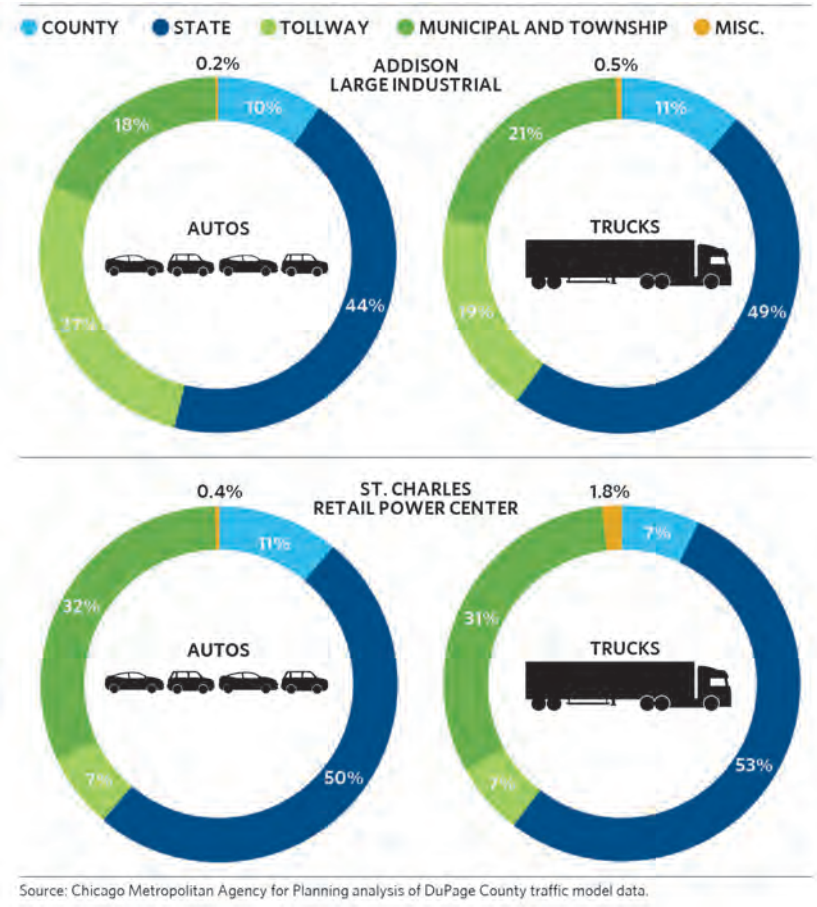
Local road impacts

During fiscal practice interviews, a number of municipalities noted that fiscal impacts are different for non-residential projects located on state and county roads. To better understand the impacts that this may have at the county level, two case studies in DuPage County were analyzed using the DuPage County traffic model. The two chosen projects were located on or proximate to county-maintained roads, but the analysis indicates that assessment of impacts is not as simple as the initial location of the project. As Figure 21 indicates, traffic disburses from developments and across the regional road network, crossing multiple jurisdictions responsible for maintaining roads.

In Addison, the large industrial case study is located on a road maintained by Addison. This road is part of a larger industrial park located on municipally-maintained roads. However, the industrial development is also proximate to I-355 (maintained by the Tollway), Lake Street/State Route 26 (maintained by the Illinois Department of Transportation, IDOT), and Army Trail Road (maintained by DuPage County). All of these networks are impacted by new

development. As shown in Figure 21, traffic from this traffic analysis zone (TAZ) distributes primarily to state roads, with further distribution differing between trucks and autos. [38]

Figure 21. Distribution of vehicle trips by jurisdiction for the Addison industrial and St. Charles retail power center case study traffic analysis zones



Source: Chicago Metropolitan Agency for Planning analysis of DuPage County traffic model data.

The St. Charles retail power center is located on State Route 64/North Ave/Main St, and is approximately one mile from St. Charles' eastern borders with Wayne and West Chicago. While there are several county routes nearby, the municipalities, adjacent townships, and road districts also maintain a significant road network. Trips to and from the development's TAZ depend primarily on state roads and secondarily on municipal, township and local road district roadways. This TAZ also contains Charlestowne Mall and several other shopping centers. This accumulation of retailers in a single location likely generates more traffic originating from further away than a typical retail power center might.

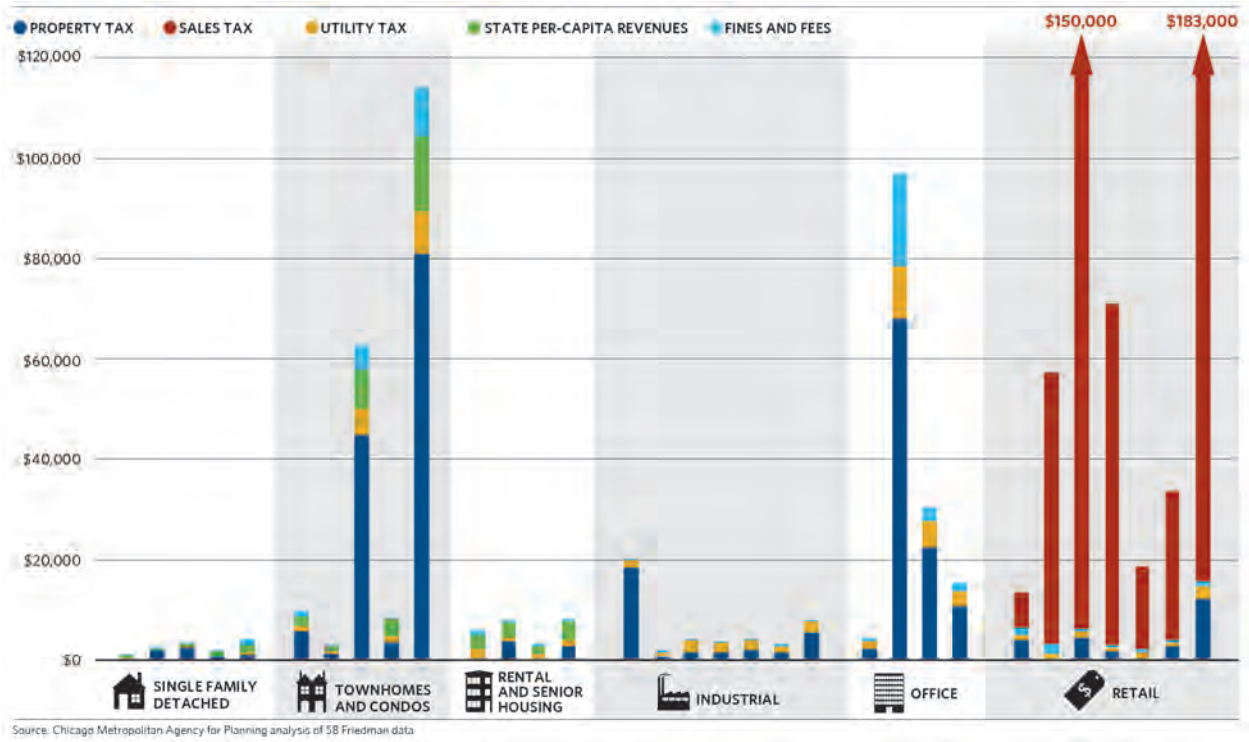
[38] Traffic analysis zones refer specifically to a reporting geography that the Census Bureau uses to tabulate traffic-related data such as journey-to-work and place-of-work statistics. Zones need to be small enough to allow for detailed intra-regional analysis, yet large enough to prevent data suppression due to small sample size. For 2010, the threshold minimum population was 1,200 residents or workers (at their place of work).

Overall, new development has extensive impacts on regional infrastructure like road networks. Counties and the state can require mitigation of near-term impacts through impact fees and payment for new turn lanes, stop lights and other infrastructure required to support the development. They also generate revenues through the property, sales, and various other taxes generated by a development. However, in some cases, they bear the largest proportion of the cost for providing transportation infrastructure to that development. Traditional fiscal impact analysis does not normally assess these larger regional transportation network costs and benefits. However, the region may benefit from further exploring the impacts developments have on regional transportation networks.

Summary of fiscal impacts

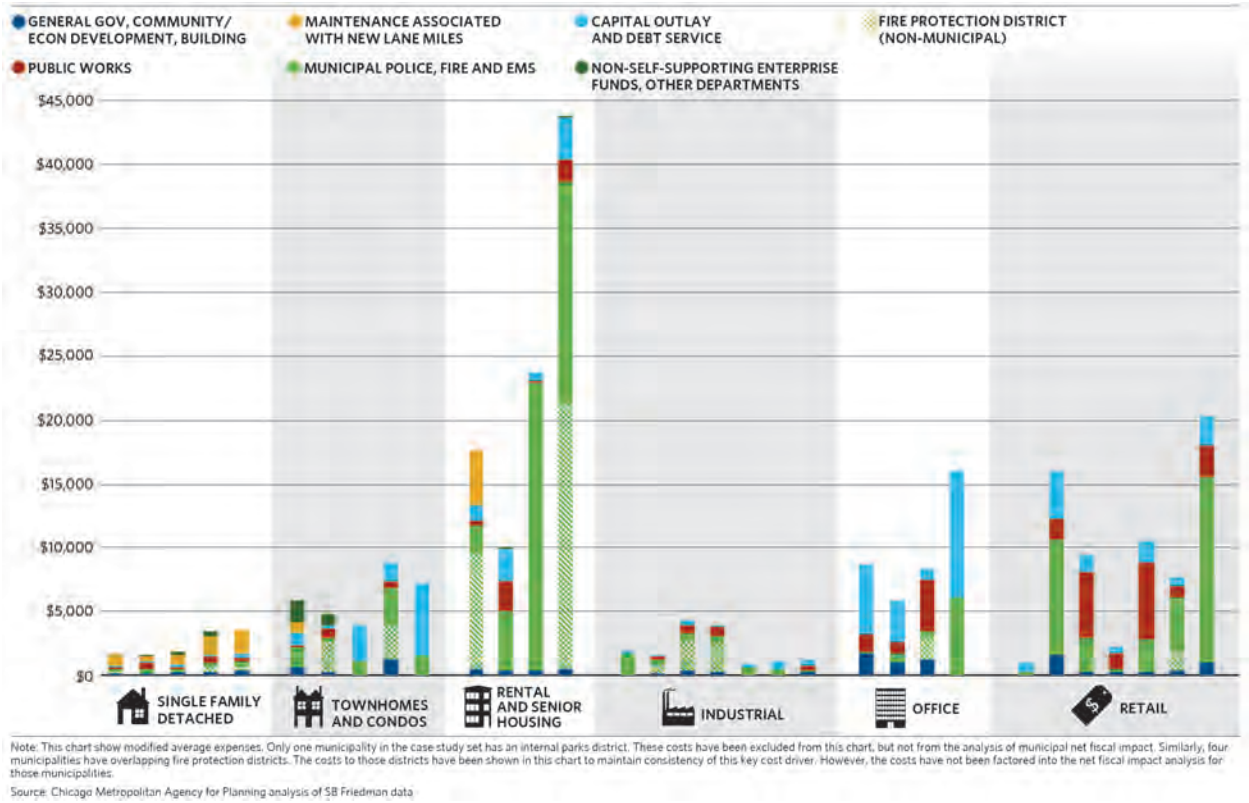
Revenues per acre varied widely across the case studies and land use typologies. Overall, revenues in the retail case studies are at a higher level as compared to the other case study types. This is driven by the sales tax revenues that retail development generates for municipalities. However, the case study set also shows that high-density developments can produce high levels of revenue per acre, occasionally exceeding the revenues found in retail case studies. The largest examples of this are condos and townhomes in Oak Park and office developments in Schaumburg. Figure 22 compares the municipal revenues per acre by type across all 31 case studies.

Figure 22. Municipal revenues per acre by case study



Municipal and fire district expenses across all case studies were driven by two major factors: calls for service, and maintenance and repair of transportation and other infrastructure. Expenses per acre were generally highest for residential developments and lowest for industrial developments. Overall, municipalities in the case studies took on more new infrastructure costs for residential developments as compared to commercial developments. This is influenced to some extent by the nature of where these developments locate, with new residential in growing communities often located in undeveloped areas with minimal road networks and many commercial and industrial developments choosing to locate on existing, high-traffic corridors. However, developments on existing corridors do incur infrastructure costs that are borne in part by state, county and other regional actors.

Figure 23. Municipal and fire protection district expenses per acre by case study



Note: This chart show modified average expenses. Only one municipality in the case study set has an internal parks district. These costs have been excluded from this chart, but not from the analysis of municipal net fiscal impact. Similarly, four municipalities have overlapping fire protection districts. The costs to those districts have been shown in this chart to maintain consistency of this key cost driver. However, the costs have not been factored into the net fiscal impact analysis for those municipalities.

Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data

Net fiscal impacts vary substantially between jurisdictions and are driven by service costs and local decisions on property tax rates, impact fees, and other local tax policies. Many of the case studies showed small net fiscal positives and negatives when only municipalities are considered, on both a per-project and per-acre basis. Summary impacts are provided in Figure 24 and Figure 25. Different tax rates can result in very different fiscal impacts. For example, higher property tax rates, market values, densities and infrastructure capacity in Oak Park generated high net positive fiscal impacts for its condo and townhome developments. On the opposite end, Oswego has a low property tax rate, and its residential case studies generated

minimal revenues for the village and higher costs due to emergency service calls. Instead, Oswego depends on its sales tax base to generate revenues for the community as a whole.

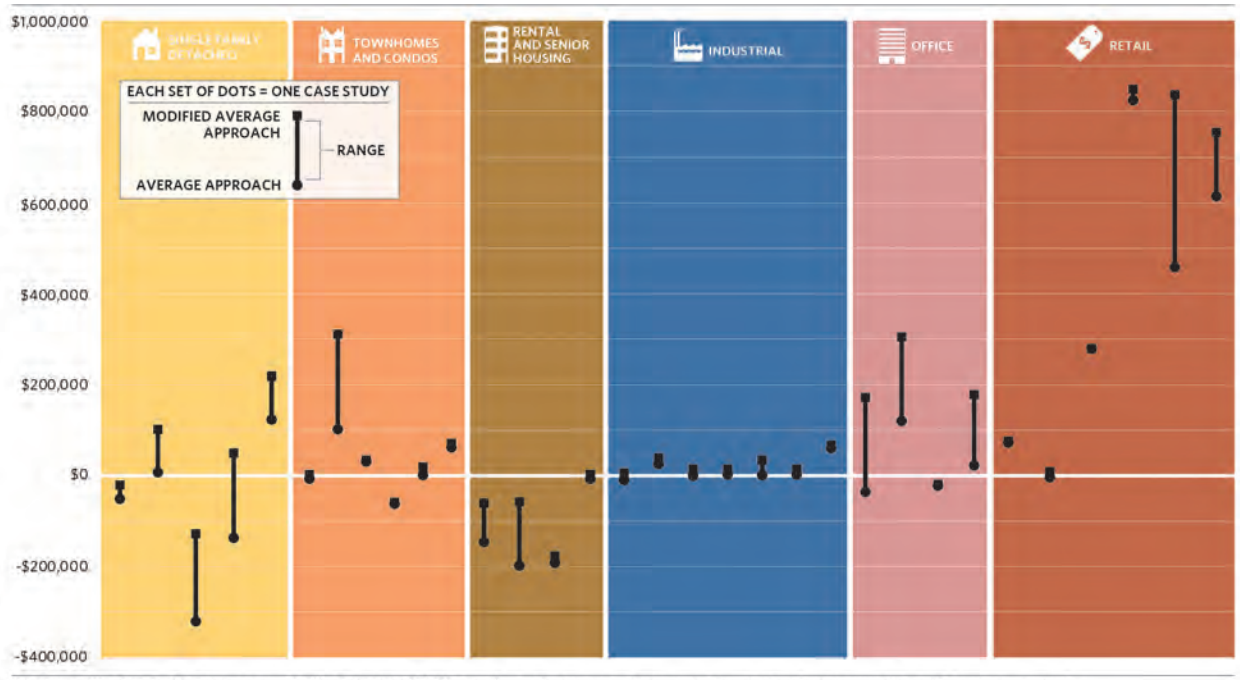
Fiscal impacts were generally more positive for older case study communities with strong existing infrastructure and service capacity than in the case study communities requiring significant expansion to serve undeveloped areas. For example, Oak Park, Schaumburg and other communities with a preponderance of development occurring within the limits of their already-developed areas indicated that new development was likely to be easily accommodated within the existing resources of several key infrastructure and service areas. In contrast, expanding case study communities like Lakemoor and Frankfort indicated capacity deficits in several core service areas and/or the need to expand water, transportation, or other infrastructure.

Additionally, while municipalities experience one set of fiscal impacts from a development, other local, regional, and state actors can experience very different fiscal impacts. This analysis explores these impacts at a broad level. For example, analysis of two case studies shows that traffic distributes across state, county, and tollway roads, with the preponderance of traffic in those examples utilizing state routes. A fuller assessment of these impacts could provide better insight of a project's fiscal impact on the transportation network.

Similarly, schools, parks and library districts are highly dependent upon property taxes and are affected by total new residents or schoolchildren. An average cost approach was used in this analysis to assess net fiscal impact, but a more detailed analysis of existing capacities would provide a more complete picture of the true impact to these jurisdictions. In particular, the multifamily case studies showed highly variable impacts and may benefit from further assessment.

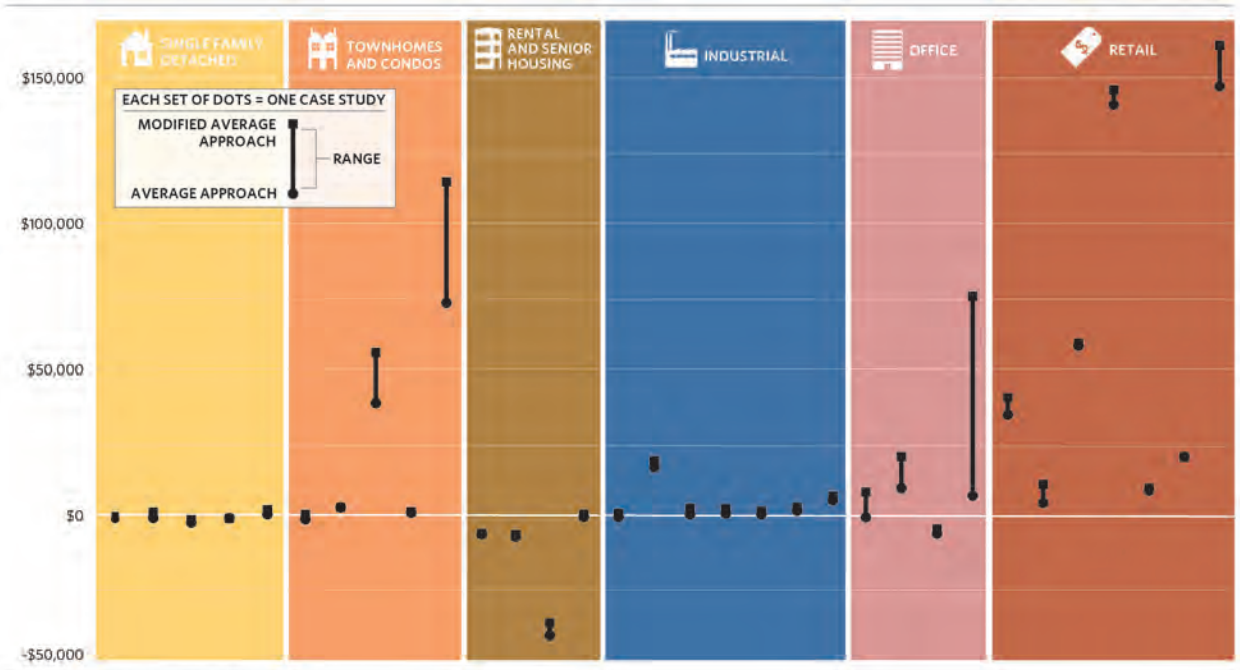
Finally, fiscal impacts were most closely examined for the case study municipalities and for each case study in isolation. However, municipalities choose particular developments for many reasons, including improving quality of life, meeting community goals, or enhancing economic activity. Furthermore, the case study projects are developed within and supported by local and regional population and employment bases. For example, while retail has high fiscal benefits, retailers are supported by local residents and employees. Similarly, office development depends upon access to a qualified employment pool. Thus while individual developments have the potential to have fiscal impacts on the local level, these impacts are somewhat dependent upon the larger array of land uses within a community as well as subregional and regional economic conditions.

Figure 24. Annual net municipal fiscal impact range per total development by case study



Note: Excludes Woodfield Mall. The fiscal impact range for Woodfield Mall is +$20-$22 million. Bottom of range represents the average cost approach, top of range represents the modified average cost approach.
Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data.

Figure 25. Annual net municipal fiscal impact range per acre by case study



Bottom of range represents the average cost approach, top of range represents the modified average cost approach.
Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data.

Assessment of Economic Impacts

When new development occurs, local governments experience fiscal impacts based on tax revenues generated and additional services provided. However, new development also affects neighboring communities as well as the larger region, primarily with regard to the local and regional economy. To a greater extent than fiscal impacts, economic impacts spread across municipal boundaries. This section discusses the economic impact of the case studies, with an emphasis on regional and subregional impacts rather than individual case studies or communities.

Traditional employment and wage impacts

Commercial and industrial developments have an impact beyond the tax and fee revenue or public service impacts they generate. These developments house businesses that employ workers, generate sales, and produce economic output. These outputs have varying levels of effect on the overall regional economy, depending on the industry.

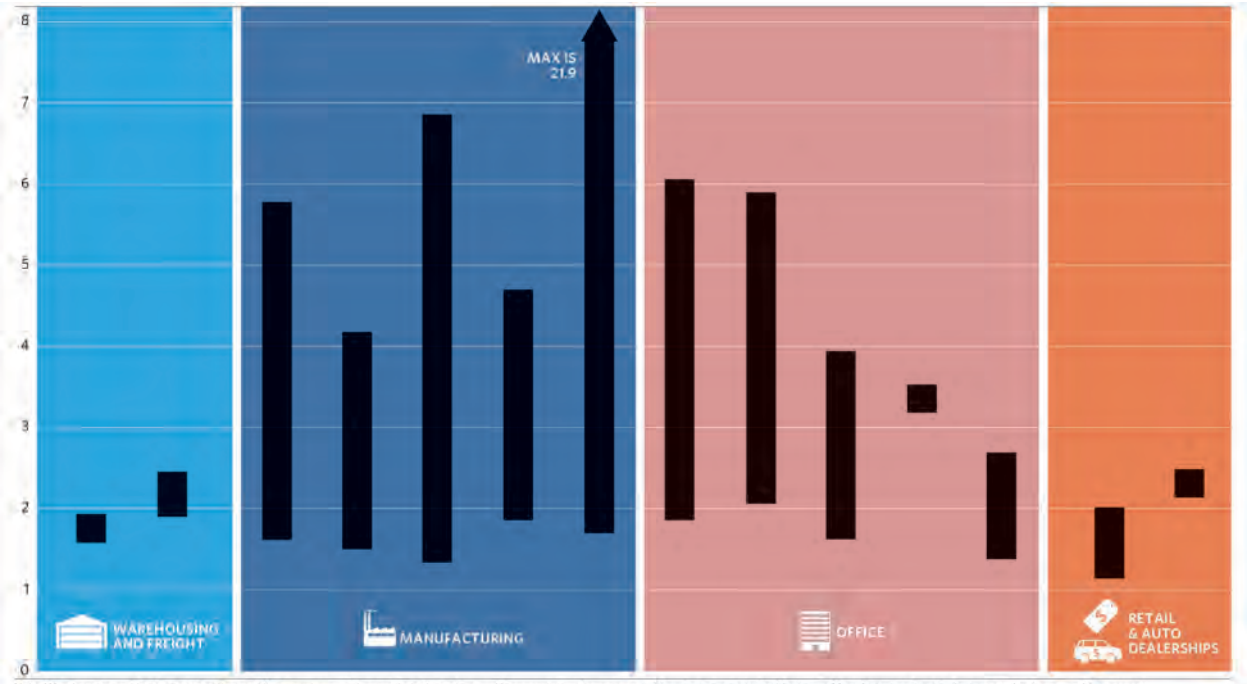
In line with prior CMAP analyses of the economic impact of land use change, staff utilized a basic input-output analysis using the Economic Modeling Specialists Inc. (EMSI) economic impact analysis tool to generate employment multipliers.[39] An employment multiplier is the number of additional jobs that each job within a new development can support in the regional economy. For example, an economic multiplier of 1.5 means that, for each new job in a development, 0.5 additional jobs in the regional economy can be supported. Additionally, Bureau of Labor Statistics data was used to assess wage impacts.

General economic impact differences among development types

Employment multipliers tend to be larger for businesses that utilize office and industrial developments than for businesses that would utilize a retail development, although multipliers vary widely by specific industry. Office developments might be used for a variety of tenant types, including corporate offices, financial businesses, insurance, real estate, health care, or law. Economic multipliers of these industries can range from 1.6 all the way to 5.9. Uses in industrial developments can be similarly varied, with warehousing and storage providing a regional economic multiplier of 1.8, and some manufacturing industries providing an economic multiplier of more than five. On the other end of the spectrum, retail developments tend to house industries that have an economic multiplier of less than two. The following chart provides an overview of employment multipliers for predominate regional users of commercial and industrial property.

[39] EMSI uses an input-output model, a standard method of analyzing the economic impacts of a potential development. Input-output models use multipliers to assess how changes in jobs, sales, or output will affect the regional economy. EMSI's economic impact model also attempts to approximate how much new industry growth a development may create within the region, rather than limiting total regional economic activity to a pre-set total.

Figure 26. Selected economic multiplier ranges by development type



Note: Warehousing and freight includes General Warehousing and Storage; Freight Trucking and Transportation Arrangement. Manufacturing includes Machinery Manufacturing; Electric Equipment, Appliance, and Component Manufacturing;Transportation Equipment Manufacturing; Fabricated Metal; Food and Beverage Manufacturing. Office includes Finance; Insurance; Real Estate; Corporate, Subsidiary, and Regional Managing Offices; Offices of Physicians; Offices of Lawyers. Retail includes New Car Dealerships; Home Furnishings Stores; Clothing Stores; Department Stores; Discount Department Stores; Home Centers; Full-Service Restaurants; Jewelry Stores; Gift, Novelty, and Souvenir Stores; Limited-Service Restaurants.

Sources: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists Inc. data, 2012, downloaded August 12, 2013.

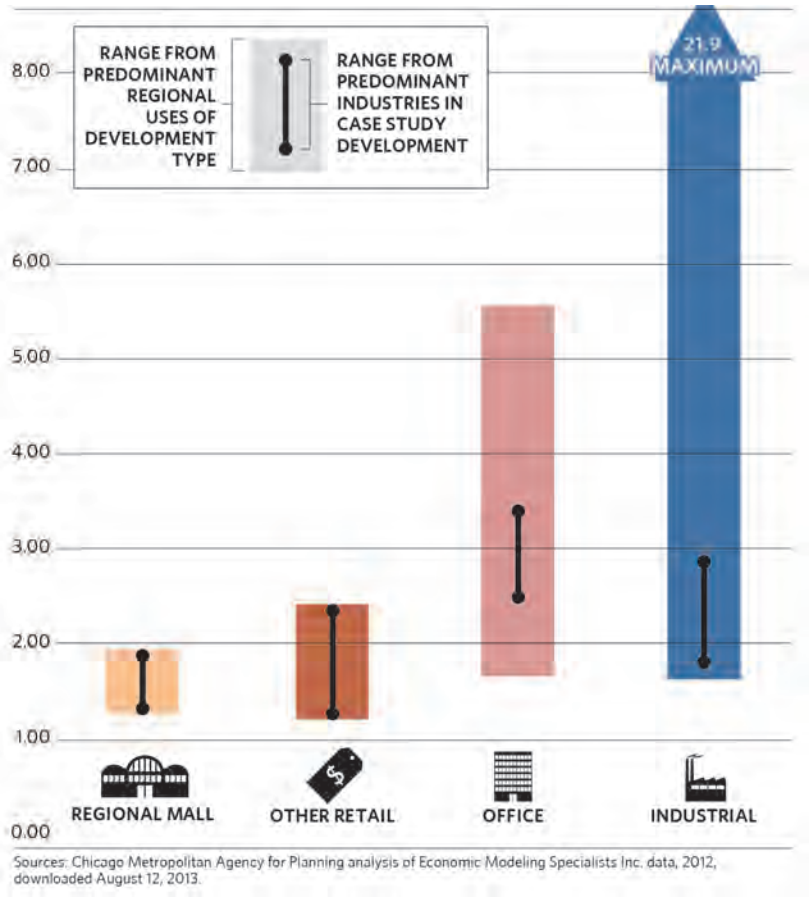
Economic impact analysis case study results

To determine the economic impact of the businesses associated with the case studies, CMAP first analyzed the employment multiplier for each non-residential project. To develop these multipliers, tenants in each development were compiled, and EMSI was used to generate an employment multiplier for each tenant. A predominant multiplier was then chosen for each development based on the multiplier range and tenant types. Due to the broad variety of retailers in Woodfield Mall, multipliers were produced for the 13 retail and restaurant tenant types that were most predominant in the tenant list. The following chart provides ranges in each land use category of the employment multiplier for the predominate industry in each case study development. In addition, bars in Figure 27 represent multiplier ranges and compare the case studies to other uses commonly found in those development types.

Among the case studies, employment multipliers for office developments ranged higher than the other development types. Employment multipliers in the case study developments tended to be lower than in the selection of typical businesses in development types illustrated in Figure 27. This occurs for several reasons. First, many of the case study tenants were in the warehousing and distribution sector, which has lower multipliers than manufacturing, building trades, and other tenant types commonly found in industrial buildings. In addition, the predominant tenants in the office developments were not always those that produced the

highest employment multipliers. The case studies for retail development were similar to selected typical retail businesses because retail multipliers tend to be similar across subindustries. With the exception of auto dealerships, retail development exhibited relatively low employment multipliers.

Figure 27. Employment multipliers by development type, ranges from predominant industries in case study developments and predominant regional uses of different development types

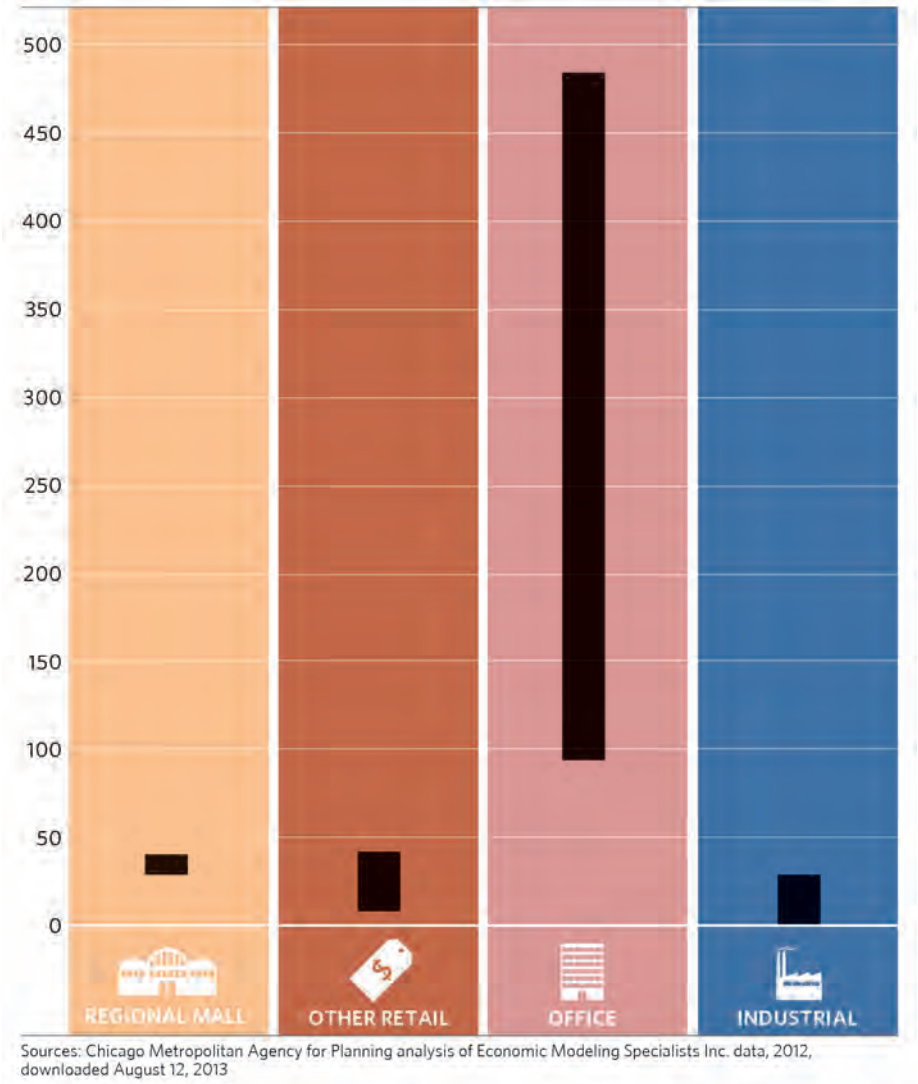


Tenants change over time, and have in fact changed substantially in recent years in both office case studies.[40] However, results will generally be bounded by the potential multipliers for each development type and the purpose for which the development was built. For example, large-scale industrial warehouses above a certain size may prove difficult to fill with other users. Similarly, small-scale industrial buildings are unlikely to attract distributors or logistics firms.

[40] For example, Catamaran moving into Windy Point after Zurich moved out of the development.

The employment multipliers generated above were applied to the total number of employees in each case study to estimate their regional employment impacts.[41] The following chart provides ranges of the project-specific per acre employment impacts at a regional level.

Figure 28. Case study per acre range of regional employment impacts, by development type



Sources: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists Inc. data, 2012, downloaded August 12, 2013

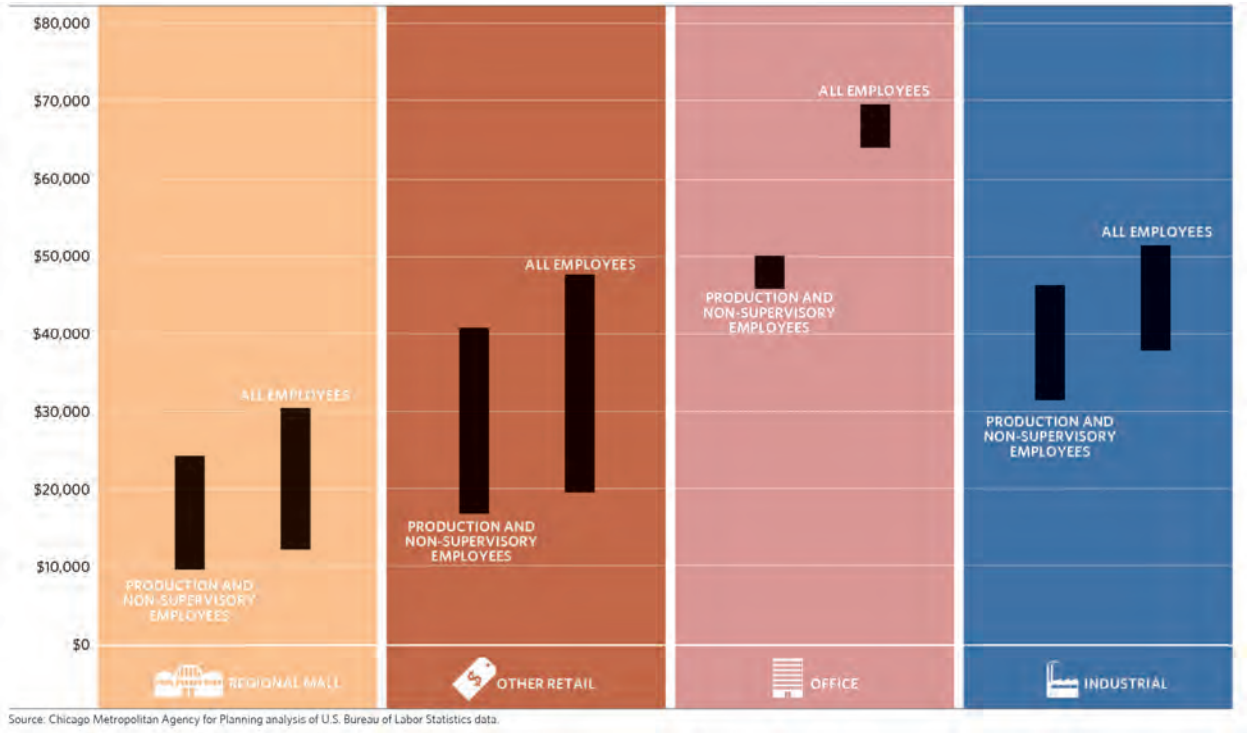
On a per acre basis, retail and industrial case study developments generated regional employment impacts of under 50 jobs per acre. Office case studies exhibited extreme variability, with regional employment impacts ranging from 100 to 480 jobs per acre. These results reflect both the economic multiplier of the industry and the density of the development. For example,

[41] Case study employee counts were obtained by CMAP during the fiscal impact analysis portion of the study. Data sources included the Illinois Department of Employment Security, CoStar, and Dun & Bradstreet. These counts were then converted to 40-hour FTE equivalents and the appropriate employment multiplier was applied.

the Schaumburg office case studies exhibited a higher multiplier of 3.4, but a high density of jobs per acre, with a combined 1,530 employees on multi-story sites totaling 33 acres. Other multi-story office sites also exhibited high regional employment impact per acre. In contrast, many of the industrial and retail case studies exhibited both low multipliers and small numbers of employees per acre that may exist on low-rise industrial parks or single-story retail developments.

In each case study, wages were estimated for all employees as well as just production and non-supervisory employees. This data was developed using U.S. Bureau of Labor Statistics data on hourly wages and hours worked per week by sector. As with the analysis above, wages were developed utilizing known tenants in each case study. Much like the employment multiplier results, office development wages trended higher than other industries. Retail case studies exhibited a fair amount of variability in earnings across case studies, primarily a result of higher wages at auto dealerships. Office and industrial developments tended to be more similar across case studies. The following chart provides an overview of ranges of annual earnings by development type for the case studies.

Figure 29. Annual earnings by development type, ranges from predominant industries in case study developments



Some developments may not produce high levels of tax revenue, but provide a substantial level of economic benefits to the region and can support economic development across sectors. Corporate office development in particular tends to support additional jobs in business services

as well as in the retail sector. Corporate office jobs also generated higher wages than other industries in the case study developments. While industrial has the potential to generate higher economic benefits, the selected case study projects contained tenants that were within the lower range of industrial employment multipliers and wages.

Market capacity analysis

Each of the case study projects has regional economic impacts related to the market for that space. Market capacity for new development is the total supply of commercial and industrial space in the region as compared to demand for that space. While vacancy allows for turnover of tenants as needs change and provides options for the region's businesses while still providing a reasonable level of return for investors. However, clusters of persistently high vacancies indicate overbuilding in subareas or region-wide. Furthermore, new development within one community may impact the capacity for that type of development to occur in another community or localized submarkets. The following analysis assesses retail capacity and, to a lesser extent, industrial and office capacity for the case study communities in the context of subregional and regional trends.

These analyses focus on community- and region-wide trends rather than analyzing the market potential of each development at the time it was built. The intent of this capacity analysis is to assess long-term development trends within the case study communities and their neighboring communities and review current capacities and deficits. Finally, the municipal development approvals process is one of many factors influencing new development. Development occurs due to market decisions by private sector firms. Those market decisions are influenced by demographics, labor force, transportation and access, larger economic trends, allowable land use in local zoning ordinances, and other factors.

Office capacity

In contrast to retail, industrial and office space demand are most affected by regional labor force considerations, national logistic networks, access to infrastructure, and proximity to customers and suppliers.[42] Local factors and access do play a significant role, but are less impactful than with a retail market area.

The region has approximately 445 million square feet of office space. Only six communities (Chicago, Naperville, Schaumburg, Hoffman Estates, Warrenville, and Downers Grove) have attracted approximately half of the region's office development since 2000.[43] Similarly, existing

[42] Joseph S. Rabianski, James R. DeLisle and Neil G. Carn, "Corporate Real Estate Site Selection: A Community-Specific Information Framework," Journal of Real Estate Research 22, no. 1/2 (2001): 165-197.

[43] CMAP analysis of CoStar data, 2013 Q2. Chicago accounts for 34 percent of the region's office development since 2000, and 49 percent of the existing regional stock. For this reason, a higher proportion of communities have been included in the office concentration analysis.

office development is concentrated within few communities. [44] Just twenty municipalities contain approximately 75 percent of the region's total office development. In addition to the region's downtown core in Chicago, these communities comprise major suburban office corridors along I-90 northwest of O'Hare, in southeastern Lake County near I-94, and along I-88 west of I-294.

Region-wide, office vacancy has trended upward since 2000. Overall office vacancy rates within the 7-county CMAP region are at 13.3 percent, have remained above 10 percent since 2001 and were in the 12 to 14 percent range from 2003 to 2007, with a brief rally prior to recession and a subsequent return to 13 percent to 14 percent vacancy rates. [45] Higher vacancy rates are common for office development, but office occupancy in the region as a whole has not yet recovered from the 2001 recession. These occupancy levels are influenced by regional employment levels, changing locational preferences, and office configuration and per-employee space trends.

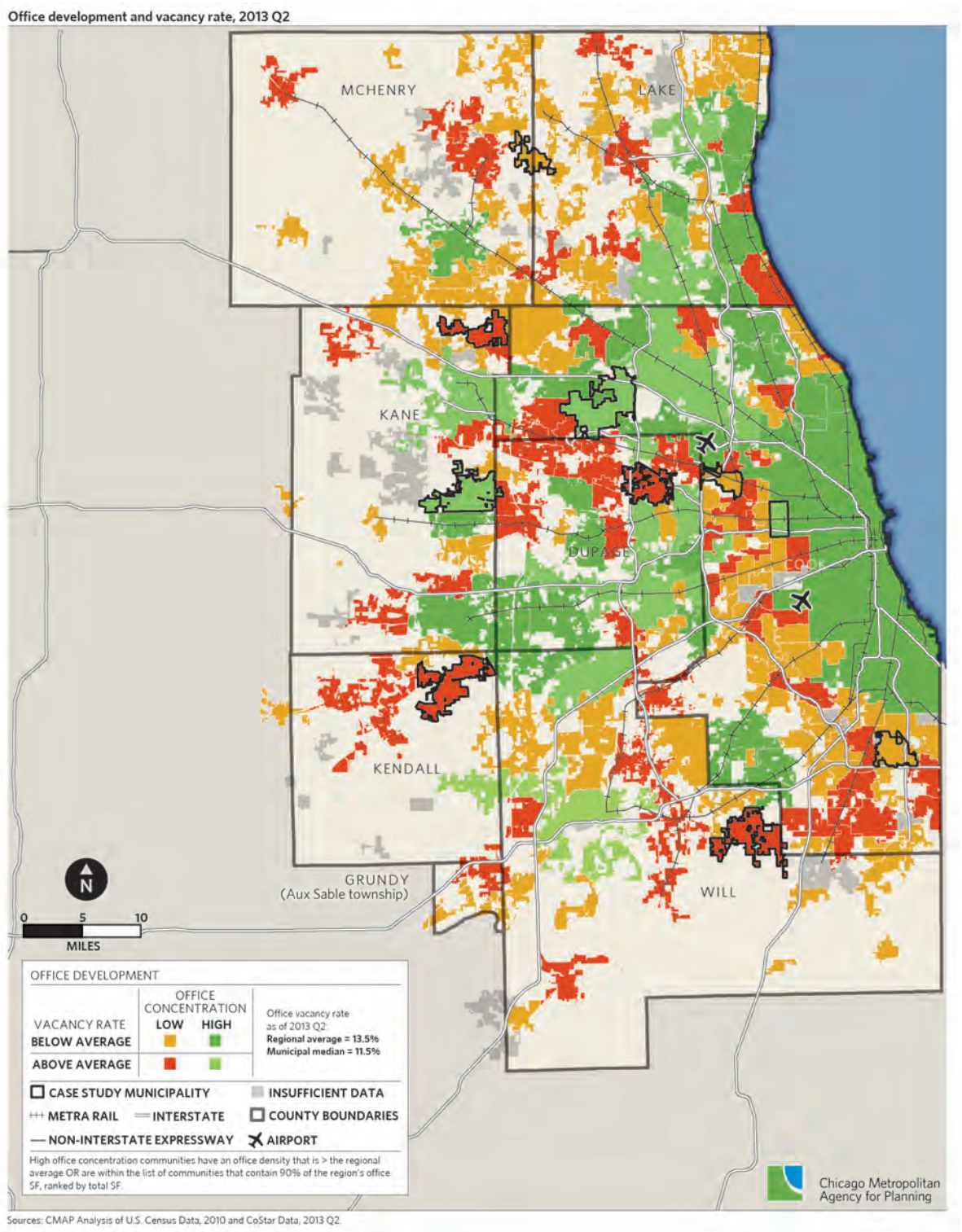
Regional office vacancy has been most persistent in the northwest and west suburban office markets. For example, the CoStar Schaumburg Cluster has consistently maintained vacancy rates above 12 percent since 2001, and is at 16.2 percent for the first half of 2013. The two corporate office case studies from this analysis were located within the Schaumburg cluster. While the cluster, and Schaumburg in particular, has added office space at a faster pace than the region since 2000, it has also maintained higher vacancy rates. In 2013, the cluster contained approximately 8 percent of the region's total office space, but 10 percent of its vacant office space, indicating significant excess capacity. As the recovery from the recession continues, these spaces may become better-occupied.

The persistent office vacancy trends in the region indicate a spatial mismatch between demand and supply for office space. To a great extent, occupancy of office development as a whole depends upon regional development, support and attraction of a high-quality workforce and local, national and international employers. For persistently vacant office developments, there may be a long-term need for transition of some office developments to other development types that would provide a higher economic, fiscal, and community benefit. Redevelopment of older, obsolete buildings into new office facilities may also be required. Maintenance of long-term, low-occupancy office developments generates costs for municipalities and overlapping jurisdictions and may not be the most beneficial use for a given site.

[44] Office concentration was assessed based on two factors. All communities that, by order of total square footage, comprised the top 90 percent of regional office square footage were considered to be an office concentration. In addition, all communities with a municipality-wide Floor Area Ratio (FAR, total office square footage divided by total municipal land area) greater than the region-wide FAR for office development in municipalities. were also included.

[45] Ibid.

Figure 30. Office development concentration and vacancy, 2013 Q2



Industrial capacity

Both manufacturing and logistics are regional strengths, and this is reflected in a regional stock of 1.07 billion square feet of industrial space.[46] Total industrial space has increased by 9 percent over the last decade, peaking in 2009 at 1.08 billion square feet. Major employment sectors that occupy industrial space are wholesale trade, manufacturing, construction and trades contractors, and transportation and warehousing. On a regional basis, recent industrial development has been much more concentrated than retail development but less so than office development. Figure 31 shows the nine communities that contain approximately 50 percent of the region's industrial development since 2010.

Figure 31. Top industrial Square footage attractors in the CMAP region, since 2000

Municipality	Industrial SF (in millions)	2013 Vacancy Rate	Median Year Built*	SF Constructed Since 2000 (in millions)	% Built Since 2000
Romeoville	27.5	6.2%	1993	15.6	57%
Bolingbrook	29.2	6.1%	1997	13.5	46%
Joliet	27.3	15.5%	1933	11.5	42%
Aurora	28.1	4.6%	1972	9.8	35%
Elwood	10.4	6.7%	2002	9.3	90%
Chicago	208.9	9.5%	1940	6.7	3%
Minooka	6.1	21.7%	1991	5.9	97%
Elgin	19.6	7.6%	1978	5.9	30%

* The median year built is by structure. Since many communities contain a number of older, smaller, structures, this may differ significantly from a weighted average age based on square footage. CoStar data on year built is not complete and is as reported by CoStar users.
Source: CMAP analysis of CoStar data

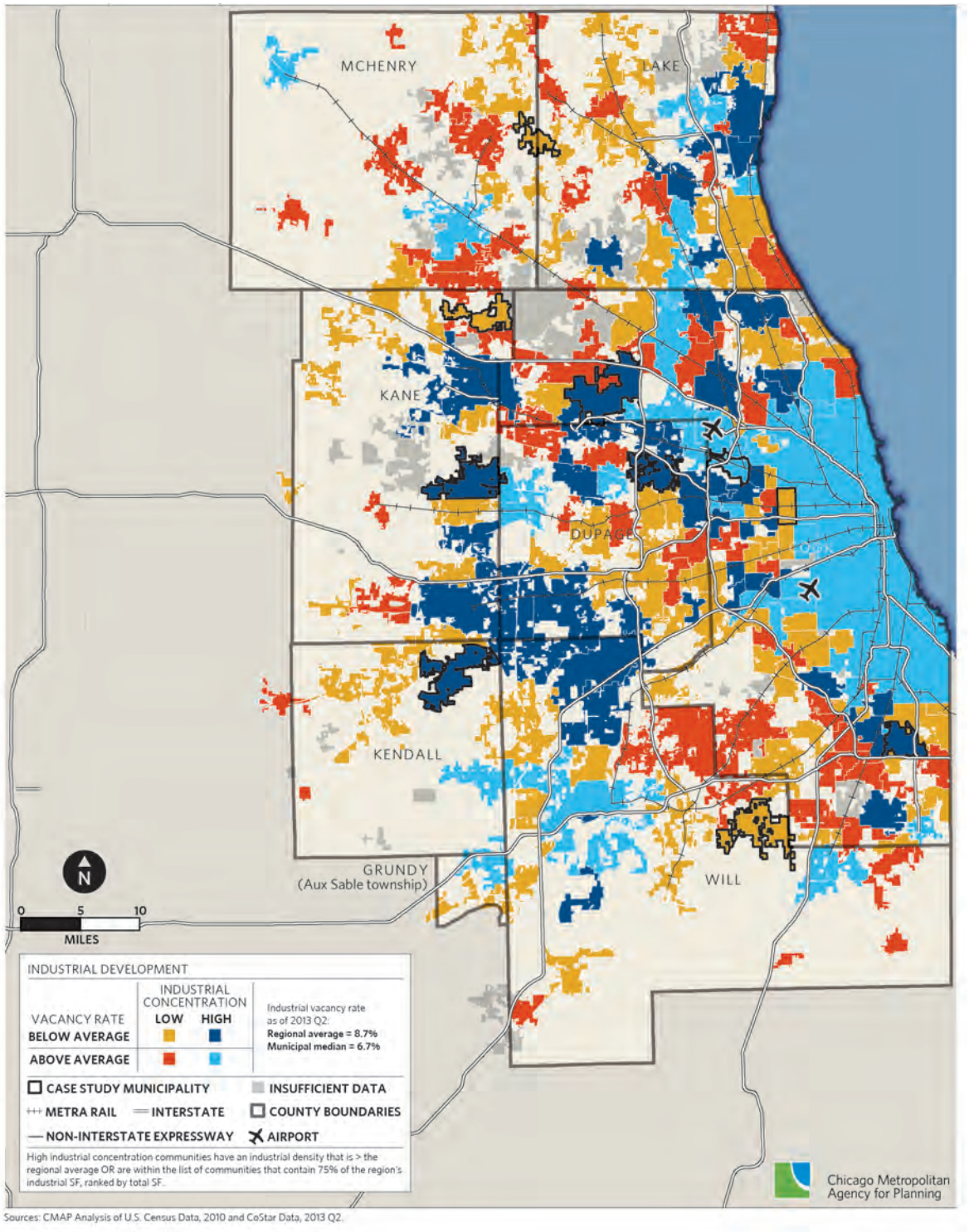
The regional industrial vacancy rate is currently 8.7 percent. Overall, regional industrial vacancy rates are lower than pre-recession levels, particularly for warehouse space.[47] However, a number of the region's larger industrial communities, such as Chicago, Bensenville, Elk Grove Village, and Joliet, have high vacancy rates, driving a higher region-wide vacancy rate. The region's industrial space is most concentrated in the city of Chicago and its near suburbs, around O'Hare airport, and, increasingly, on the south and west edges of the region. [48]

[46] See the CMAP Manufacturing Drilldown at http://www.cmap.illinois.gov/economy/industry-clusters/manufacturing and Freight Drilldown at http://www.cmap.illinois.gov/economy/industry-clusters/freight

[47] CMAP analysis of CoStar data.

[48] Industrial concentration was assessed based on two factors. All communities that, by order of total square footage according to CoStar, comprised the top 75 percent of regional industrial square footage were considered to be an industrial concentration. In addition, all communities that had a municipality-wide FAR (total office square footage divided by total municipal land area) greater than the region-wide FAR for industrial development in municipalities were included.

Figure 32. Industrial concentration and vacancy, 2013 Q2



Like retail development, industrial development since 2000 has migrated south and west. While the region has developed a new industrial concentration in this area over the last decade, it is unclear what the long-term impacts will be on older industrial areas. In contrast, higher

industrial vacancies are most concentrated within and near the city of Chicago, the O'Hare industrial area, and a corridor from northwestern Cook County to southern Lake County. Some vacancy is also located in high-growth southwest communities like Minooka and Joliet. Municipalities with older industrial stock have fared unevenly, with a mix of higher and lower vacancy rates. Some of these communities contain smaller buildings that are not configured to current industrial size and height standards, limiting their potential for reuse as industrial buildings.[49] Maintaining healthy occupancy rates in existing industrial areas will be critical if the region's industrial base continues to grow outward.

Retail capacity

Demand for retail space is driven by subregional demographic trends, including age, income, and family composition of the residents in a given area. While some retail developments, such as Woodfield Mall, draw customers from a large area, most retailers will draw customers from a 5-to 20-minute travel time, depending upon the size of the retail center, the type of tenants, and the density and access patterns of the area. [50] Retail developments require customer support, either from nearby residents or from drivers and passersby. As local demographics and/or traffic patterns change, retail development may become vacant or increase to accommodate changing demand. For example, a community's population may shift from young families to empty nesters over time, impacting the types of retail stores and amount of retail square footage that can be supported.

Retail is not evenly dispersed throughout the region's communities, instead concentrating in areas where other retail is present. Retail developments tend to cluster along a corridor or at a major intersection, seeking to attract customers through locating in an area with multiple shopping options as well as to have access and visibility on transportation corridors.[51] These clusters may occur in a single community or across several municipalities along a key transportation corridor. Local-serving retail like a grocery store or drug store may locate further away from other retailers if there is sufficient market support.

Retail space can house a variety of tenants. These include traditional retailers, banks, and personal services such as a salon or dry cleaner. However, other uses include medical office, small professional offices, dance studios, religious institutions, and public facilities that locate in buildings that were developed for retail users. The following analysis does not differentiate between the types of occupants in the region's retail space, but focuses instead on regional development trends.

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[49] Analysis of CoStar data indicates that as median age of a municipality's industrial stock increases, the median size of its building stock decreases.

[50] William M. Bowen, Kimberly Winson-Geideman, and Robert A. Simmons, "Financing Public Investment in Retail Development," in *Financing Economic Development in the 21st Century*, ed. Sammis B. White, Richard D. Bingham, and Edward W. Hill (Armonk, NY: M.E. Sharpe, Inc, 2003), 250-265.

[51] Ibid.

Retail development and vacancy trends

According to analysis of CoStar data, the region has approximately 450 million square feet of retail as of the second quarter of 2013.[52] Approximately 21 percent of this retail has been constructed since 2000. Some has been constructed on the edge of the region to serve new households, while other developments have occurred on infill sites within existing communities.

The 15 communities in Figure 33 contain half of the region's retail development since 2000. Four of these top-tier municipalities are also case study communities. Generally, the top-tier municipalities are fast-growing communities on the edges of the region. Chicago and Schaumburg present notable exceptions. Additionally, already-established retail nodes like Orland Park have attracted a combination of redevelopment of obsolete retail sites as well as new retail development. Glenview has attracted a large amount of retail space due to redevelopment of its former military base. Finally, there is a significant cluster of fast-growing retail communities in the southwest portion of the region, likely reflecting the high population growth in that area.

Figure 33. Top Retail Attractor Communities in the CMAP Region, 2000 to 2013 Q2

	Total Retail Square Feet (millions)	Vacancy Rate	Total Square Feet Constructed Since 2000 (millions)	% of Municipality's Retail Constructed Since 2000	Municipality's Proportion of Regional Retail
Chicago	132.5	6.0%	19.4	15%	29.6%
Algonquin	4.0	6.3%	2.8	71%	0.9%
Bolingbrook	5.6	7.0%	2.6	47%	1.3%
Naperville	9.3	8.6%	2.5	27%	2.1%
Aurora	8.9	11.3%	2.3	24%	2.1%
Oswego	2.8	9.7%	1.8	64%	0.6%
Plainfield	3.1	5.8%	1.7	56%	0.7%
Glenview	3.5	9.1%	1.6	47%	0.8%
Schaumburg	10.4	6.6%	1.5	14%	2.3%
McHenry	2.9	15.9%	1.4	47%	0.7%
Crystal Lake	5.8	7.2%	1.3	21%	1.3%
Orland Park	6.7	6.4%	1.2	19%	1.5%
St. Charles	3.9	19.4%	1.2	32%	0.9%
Vernon Hills	3.9	2.9%	1.2	30%	0.9%
Yorkville	2.0	12.3%	1.2	57%	0.5%

Source: CMAP analysis of CoStar data

According to CoStar data, the region has approximately 55 square feet of retail per capita. This includes both occupied and vacant space. The region's retail vacancy rate is 8.1 percent, and the median of retail vacancy rates by municipality is similar, at 8.2 percent. The regional vacancy

[52] The region includes Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties, plus Aux Sable township in Grundy County. CoStar is a provider of market and property-level data on retail, industrial, office and multifamily developments.

rate has decreased significantly from a high of 9.1 percent in 2010, but is still well above the 6 to 7 percent rates seen prior to the recession. At this time, a large stock of space vacated during the recession must be reoccupied.

Some areas of the region have a higher concentration of vacant retail space, particularly outlying areas where retail development was constructed in anticipation of new housing development that stalled due to the recession. As shown in Figure 33, six of the region's top retail development communities since 2000 are experiencing retail vacancy rates near or above 10 percent. With the exception of Glenview, these communities are located within a cluster of communities with high retail per-capita ratios, indicating a potential for overbuilding. For example, Oswego, Aurora, Plainfield and Yorkville are four southwestern communities that attracted a significant amount of population growth and retail development over the last decade. However, only Plainfield has a below-average retail vacancy rate as of the second quarter of 2013. Taken together, these four communities have a 10.1 percent vacancy rate in the second quarter of 2013.

In Figure 34, municipalities in brown and orange have vacancy rates above this regional rate, while red and gold municipalities are below it. Red and gold municipalities have more retail square feet per capita than the regional average, while light red and orange municipalities have less.[53] The map shows a number of clusters of high-square footage communities in dark red (low vacancy) and orange (high vacancy) communities, indicating potential areas of overbuilding. While retail can have strong fiscal benefits for communities, overbuilding of retail can result in a significant stock of vacant space which communities must still provide some level of service to. Although some proportion of the region's currently vacant stock will be reoccupied as the region recovers from the recession, other areas may struggle until new households are built and occupied.

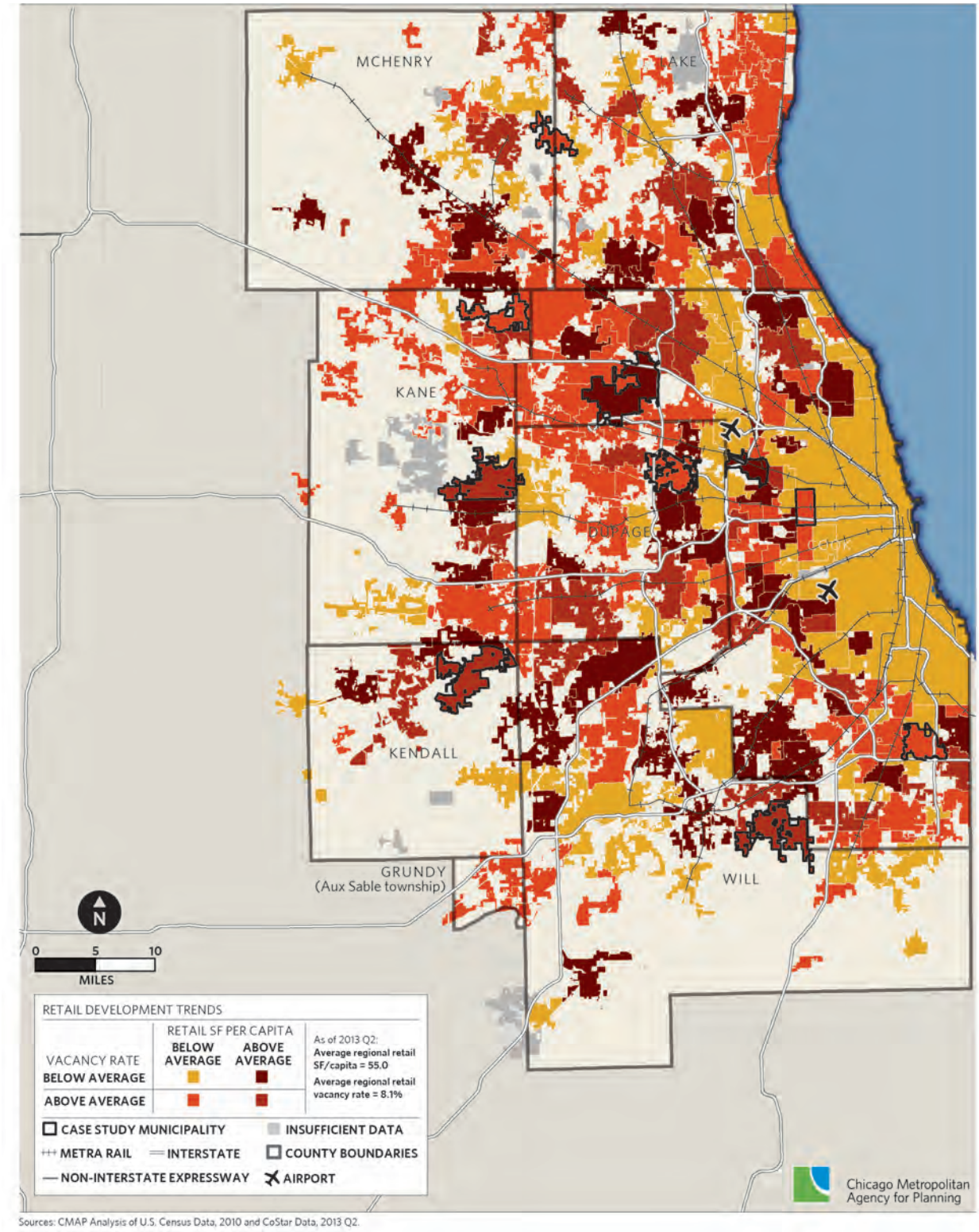
For example, the Eastgate Commons case study in St. Charles is a successful development with normal vacancy rates. It provides a fiscal benefit to St. Charles and serves retail customers across several communities. However, St. Charles is located among a group of communities that have higher than average retail square feet per capita, and St. Charles has a current retail vacancy rate of over 17 percent. Of the Randall Road communities, only Batavia has a normal vacancy rate, indicating overbuilding in this corridor. Over the long term, new household growth may better support the retail in these corridors.

While individual developments may be successful, development of a retail store does not guarantee a positive fiscal or economic outcome and can result in underutilized retail space that a community must still provide services to. Municipalities cannot perform market analyses on all retail developments that are proposed and must trust that retailers and developers are

[53] Retail square feet per capita is one indicator of retail density and has been chosen because much of the region's retail depends upon nearby residents. Some small communities with little retail stock may appear in counterintuitive categories due to the lower overall levels of both population and retail square footage within the community.

making sound market decisions in their choices to construct new facilities. However, better coordination along major corridors and across communities in growing areas may lead to better long term outcomes in terms of retail vacancy and underutilization.

Figure 34. Retail square feet per capita and vacancy, 2013 Q2



Sources: CMAP Analysis of U.S. Census Data, 2010 and CoStar Data, 2013 Q2.

Summary of market capacity analysis

A certain level of vacancy is healthy in any real estate market. Vacancy allows for turnover of tenants as needs change and provides options for the region's businesses while still providing a reasonable level of return for investors. However, clusters of persistently high vacancies can indicate overbuilding, which drives down rental rates, minimizes returns to investors, can lead to decreased investment in properties, and provides minimal or negative returns to municipalities.

Retail and office development in the region have clusters of high-concentration, high vacancy areas. In retail, these are often found in small clusters of municipalities with higher per-capita levels of retail and higher than average retail vacancy rates. In the aftermath of the recession, these vacancies have begun to decline. However, either significant household growth or redevelopment of some underutilized properties will be required to bring overall occupancy levels back to a more normal rate, particularly in areas where several adjacent municipalities have high levels of vacancy.

Office development presents a stronger challenge for the region, with persistent high vacancy levels in some corridors and a region-wide office vacancy rate that has exceeded 10 percent since 2001. While there is localized demand for new space, that new development does not aid high-vacancy areas. Instead, persistent vacancies indicate a long-term mismatch between the demand for and supply of the region's office space, presenting a significant challenge for communities with high vacancy levels. Long-term solutions may include modernization, redevelopment, or conversion to other uses. Finally, industrial development has grown substantially at the south and west edges of the region over the last decade. This has uncertain impacts on existing industrial areas in the region's core.

Conclusion: Local Development Decisions and GO TO 2040

GO TO 2040 is the region's comprehensive plan that links transportation, land use, the natural environment, housing, and human and community development to promote livable communities and economic prosperity. Within the context of the plan, local governments are a core strength of the region and have the ability to implement development that is both locally and regionally beneficial.

Municipalities make land use decisions to meet local goals like quality of life and livability, in addition to consideration of more quantifiable economic and fiscal outcomes. However, municipal decisions to support a certain land use have cost and revenue impacts on many other jurisdictions. Better coordination of these impacts across jurisdictions can improve the region's fiscal outcomes. For example, targeted and coordinated investments could create efficiencies by streamlining programs and services and avoiding duplication of effort at all levels of government.

In particular, transportation networks are built and maintained by a mix of local, regional and state actors. These networks are strongly affected by the traffic generated by new development approved at the municipal level. In some cases, state or county roads support the majority of the traffic generated by a development. These jurisdictions can experience negative externalities if revenues do not support costs or if a cumulative volume of new development generates the need for accelerated expansion and replacement of existing facilities.

GO TO 2040 emphasizes that, for livable communities to take shape, most of our region's future growth should occur in existing communities that are already served by infrastructure. Thus, the plan recommends development patterns that promote livable communities through investment in existing communities as well as maintenance and improvement of the region's existing infrastructure. A number of the case study communities are working to encourage development within already-developed areas and take advantage of their existing infrastructure and service capacity. These case studies generally had more positive net fiscal impacts, driven by a combination of reliance on existing infrastructure and projects with higher densities.

In contrast, other case study communities are growing into undeveloped areas. As a result, they must pay for the costs of new lane miles, water and sewer lines, and similar facilities that reduce the potential positive fiscal impacts of new development. Communities have put in place policies to ensure that the up-front capital impacts of this development are paid for, but near-term maintenance and long-term replacement costs are ensured to a lesser extent. Some older, established communities have a backlog existing infrastructure replacement needs, which can also add to the cost of new development. GO TO 2040 recognizes that targeted expansion of the region will occur, but encourages communities to prioritize development and expenditure strategies that support existing infrastructure.

Within the case study set, retail developments provided the highest fiscal impact. However, development of retail does not ensure a positive fiscal outcome for a community, as retail must be supported by a sufficient population and employment base. For example, a number of the retail case studies are well-occupied but are located within communities with higher than average retail vacancy rates.

GO TO 2040 discourages selection of developments based primarily on fiscal outcomes, and instead encourages communities to also consider how a development would benefit the region economically. Development of uses that have fewer fiscal benefits but support the region's development as a whole is critical to supporting a healthy development pattern across communities.

Finally, GO TO 2040 emphasizes the need to provide housing, transportation and employment choices for the region's residents. Maintenance of these options can ensure that residents have access to key services and a wide range of employment and educational opportunities. While some of these land uses may have lower fiscal benefits, they are part of a balanced land use strategy that supports the economic success of the region. Local governments are encouraged to plan comprehensively for future development, and to encourage development that is both regionally and locally beneficial.

Appendix I: Technical Advisory Group

The technical advisory group (TAG) was comprised of five municipal staff, one county transportation planning staff, one local school district staff, one academic representative, and two advocacy group representatives. The City of Chicago sent one municipal representative, and the remaining four were selected by the Metropolitan Mayors Caucus (MMC). The MMC also suggested the school district representative. The remaining TAG members participated at the request of CMAP. The full membership included:

- Benet Haller, Director of the Planning and Urban Design Division, City of Chicago
- Tam Kutzmark, Transportation and Planning Director, DuPage Mayors and Managers Conference (replacing Dave Hulseberg, formerly of the Village of Lombard)
- Ray Keller, Village Administrator, Village of Gilberts
- John Loper, Principal Transportation Planner, DuPage County
- Chrissy Mancini-Nichols, Director, Metropolitan Planning Council
- Scott Niehaus, Village Manager, Village of Tinley Park
- Mike Pagano, Dean of the College of Urban Planning and Public Affairs, University of Illinois at Chicago
- Jeff Rowitz, Finance Director, Village of Northbrook
- Kyle Smith, Economic Development Analyst, Center for Neighborhood Technology
- Bill Stafford, Chief Financial Officer, Evanston Township High School

The TAG met five times over the course of one year. The meeting dates and topics were:

- December 7, 2012: Discuss the project, potential case study communities, and the fiscal impact analysis approach
- April 19, 2013: Review fiscal practice interviews and sample fiscal impact analysis results
- June 14, 2013: Review final fiscal impact analysis results
- September 16, 2013: Discuss economic impact and market capacity analyses
- December 4, 2013: Provide input on the initial draft of the report Fiscal and Economic Impacts of Local Land Use Decisions

Appendix II: Fiscal Practice Interviewees and Questions

Fiscal Practice Interview Questions

1) How often do you request a fiscal impact analysis of a project? What types of projects trigger the need for a fiscal impact analysis?
2) When you request fiscal impact analyses, how are other districts such as schools, parks, fire and libraries involved?
3) What time length is usually considered when assessing fiscal impacts?
4) Do you utilize fiscal considerations in assessing more routine projects?
5) Do you charge impact fees for new development?
    a. If so, for what types of infrastructure or facilities?
    b. Are there certain types of projects that can receive a waiver? Why?
6) How do transportation infrastructure and maintenance costs impact your development decisions?
7) How do other infrastructure and maintenance costs impact your development decisions?
8) How do total potential municipal service costs and revenues impact your development decisions? Can other factors have more weight than fiscal considerations?
9) What is your city's budget plan for maintaining the new/expanded capital assets associated with proposed developments? How does your city guarantee that the useful life of the asset can be met through adequate maintenance spending?
10) Have any projects had unexpected fiscal impacts? What kind of impacts?
11) Do you have any lessons learned to share?

Fiscal Practice Interviewees

Addison	Franklin Park	Northbrook	Park Forest
Aurora	Gilberts	Oak Brook	Schaumburg
Barrington	Grayslake	Oak Park	St. Charles
Carpentersville	Libertyville	Orland Park	Tinley Park
Frankfort	Lombard	Oswego	Winnetka

Appendix III: Key Fiscal Impact Analysis Results by Case Study

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 1: Net Fiscal Impacts by Project - AVERAGE COST APPROACH

Land Use	SF Residential - 0.33 to 1 units/acre		SF Residential - 2 to 6 units/acre			Townhomes - 8 to 18 units/acre		
Project Name	Woods of Fox Glen	Bayview Farm	Sandalwood Estates	Springacre Hills	Lakemoor Farms	Plank Trail Estates	Silverstone Lake	Ridgeland Station
Community Name	St. Charles	Lakemoor	Frankfort	Carpentersville	Lakemoor	Frankfort	Carpentersville	Oak Park
Acreage of Development	129.1	46.5	126.23	123	63.93	7.24	79.86	0.63
Non-residential SF	-	-	-	-	-	-	-	-
Residential Units	90	48	254	157	264	32	560	27
EAV per SF or Unit	$ 347,917	$ 108,641	$ 114,909	$ 118,478	$ 74,164	$ 96,904	$ 48,071	$ 73,890
MUNICIPAL IMPACTS								
Revenues								
Property Tax [1]	$ 258,652	$ 19,004	$ 99,002	$ 314,920	$ 71,464	$ 10,518	$ 455,759	$ 28,369
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 5,761	$ 6,548	$ 20,735	$ 29,554	$ 32,838	$ 2,529	$ 94,249	$ 3,324
Fines, fees, and State per-capita revenue sharing [3]	$ 35,325	$ 35,808	$ 119,208	$ 106,751	$ 167,561	$ 8,664	$ 233,759	$ 8,003
Total Revenues	**$ 299,738**	**$ 61,360**	**$ 238,945**	**$ 451,225**	**$ 271,863**	**$ 21,711**	**$ 783,767**	**$ 39,695**
Expenses - Average Cost Approach [4]								
General Government	$ 15,599	$ 17,718	$ 34,013	$ 32,010	$ 82,911	$ 2,472	$ 70,096	$ 3,900
Community & Economic Development/ Building	$ 3,107	$ -	$ 19,360	$ 13,289	$ -	$ 1,407	$ 29,099	$ 914
Police [5]	$ 47,880	$ 7,743	$ 79,276	$ 37,397	$ 34,870	$ 6,977	$ 106,208	$ 996
Fire & EMS [5]	$ 37,364	$ -	$ -	$ 12,248	$ -	$ -	$ 48,692	$ 2,608
Public Works [6]	$ 98,030	$ 23,729	$ 159,645	$ 41,645	$ 72,048	$ 5,145	$ 51,576	$ 3,859
Parks	$ -	$ 8,138	$ -	$ 2,278	$ 38,080	$ -	$ 4,988	$ -
Capital Outlay and Debt Service	$ 52,301	$ 15,751	$ 50,177	$ 81,845	$ 73,706	$ 3,647	$ 179,221	$ 3,505
Maintenance Associated with New Lane Miles	$ 44,295	$ 50,000	$ 176,700	$ 79,799	$ 118,193	$ -	$ 64,508	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ 49,897	$ 39,046	$ -	$ 6,286	$ 139,274	$ -
Other Departments [8]	$ 4,749	$ -	$ -	$ -	$ -	$ -	$ -	$ 810
Total Expenses	**$ 303,325**	**$ 123,079**	**$ 569,068**	**$ 339,557**	**$ 419,808**	**$ 25,934**	**$ 693,661**	**$ 16,591**
Net fiscal impact	**$ (3,587)**	**$ (61,719)**	**$ (330,122)**	**$ 111,668**	**$ (147,945)**	**$ (4,223)**	**$ 90,106**	**$ 23,104**
Revenues per acre	**$ 2,322**	**$ 1,320**	**$ 1,893**	**$ 3,668**	**$ 4,253**	**$ 2,999**	**$ 9,814**	**$ 63,009**
Expenses per acre	**$ 2,350**	**$ 2,647**	**$ 4,508**	**$ 2,761**	**$ 6,567**	**$ 3,582**	**$ 8,686**	**$ 26,335**
Net fiscal impact per acre	**$ (28)**	**$ (1,327)**	**$ (2,615)**	**$ 908**	**$ (2,314)**	**$ (583)**	**$ 1,128**	**$ 36,673**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ (40)**	**$ (1,286)**	**$ (1,300)**	**$ 711**	**$ (560)**	**$ (132)**	**$ 161**	**$ 856**

Analysis of household sales tax revenue potential (not depicted in summary charts) [9]

Estimated municipal sales tax revenue potential per new household [10]	$ 545	$ 274	$ 399	$ 358	$ 274	$ 399	$ 358	$ 302
Estimated municipal sales tax revenue captured per new household [11]	$ 396	$ 55	$ 329	$ 166	$ 55	$ 329	$ 166	$ 187
Total project municipal sales tax revenue captured from new households	$ 34,543	$ 2,565	$ 81,120	$ 25,337	$ 14,106	$ 10,220	$ 90,375	$ 4,908
Net Fiscal Impact with new household sales tax generation [9]	**$ 30,956**	**$ (59,155)**	**$ (249,003)**	**$ 137,005**	**$ (133,839)**	**$ 5,997**	**$ 180,480**	**$ 28,012**
Net Fiscal Impact per acre with HH sales taxes [9]	**$ 240**	**$ (1,272)**	**$ (1,973)**	**$ 1,114**	**$ (2,094)**	**$ 828**	**$ 2,260**	**$ 44,463**

Fire Protection District Impacts								
Revenues		$ 23,408	$ 194,590		$ 67,940	$ 20,674		
Expenses		$ 7,783	$ 107,418		$ 16,897	$ 25,090		
Fire District Net Fiscal Impact		$ 15,625	$ 87,172		$ 51,043	$ (4,416)		

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 1: Net Fiscal Impacts by Project - AVERAGE COST APPROACH

Land Use	Condominiums - 26 to 60 units/acre (incl mixed use)		Garden Apartments - 24 units/acre		Senior Housing	
Project Name	Lakeview Place	The Ridgeland	AMLI St. Charles	Farmington Lakes	Hunt Club Village	Rose Terrace
Community Name	Addison	Oak Park	St. Charles	Oswego	St. Charles	Oswego
Acreage of Development	11.49	0.76	25.5	19.02	4.7	3.31
Non-residential SF	-	4,737	-	-	-	-
Residential Units	162	52	400	304	104	36
EAV per SF or Unit	$ 58,383	$ 83,301	$ 30,105	$ 15,219	$ 15,975	$ 10,662
MUNICIPAL IMPACTS						
Revenues						
Property Tax [1]	$ 42,111	$ 61,596	$ 99,472	$ 6,722	$ 13,724	$ 558
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 12,444	$ 6,401	$ 19,169	$ 35,459	$ 4,984	$ 3,634
Fines, fees, and State per-capita revenue sharing [3]	$ 44,124	$ 18,926	$ 86,810	$ 73,357	$ 20,823	$ 6,810
Total Revenues	**$ 98,679**	**$ 86,923**	**$ 205,451**	**$ 115,538**	**$ 39,530**	**$ 11,002**
Expenses - Average Cost Approach [4]						
General Government	$ 17,996	$ 9,224	$ 38,334	$ 25,521	$ 9,195	$ 2,369
Community & Economic Development/ Building	$ 12,225	$ 2,161	$ 7,636	$ 7,620	$ 1,832	$ 707
Police [5]	$ 33,601	$ 1,096	$ 68,920	$ 87,134	$ 15,780	$ 7,512
Fire & EMS [5]	$ -	$ 4,780	$ 98,214	$ -	$ 175,077	$ -
Public Works [6]	$ 14,509	$ 7,432	$ 62,459	$ 32,166	$ 8,410	$ 627
Parks	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 29,095	$ 8,290	$ 128,528	$ 37,873	$ 30,830	$ 3,516
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ 82,500	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ 1,915	$ 11,671	$ -	$ 2,799	$ -
Total Expenses	**$ 107,425**	**$ 34,896**	**$ 415,762**	**$ 272,814**	**$ 243,922**	**$ 14,731**
Net fiscal impact	**$ (8,746)**	**$ 52,027**	**$ (210,311)**	**$ (157,275)**	**$ (204,392)**	**$ (3,729)**
Revenues per acre	**$ 8,588**	**$ 114,372**	**$ 8,057**	**$ 6,075**	**$ 8,411**	**$ 3,324**
Expenses per acre	**$ 9,349**	**$ 45,916**	**$ 16,304**	**$ 14,344**	**$ 51,898**	**$ 4,451**
Net fiscal impact per acre	**$ (761)**	**$ 68,456**	**$ (8,247)**	**$ (8,269)**	**$ (43,488)**	**$ (1,127)**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ (54)**	**$ 1,001**	**$ (526)**	**$ (517)**	**$ (1,965)**	**$ (104)**

Analysis of household sales tax revenue potential (not depicted in sumn

Estimated municipal sales tax revenue potential per new household [10]	$ 407	$ 302	$ 545	$ 234	$ 396	$ 186
Estimated municipal sales tax revenue captured per new household [11]	$ 299	$ 187	$ 396	$ 181	$ 295	$ 149
Total project municipal sales tax revenue captured from new households	$ 47,042	$ 9,452	$ 150,358	$ 52,130	$ 29,107	$ 5,087
Net Fiscal Impact with new household sales tax generation [9]	**$ 38,296**	**$ 61,478**	**$ (59,953)**	**$ (105,145)**	**$ (175,285)**	**$ 1,358**
Net Fiscal Impact per acre with HH sales taxes [9]	**$ 3,333**	**$ 80,892**	**$ (2,351)**	**$ (5,528)**	**$ (37,295)**	**$ 410**

Fire Protection District Impacts						
Revenues	$ 63,420			$ 31,058		$ 2,577
Expenses	$ -			$ 170,227		$ 71,186
Fire District Net Fiscal Impact	$ (37,241)			$ (139,169)		$ (68,609)

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 1: Net Fiscal Impacts by Project - AVERAGE COST APPROACH

Land Use	Retail - Regional Mall	Retail - Big Box		Retail - Auto Dealership		Retail - Strip/Neighborhood	
Project Name	Woodfield Mall	Eastgate Commons	Oswego Commons	McGrath Honda	Woodfield Lexus	The Ridgeland (Retail)	Town Center
Community Name	Schaumburg	St. Charles	Oswego	St. Charles	Schaumburg	Oak Park	South Holland
Acreage of Development	140	32.8	66.61	4.7	5.84	0.76	2.02
Non-residential SF	2,752,644	266,230	482,377	31,601	68,738	4,737	20,820
Residential Units	-	-	-	-	-	52	-
EAV per SF or Unit	$ 104	$ 42	$ 34	$ 33	$ 64	$ 46	$ 68
MUNICIPAL IMPACTS							
Revenues							
Property Tax [1]	$ 1,708,253	$ 93,322	$ 24,138	$ 8,571	$ 26,380	$ 3,130	0
Sales Tax [2]	$ 23,405,421	$ 970,259	$ 1,100,724	$ 320,434	$ 834,305	$ 5,205	$ 109,313
Utility Tax	$ 330,317	$ 26,623	$ 83,165	$ 3,160	$ 8,249	$ 783	$ 2,498
Fines, fees, and State per-capita revenue sharing [3]	$ 167,435	$ 16,813	$ 40,640	$ 2,040	$ 1,625	$ 1,167	$ 4,138
Total Revenues	**$ 25,611,427**	**$ 1,107,017**	**$ 1,248,667**	**$ 334,206**	**$ 870,559**	**$ 10,285**	**$ 115,949**
Expenses - Average Cost Approach [4]							
General Government	$ 297,192	$ 32,524	$ 52,010	$ 3,947	$ 2,884	$ 1,365	$ 8,727
Community & Economic Development/ Building	$ 98,759	$ 6,479	$ 15,529	$ 786	$ 958	$ 320	$ 663
Police [5]	$ 2,165,296	$ 99,266	$ 579,013	$ 13,352	$ 13,139	$ 100	$ 3,553
Fire & EMS [5]	$ 500,194	$ 54,978	$ -	$ 9,074	$ 3,203	$ 435	$ 15,827
Public Works [6]	$ 1,681,861	$ 203,392	$ 79,356	$ 24,481	$ 33,499	$ 4,961	$ 12,513
Parks	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 534,082	$ 109,048	$ 77,181	$ 13,234	$ 5,183	$ 1,227	$ 8,484
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 5,277,384**	**$ 505,687**	**$ 803,090**	**$ 64,875**	**$ 58,867**	**$ 8,408**	**$ 49,768**
Net fiscal impact	**$ 20,334,043**	**$ 601,331**	**$ 445,578**	**$ 269,331**	**$ 811,692**	**$ 1,876**	**$ 66,181**
Revenues per acre	**$ 182,939**	**$ 33,751**	**$ 18,746**	**$ 71,108**	**$ 149,068**	**$ 13,532**	**$ 57,401**
Expenses per acre	**$ 37,696**	**$ 15,417**	**$ 12,057**	**$ 13,803**	**$ 10,080**	**$ 11,063**	**$ 24,638**
Net fiscal impact per acre	**$ 145,243**	**$ 18,333**	**$ 6,689**	**$ 57,304**	**$ 138,988**	**$ 2,469**	**$ 32,763**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 7,387**	**$ 2,259**	**$ 924**	**$ 8,523**	**$ 11,808**	**$ 396**	**$ 3,179**

Analysis of household sales tax revenue potential (not depicted in sumn

Estimated municipal sales tax revenue potential per new household [10]							
Estimated municipal sales tax revenue captured per new household [11]							
Total project municipal sales tax revenue captured from new households							
Net Fiscal Impact with new household sales tax generation [9]							
Net Fiscal Impact per acre with HH sales taxes [9]							

Fire Protection District Impacts							
Revenues			$ 111,520				
Expenses			$ 95,946				
Fire District Net Fiscal Impact			$ 15,574				

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 1: Net Fiscal Impacts by Project - AVERAGE COST APPROACH

Land Use	Office - Corporate		Office - Medical	
Project Name	Woodfield Preserve 1 & 2	Windy Point 1 & 2	Brighton Corporate Park	Rush Oak Park Hospital
Community Name	Schaumburg	Schaumburg	Frankfort	Oak Park
Acreage of Development	14.39	18.9	4.56	2.33
Non-residential SF	610,462	469,635	57,000	139,200
Residential Units	-	-	-	-
EAV per SF or Unit	$ 89	$ 73	$ 53	$ 80
MUNICIPAL IMPACTS				
Revenues				
Property Tax [1]	$ 325,921	$ 205,198	$ 10,233	$ 158,868
Sales Tax [2]	$ -	$ -	$ -	$ -
Utility Tax	$ 73,255	$ 56,356	$ 6,983	$ 24,510
Fines, fees, and State per-capita revenue sharing [3]	$ 39,216	$ 30,939	$ 3,669	$ 42,923
Total Revenues	**$ 438,392**	**$ 292,493**	**$ 20,884**	**$ 226,301**
Expenses - Average Cost Approach [4]				
General Government	$ 69,606	$ 54,916	$ 8,229	$ 50,213
Community & Economic Development/ Building	$ 23,131	$ 18,249	$ 4,684	$ 11,763
Police [5]	$ 7,395	$ 22,344	$ 7,130	$ 13,050
Fire & EMS [5]	$ 6,407	$ 69,560	$ -	$ 57,366
Public Works [6]	$ 98,334	$ 75,649	$ 17,233	$ 37,415
Parks	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 125,089	$ 98,689	$ 12,140	$ 45,128
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ -	$ -
Total Expenses	**$ 329,962**	**$ 339,407**	**$ 49,416**	**$ 214,935**
Net fiscal impact	**$ 108,430**	**$ (46,914)**	**$ (28,532)**	**$ 11,366**
Revenues per acre	**$ 30,465**	**$ 15,476**	**$ 4,580**	**$ 97,125**
Expenses per acre	**$ 22,930**	**$ 17,958**	**$ 10,837**	**$ 92,247**
Net fiscal impact per acre	**$ 7,535**	**$ (2,482)**	**$ (6,257)**	**$ 4,878**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 178**	**$ (100)**	**$ (501)**	**$ 82**

Analysis of household sales tax revenue potential (not depicted in sumn

Estimated municipal sales tax revenue potential per new household [10]				
Estimated municipal sales tax revenue captured per new household [11]				
Total project municipal sales tax revenue captured from new households				
Net Fiscal Impact with new household sales tax generation [9]				
Net Fiscal Impact per acre with HH sales taxes [9]				

Fire Protection District Impacts				
Revenues			$ 20,112	
Expenses			$ 11,761	
Fire District Net Fiscal Impact			$ 8,351	

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 1: Net Fiscal Impacts by Project - AVERAGE COST APPROACH **1/16/2014**

Land Use	Industrial - Large Scale Warehouse/Distribution					Small Scale Industrial	
Project Name	1350 N Greenbriar	2200 W Pinehurst	11222 W Melrose	3700 Willow Dr	Liberty Furniture	2910-2930 Commerce St.	27900 W Concrete Dr
Community Name	Addison	Addison	Franklin Park	Franklin Park	South Holland	Franklin Park	Lakemoor
Acreage of Development	6.15	4.88	4.56	20.64	10.57	1.66	2.18
Non-residential SF	120,727	81,761	73,160	195,071	200,000	20,021	26,795
Residential Units	-	-	-	-	-	-	-
EAV per SF or Unit	$ 15	$ 18	$ 7	$ 9	$ 12	$ 80	$ 18
MUNICIPAL IMPACTS							
Revenues							
Property Tax [1]	$ 9,893	$ 7,660	$ 9,688	$ 35,232	$ 57,759	$ 30,834	$ 1,798
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 14,487	$ 9,811	$ 8,779	$ 23,409	$ 24,000	$ 2,403	$ 1,774
Fines, fees, and State per-capita revenue sharing [3]	$ 619	$ 248	$ 711	$ 8,941	$ 2,984	$ 224	$ 892
Total Revenues	**$ 24,999**	**$ 17,719**	**$ 19,178**	**$ 67,581**	**$ 84,743**	**$ 33,460**	**$ 4,464**
Expenses - Average Cost Approach [4]							
General Government	$ 1,163	$ 465	$ 2,535	$ 31,873	$ 6,294	$ 797	$ 995
Community & Economic Development/ Building	$ 1,850	$ 740	$ 275	$ 3,453	$ 478	$ 86	$ -
Police [5]	$ 3,498	$ 2,332	$ 3,799	$ 5,811	$ 2,071	$ 2,011	$ 884
Fire & EMS [5]	$ -	$ -	$ 1,051	$ 2,802	$ -	$ 288	$ -
Public Works [6]	$ 9,152	$ 8,697	$ 3,037	$ 8,098	$ 11,736	$ 1,166	$ 2,863
Parks	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 4,404	$ 1,762	$ 1,909	$ 23,994	$ 6,119	$ 600	$ 885
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ 135	$ 1,693	$ -	$ 42	$ -
Total Expenses	**$ 20,067**	**$ 13,996**	**$ 12,740**	**$ 77,723**	**$ 26,698**	**$ 4,990**	**$ 5,627**
Net fiscal impact	**$ 4,932**	**$ 3,723**	**$ 6,438**	**$ (10,142)**	**$ 58,046**	**$ 28,469**	**$ (1,163)**
Revenues per acre	**$ 4,065**	**$ 3,631**	**$ 4,206**	**$ 3,274**	**$ 8,017**	**$ 20,156**	**$ 2,048**
Expenses per acre	**$ 3,263**	**$ 2,868**	**$ 2,794**	**$ 3,766**	**$ 2,526**	**$ 3,006**	**$ 2,581**
Net fiscal impact per acre	**$ 802**	**$ 763**	**$ 1,412**	**$ (491)**	**$ 5,492**	**$ 17,150**	**$ (533)**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 41**	**$ 46**	**$ 88**	**$ (52)**	**$ 290**	**$ 1,422**	**$ (43)**

Analysis of household sales tax revenue potential (not depicted in sumn

Estimated municipal sales tax revenue potential per new household [10]							
Estimated municipal sales tax revenue captured per new household [11]							
Total project municipal sales tax revenue captured from new households							
Net Fiscal Impact with new household sales tax generation [9]							
Net Fiscal Impact per acre with HH sales taxes [9]							

Fire Protection District Impacts							
Revenues	$ 14,899	$ 11,537					$ 1,709
Expenses	$ 5,491	$ -					$ 2,463
Fire District Net Fiscal Impact	$ 9,408	$ 11,537					$ (754)

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST

Land Use	SF Residential - 0.33 to 1 units/acre		SF Residential - 2 to 6 units/acre			Townhomes - 8 to 18 units/acre		
Project Name	Woods of Fox Glen	Bayview Farm	Sandalwood Estates	Springacre Hills	Lakemoor Farms	Plank Trail Estates	Silverstone Lake	Ridgeland Station
Community Name	St. Charles	Lakemoor	Frankfort	Carpentersville	Lakemoor	Frankfort	Carpentersville	Oak Park
Acreage of Development	129.1	46.5	126.23	123	63.93	7.24	79.86	0.63
Non-residential SF	-	-	-	-	-	-	-	-
Residential Units	90	48	254	157	264	32	560	27
EAV per SF or Unit	$ 347,917	$ 108,641	$ 114,909	$ 118,478	$ 74,164	$ 96,904	$ 48,071	$ 73,890
MUNICIPAL IMPACTS								
Revenues								
Property Tax [1]	$ 258,652	$ 19,004	$ 99,002	$ 314,920	$ 71,464	$ 10,518	$ 455,759	$ 28,369
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 5,761	$ 6,548	$ 20,735	$ 29,554	$ 32,838	$ 2,529	$ 94,249	$ 3,324
Fines, fees, and State per-capita revenue sharing [3]	$ 35,325	$ 35,808	$ 119,208	$ 106,751	$ 167,561	$ 8,664	$ 233,759	$ 8,003
Total Revenues	**$ 299,738**	**$ 61,360**	**$ 238,945**	**$ 451,225**	**$ 271,863**	**$ 21,711**	**$ 783,767**	**$ 39,695**
Expenses - Modified Average Cost Approach [4]								
General Government	$ 2,777	$ 1,712	$ 12,283	$ 14,577	$ 8,010	$ 893	$ 31,921	$ -
Community & Economic Development/ Building	$ 529	$ 2,108	$ 10,487	$ 6,051	$ 9,862	$ 762	$ 13,251	$ -
Police [5]	$ 13,584	$ 7,654	$ 23,042	$ 26,858	$ 34,471	$ 2,028	$ 76,276	$ -
Fire & EMS [5]	$ 37,364	$ -	$ -	$ 12,795	$ -	$ -	$ 50,869	$ 644
Public Works [6]	$ 62,782	$ 4,185	$ 64,503	$ 10,360	$ 10,544	$ 5,461	$ 14,159	$ -
Parks	$ -	$ 635	$ -	$ -	$ 2,971	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 25,944	$ 5,811	$ 17,805	$ 33,208	$ 27,190	$ 1,294	$ 72,719	$ 1,794
Maintenance Associated with New Lane Miles	$ 44,295	$ 50,000	$ 176,700	$ 79,799	$ 118,193	$ -	$ 64,508	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ 49,897	$ 39,046	$ -	$ 6,286	$ 139,274	$ -
Other Departments [8]	$ 1,359	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 188,634**	**$ 72,104**	**$ 354,717**	**$ 222,695**	**$ 211,241**	**$ 16,724**	**$ 462,976**	**$ 2,438**
Net fiscal impact	**$ 111,103**	**$ (10,744)**	**$ (115,771)**	**$ 228,530**	**$ 60,622**	**$ 4,987**	**$ 320,790**	**$ 37,257**
Revenues per acre	**$ 2,322**	**$ 1,320**	**$ 1,893**	**$ 3,668**	**$ 4,253**	**$ 2,999**	**$ 9,814**	**$ 63,009**
Expenses per acre	**$ 1,461**	**$ 1,551**	**$ 2,810**	**$ 1,811**	**$ 3,304**	**$ 2,310**	**$ 5,797**	**$ 3,870**
Net fiscal impact per acre	**$ 861**	**$ (231)**	**$ (917)**	**$ 1,858**	**$ 948**	**$ 689**	**$ 4,017**	**$ 59,139**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 1,234**	**$ (224)**	**$ (456)**	**$ 1,456**	**$ 230**	**$ 156**	**$ 573**	**$ 1,380**

Analysis of household sales tax revenue potential (not depicted in summary charts) [9]

Estimated municipal sales tax revenue potential per new household [10]	$ 545	$ 274	$ 399	$ 358	$ 274	$ 399	$ 358	$ 302
Estimated municipal sales tax revenue captured per new household [11]	$ 396	$ 55	$ 329	$ 166	$ 55	$ 329	$ 166	$ 187
Total project municipal sales tax revenue captured from new households	$ 34,543	$ 2,565	$ 81,120	$ 25,337	$ 14,106	$ 10,220	$ 90,375	$ 4,908
Net Fiscal Impact with new household sales tax generation [9]	**$ 145,646**	**$ (8,180)**	**$ (34,651)**	**$ 253,867**	**$ 74,728**	**$ 15,207**	**$ 411,165**	**$ 42,165**
Net Fiscal Impact per acre with HH sales taxes [9]	**$ 1,128**	**$ (176)**	**$ (275)**	**$ 2,064**	**$ 1,169**	**$ 2,100**	**$ 5,149**	**$ 66,929**

Fire Protection District Impacts								
Revenues	$ -	$23,408	$ 194,590	$ -	$ 67,940	$ 20,674	$ -	$ -
Expenses	$ -	$ 7,783	$ 73,627	$ -	$ 16,897	$ 17,198	$ -	$ -
Fire District Net Fiscal Impact	$ -	$15,625	$ 120,963	$ -	$ 51,043	$ 3,476	$ -	$ -

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST

Land Use	Condominiums - 26 to 60 units/acre (incl mixed use)		Garden Apartments - 24 units/acre		Senior Housing	
Project Name	Lakeview Place	The Ridgeland	AMLI St. Charles	Farmington Lakes	Hunt Club Village	Rose Terrace
Community Name	Addison	Oak Park	St. Charles	Oswego	St. Charles	Oswego
Acreage of Development	11.49	0.76	25.5	19.02	4.7	3.31
Non-residential SF	-	4,737	-	-	-	-
Residential Units	162	52	400	304	104	36
EAV per SF or Unit	$ 58,383	$ 83,301	$ 30,105	$ 15,219	$ 15,975	$ 10,662
MUNICIPAL IMPACTS						
Revenues						
Property Tax [1]	$ 42,111	$ 61,596	$ 99,472	$ 6,722	$ 13,724	$ 558
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 12,444	$ 6,401	$ 19,169	$ 35,459	$ 4,984	$ 3,634
Fines, fees, and State per-capita revenue sharing [3]	$ 44,124	$ 18,926	$ 86,810	$ 73,357	$ 20,823	$ 6,810
Total Revenues	**$ 98,679**	**$ 86,923**	**$ 205,451**	**$ 115,538**	**$ 39,530**	**$ 11,002**
Expenses - Modified Average Cost Approach [4]						
General Government	$ 7,683	$ -	$ 6,824	$ 1,713	$ 1,637	$ 159
Community & Economic Development/ Building	$ 5,219	$ -	$ 1,300	$ 7,620	$ 312	$ 707
Police [5]	$ 33,601	$ -	$ 19,553	$ 41,850	$ 4,477	$ 3,608
Fire & EMS [5]	$ -	$ 1,180	$ 98,214	$ -	$ 175,077	$ -
Public Works [6]	$ 6,214	$ -	$ 60,761	$ 7,106	$ 8,181	$ 436
Parks	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 16,164	$ 4,243	$ 63,758	$ 24,087	$ 15,294	$ 2,236
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ 82,500	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ 3,341	$ -	$ 801	$ -
Total Expenses	**$ 68,882**	**$ 5,423**	**$ 253,751**	**$ 164,876**	**$ 205,778**	**$ 7,146**
Net fiscal impact	**$ 29,798**	**$ 81,500**	**$ (48,299)**	**$ (49,338)**	**$ (166,248)**	**$ 3,856**
Revenues per acre	**$ 8,588**	**$ 114,372**	**$ 8,057**	**$ 6,075**	**$ 8,411**	**$ 3,324**
Expenses per acre	**$ 5,995**	**$ 7,136**	**$ 9,951**	**$ 8,669**	**$ 43,783**	**$ 2,159**
Net fiscal impact per acre	**$ 2,593**	**$ 107,237**	**$ (1,894)**	**$ (2,594)**	**$ (35,372)**	**$ 1,165**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 184**	**$ 1,567**	**$ (121)**	**$ (162)**	**$ (1,599)**	**$ 107**

Analysis of household sales tax revenue potential (not depicted in summ

Estimated municipal sales tax revenue potential per new household [10]	$ 407	$ 302	$ 545	$ 234	$ 396	$ 186
Estimated municipal sales tax revenue captured per new household [11]	$ 299	$ 187	$ 396	$ 181	$ 295	$ 149
Total project municipal sales tax revenue captured from new households	$ 47,042	$ 9,452	$ 150,358	$ 52,130	$ 29,107	$ 5,087
Net Fiscal Impact with new household sales tax generation [9]	**$ 76,840**	**$ 90,951**	**$ 102,059**	**$ 2,792**	**$ (137,140)**	**$ 8,943**
Net Fiscal Impact per acre with HH sales taxes [9]	**$ 6,688**	**$ 119,673**	**$ 4,002**	**$ 147**	**$ (29,179)**	**$ 2,702**

Fire Protection District Impacts						
Revenues	$ 63,420	$ -	$ -	$ 31,058	$ -	$ 2,577
Expenses	$ 31,426	$ -	$ -	$ 170,227	$ -	$ 71,186
Fire District Net Fiscal Impact	$ 31,994	$ -	$ -	$ (139,169)	$ -	###########

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST

Land Use	Retail - Big Box	Retail - Big Box		Retail - Auto Dealership		Retail - Strip/Neighborhood	
Project Name	Eastgate Commons	Oswego Commons	McGrath Honda	Woodfield Lexus	Woodfield Mall	The Ridgeland (Retail)	Town Center
Community Name	St. Charles	Oswego	St. Charles	Schaumburg	Schaumburg	Oak Park	South Holland
Acreage of Development	32.8	66.61	4.7	5.84	140	0.76	2.02
Non-residential SF	2,752,644	266,230	482,377	31,601	68,738	4,737	20,820
Residential Units	-	-	-	-	-	52	-
EAV per SF or Unit	$ 42	$ 34	$ 33	$ 64	$ 104	$ 46	$ 68
MUNICIPAL IMPACTS							
Revenues							
Property Tax [1]	$ 93,322	$ 24,138	$ 8,571	$ 26,380	$ 1,708,253	$ 3,130	0
Sales Tax [2]	$ 970,259	$ 1,100,724	$ 320,434	$ 834,305	$ 23,405,421	$ 5,205	$ 109,313
Utility Tax	$ 26,623	$ 83,165	$ 3,160	$ 8,249	$ 330,317	$ 783	$ 2,498
Fines, fees, and State per-capita revenue sharing [3]	$ 16,813	$ 40,640	$ 2,040	$ 1,625	$ 167,435	$ 1,167	$ 4,138
Total Revenues	**$ 1,107,017**	**$ 1,248,667**	**$ 334,206**	**$ 870,559**	**$ 25,611,427**	**$ 10,285**	**$ 115,949**
Expenses - Modified Average Cost Approach [4]							
General Government	$ 5,790	$ 3,491	$ 703	$ 733	$ 75,486	$ -	$ 2,805
Community & Economic Development/ Building	$ 1,103	$ 15,529	$ 134	$ 243	$ 62,358	$ -	$ 305
Police [5]	$ 28,163	$ 278,095	$ 3,788	$ 1,112	$ 1,941,301	$ -	$ 2,523
Fire & EMS [5]	$ 54,978	$ -	$ 9,074	$ 532	$ 83,118	$ 108	$ 15,457
Public Works [6]	$ 197,861	$ 55,169	$ 23,816	$ 6,826	$ 342,733	$ -	$ 3,320
Parks	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 54,094	$ 49,088	$ 6,565	$ 3,295	$ 339,527	$ 628	$ 7,664
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 341,989**	**$ 401,373**	**$ 44,079**	**$ 12,742**	**$ 2,844,522**	**$ 735**	**$ 32,075**
Net fiscal impact	**$ 765,028**	**$ 847,295**	**$ 290,127**	**$ 857,817**	**$ 22,766,904**	**$ 9,549**	**$ 83,874**
Revenues per acre	**$ 33,751**	**$ 18,746**	**$ 71,108**	**$ 149,068**	**$ 182,939**	**$ 13,532**	**$ 57,401**
Expenses per acre	**$ 10,427**	**$ 6,026**	**$ 9,379**	**$ 2,182**	**$ 20,318**	**$ 968**	**$ 15,879**
Net fiscal impact per acre	**$ 23,324**	**$ 12,720**	**$ 61,729**	**$ 146,886**	**$ 162,621**	**$ 12,565**	**$ 41,522**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 2,874**	**$ 1,756**	**$ 9,181**	**$ 12,480**	**$ 8,271**	**$ 2,016**	**$ 4,029**

Analysis of household sales tax revenue potential (not depicted in summ

Estimated municipal sales tax revenue potential per new household [10]							
Estimated municipal sales tax revenue captured per new household [11]							
Total project municipal sales tax revenue captured from new households							
Net Fiscal Impact with new household sales tax generation [9]							
Net Fiscal Impact per acre with HH sales taxes [9]							

Fire Protection District Impacts							
Revenues	$ -	$ 111,520	$ -	$ -	$ -	$ -	$ -
Expenses	$ -	$ 95,946	$ -	$ -	$ -	$ -	$ -
Fire District Net Fiscal Impact	$ -	$ 15,574	$ -	$ -	$ -	$ -	$ -

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST

Land Use	Office - Corporate		Office - Medical	
Project Name	Woodfield Preserve 1 & 2	Windy Point 1 & 2	Brighton Corporate Park	Rush Oak Park Hospital
Community Name	Schaumburg	Schaumburg	Frankfort	Oak Park
Acreage of Development	14.39	18.9	4.56	2.33
Non-residential SF	610,462	469,635	57,000	139,200
Residential Units	-	-	-	-
EAV per SF or Unit	$ 89	$ 73	$ 53	$ 80
MUNICIPAL IMPACTS				
Revenues				
Property Tax [1]	$ 325,921	$ 205,198	$ 10,233	$ 158,868
Sales Tax [2]	$ -	$ -	$ -	$ -
Utility Tax	$ 73,255	$ 56,356	$ 6,983	$ 24,510
Fines, fees, and State per-capita revenue sharing [3]	$ 39,216	$ 30,939	$ 3,669	$ 42,923
Total Revenues	**$ 438,392**	**$ 292,493**	**$ 20,884**	**$ 226,301**
Expenses - Modified Average Cost Approach [4]				
General Government	$ 17,680	$ 13,948	$ 2,972	$ -
Community & Economic Development/ Building	$ 5,875	$ 4,635	$ 2,537	$ -
Police [5]	$ 626	$ 1,891	$ 2,072	$ -
Fire & EMS [5]	$ 1,065	$ 11,559	$ -	$ 14,166
Public Works [6]	$ 20,039	$ 15,416	$ 18,294	$ -
Parks	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 79,522	$ 62,739	$ 4,308	$ 23,098
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ -	$ -
Total Expenses	**$ 124,806**	**$ 110,188**	**$ 30,183**	**$ 37,264**
Net fiscal impact	**$ 313,586**	**$ 182,305**	**$ (9,299)**	**$ 189,037**
Revenues per acre	**$ 30,465**	**$ 15,476**	**$ 4,580**	**$ 97,125**
Expenses per acre	**$ 8,673**	**$ 5,830**	**$ 6,619**	**$ 15,993**
Net fiscal impact per acre	**$ 21,792**	**$ 9,646**	**$ (2,039)**	**$ 81,132**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 514**	**$ 388**	**$ (163)**	**$ 1,358**

Analysis of household sales tax revenue potential (not depicted in summ

Estimated municipal sales tax revenue potential per new household [10]				
Estimated municipal sales tax revenue captured per new household [11]				
Total project municipal sales tax revenue captured from new households				
Net Fiscal Impact with new household sales tax generation [9]				
Net Fiscal Impact per acre with HH sales taxes [9]				

Fire Protection District Impacts				
Revenues	$ -	$ -	$ 20,112	$ -
Expenses	$ -	$ -	$ 8,061	$ -
Fire District Net Fiscal Impact	$ -	$ -	$ 12,051	$ -

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST **1/16/2014**

Land Use	Industrial - Large Scale Warehouse/Distribution					Small Scale Industrial	
Project Name	1350 N Greenbriar	2200 W Pinehurst	11222 W Melrose	3700 Willow Dr	Liberty Furniture	2910-2930 Commerce St.	27900 W Concrete Dr
Community Name	Addison	Addison	Franklin Park	Franklin Park	South Holland	Franklin Park	Lakemoor
Acreage of Development	6.15	4.88	4.56	20.64	10.57	1.66	2.18
Non-residential SF	120,727	81,761	73,160	195,071	200,000	20,021	26,795
Residential Units	-	-	-	-	-	-	-
EAV per SF or Unit	$ 15	$ 18	$ 7	$ 9	$ 12	$ 80	$ 18
MUNICIPAL IMPACTS							
Revenues							
Property Tax [1]	$ 9,893	$ 7,660	$ 9,688	$ 35,232	$ 57,759	$ 30,834	$ 1,798
Sales Tax [2]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Tax	$ 14,487	$ 9,811	$ 8,779	$ 23,409	$ 24,000	$ 2,403	$ 1,774
Fines, fees, and State per-capita revenue sharing [3]	$ 619	$ 248	$ 711	$ 8,941	$ 2,984	$ 224	$ 892
Total Revenues	**$ 24,999**	**$ 17,719**	**$ 19,178**	**$ 67,581**	**$ 84,743**	**$ 33,460**	**$ 4,464**
Expenses - Modified Average Cost Approach [4]							
General Government	$ 1,163	$ 465	$ -	$ -	$ 2,023	$ -	$ 96
Community & Economic Development/ Building	$ 790	$ 316	$ -	$ -	$ 220	$ -	$ 118
Police [5]	$ 3,498	$ 2,332	$ 1,651	$ 6,920	$ 1,471	$ 2,476	$ 874
Fire & EMS [5]	$ -	$ -	$ 1,051	$ 2,802	$ -	$ 288	$ -
Public Works [6]	$ 3,920	$ 3,725	$ -	$ -	$ 3,113	$ -	$ 299
Parks	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay and Debt Service	$ 2,447	$ 979	$ 1,024	$ 12,875	$ 5,527	$ 322	$ 326
Maintenance Associated with New Lane Miles	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Self-Supporting Enterprise Funds [7]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Departments [8]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 11,817**	**$ 7,817**	**$ 3,726**	**$ 22,596**	**$ 12,355**	**$ 3,086**	**$ 1,714**
Net fiscal impact	**$ 13,182**	**$ 9,902**	**$ 15,452**	**$ 44,985**	**$ 72,388**	**$ 30,374**	**$ 2,750**
Revenues per acre	**$ 4,065**	**$ 3,631**	**$ 4,206**	**$ 3,274**	**$ 8,017**	**$ 20,156**	**$ 2,048**
Expenses per acre	**$ 1,922**	**$ 1,602**	**$ 817**	**$ 1,095**	**$ 1,169**	**$ 1,859**	**$ 786**
Net fiscal impact per acre	**$ 2,143**	**$ 2,029**	**$ 3,389**	**$ 2,179**	**$ 6,848**	**$ 18,298**	**$ 1,261**
Net fiscal impact per unit or 1,000 non-residential square feet	**$ 109**	**$ 121**	**$ 211**	**$ 231**	**$ 362**	**$ 1,517**	**$ 103**

Analysis of household sales tax revenue potential (not depicted in summ

Estimated municipal sales tax revenue potential per new household [10]							
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Total project municipal sales tax revenue captured from new households							
Net Fiscal Impact with new household sales tax generation [9]							
Net Fiscal Impact per acre with HH sales taxes [9]							

Fire Protection District Impacts							
Revenues	$ 14,899	####### ###	$ -	$ -	$ -	$ -	$ 1,709
Expenses	$ 1,714	$ -	$ -	$ -	$ -	$ -	$ 2,463
Fire District Net Fiscal Impact	$ 13,185	####### ###	$ -	$ -	$ -	$ -	$ (754)

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

Fiscal and Economic Impact Analysis of Land Use Decisions, Appendix III

Table 2: Net Fiscal Impacts by Project - MODIFIED AVERAGE COST

	Land Use
Project Name	
Community Name	
Acreage of Development	
Non-residential SF	
Residential Units	
EAV per SF or Unit	
MUNICIPAL IMPACTS	
Revenues	
Property Tax [1]	
Sales Tax [2]	
Utility Tax	
Fines, fees, and State per-capita revenue sharing [3]	
Total Revenues	
Expenses - Modified Average Cost Approach [4]	
General Government	
Community & Economic Development/ Building	
Police [5]	
Fire & EMS [5]	
Public Works [6]	
Parks	
Capital Outlay and Debt Service	
Maintenance Associated with New Lane Miles	
Non-Self-Supporting Enterprise Funds [7]	
Other Departments [8]	
Total Expenses	
Net fiscal impact	
Revenues per acre	
Expenses per acre	
Net fiscal impact per acre	
Net fiscal impact per unit or 1,000 non-residential square feet	

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Estimated municipal sales tax revenue potential per new household [10]	
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Net Fiscal Impact per acre with HH sales taxes [9]	

Fire Protection District Impacts	
Revenues	
Expenses	
Fire District Net Fiscal Impact	

Source: CMAP analysis of SB Friedman and ESRI Business Analyst data

Note: See final page of table for numbered notes.

[1] Property taxes are based on the 2010 or 2011 equalized assessed value of each development and the municipal property tax rate for the same year. South Holland Town Center retail project is in Tax Increment Financing district and is part of a larger redevelopment that has received TIF funding, so property tax revenue associated with the project accrues to TIF, not municipality and other taxing districts.

[2] Sales taxes for the last 3 to 5 years were provided by municipalities for each development as a whole. Where this data was not available, taxable retail sales were estimated using typical tenant breakdowns and sales per square foot from the Urban Land Institute's *Dollars & Cents of Shopping Centers, 2006*

[3] Rebates include Income Tax, Motor Fuel Tax, and Use Tax . Illinois Municipal League, 2012 Review Magazine. Fine/Fee revenue is net of building permits and development-related fees. Actual sources vary by community but typically include business licenses, liquor licenses, rental revenue, court fees, and others.

[4] Expenses were estimated based on jurisdictional financial reports from the last 3 to 5 years. Where complete data was not available, average costs were used. Unless otherwise indicated, expenses were estimated based on the number of new residents and/or non-resident workers.

[5] Where available, data on police, fire and emergency service calls was collected for each development and overall department for the last 5 years. A cost per service call and associated follow-up was then calculated.

[6] Costs allocated on per trip basis, unless the project genrated new lane miles which the municipality would then maintain. In those cases, public works costs were allocated to two components: maintenance of the new lane miles and impacts of new trips associated with the project on existing lane miles. Trip generation ratios were taken from the Institute of Transportation Engineers, 2003 Average Weekday trip ratio per residential unit and per 1,000 sf of commercial development. Trip ratios were adjusted to account for origination/destination counts. Retail trips adjusted to account for "pass-by" trips where retail store was not original destination.

[7] Funds vary by community, but include Water, Sewer, Garbage, Parking and Cable TV. Only the portion that is supported with property tax or other municipal revenue is included here.

[8] E.g., Health, Housing, Culture & Recreation.

[9] In Illinois, retail sales taxes are allocated based on the point of sale and are therefore only assigned to the retail, industrial, or office development that generates them rather than the location of the customers making purchases. Because households are required to support retail developments, this analysis estimates that contribution. However, for a complete analysis, sales taxes would have to be netted from retail developments within the municipality to avoid double-counting of retail sales tax potential.

[10] To estimate municipal sales tax revenue potential per household, ESRI Business Analysis data on retail purchases per household by major retail category was refined to include only retail goods that are taxable in Illinois. The appropriate combined local sales tax rate and the 1 percent municipal share of the state sales tax were then applied to these household taxable sales.

[11] To estimate municipal retail sales tax capture per household, ESRI Business Analyst retail leakage reports were generated for each municipality. If a community "leaks" retail sales in a particular retail category, residents purchase the "leaked" amount outside of the municipality. As with household retail purchase potential, ESRI provides retail leakage/surplus by major retail category. The retail leakage for each major category of retail good was applied to the analysis of taxable retail sales above. If a community had a “surplus” in a retail category, meaning it sold more of a particular good than its residents were likely to purchase, sales potential was limited to 100 percent of the individual household sales potential. For example, a municipality might have furniture and home goods sales equal to 200 percent of what its residents are likely to purchase. Each new household in this community would only be allocated 100 percent of its sales potential, rather than 200 percent, because the remaining purchase come from outside of that community rather than from new households within the community.

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