Appendix I: Fiscal Impact/Growth Scenario Memo

MEMORANDUM

Subject: Growth Scenario Development and the Future Land Use Map
From: City of Georgetown Planning Department Staff
Date: 1/22/2020
Purpose: Growth Scenario Development

Introduction
As part of the update to the 2000 Comprehensive Plan Land Use Element, the City of Georgetown developed growth scenarios for the year 2030 to evaluate the balance of land uses in the Future Land Use map and describe how and where Georgetown could grow over the next 11 years.

The project team facilitated the development of multiple land use scenarios by the 2030 Comprehensive Plan Steering Committee using physical maps and Lego building blocks (directions for the activity are shown in the handout at the end of this memo). The Lego building blocks represented residential and commercial future land uses. The Steering Committee was tasked to identify key areas within the planning area (City Limits + ETJ) where growth is expected or desired and to distribute the residential and non-residential Legos accordingly. The project team used the Fiscal Impact Model (FIM) to calculate (project) nonresidential square feet, jobs, residential and nonresidential taxable property value and a net fiscal impact for the land distribution by the Steering Committee. Together, the map and the resulting projections represent a scenario of growth. The City then used the FIM to evaluate the net fiscal outcome of the Steering Committee growth scenario against existing development trends and cost to serve data in the FIM. The comparison of the net fiscal outcome of the various scenarios against existing development was a consideration of the arrangement of land uses in the final Land Use Map.

- Develop Growth Scenarios using updated land use policies
- Use FIM to evaluate scenarios for net fiscal impact
- Update Future Land Use Map considering net fiscal outcomes

A total of ten scenarios were developed and evaluated. Scenario 1 evaluates the full build out of the 2030 Plan Future Land Use Map adopted in 2000. Scenarios 8 and 9 evaluate the full build out of the 2030 Plan Future Land Use Map developed in 2019. These scenarios should only be compared to each other due the scale of development implied by full buildout. Scenario 2 represents development based on development current trends. Scenarios 3-7 were developed through an activity with the 2030 Plan Steering Committee. Scenarios 6 and 7 were used as controls to understand the individual impacts of increased residential and commercial development respectively.

Growth Scenario Development

The development of the growth scenarios answered key questions:

1) What are key development areas in the planning area?
   a. Are there certain types of development in key area should include?

2) Will this scenario help achieve the City’s land use policies:
   1A. Encourage a balanced mix of residential, commercial, and employment uses at varying densities and intensities, to reflect a gradual transition from urban to suburban to rural development.
   1B. Promote more compact, higher density, well-connected development within appropriate infill locations.
   2A. Identify potential opportunities and selectively target, plan, and promote development/reuse initiatives.
   3A. Protect and promote land uses that support Georgetown’s target industries, support diversification of the City’s tax base and enhance economic development through intentional infrastructure planning, recruitment and the land use entitlement process.
   4B. Encourage innovative forms of compact, pedestrian friendly development and a wider array of affordable housing choices through revisions and incentives.

3) How many residential units result from this scenario?
4) How much commercial sq. footage results from this scenario?
5) What is the net fiscal impact?

Scenario 1 2030 Future Land Use Map Full Build Out

This scenario uses the land use assumptions from the 2030 Comprehensive Plan as amended since adoption in 2000.

Scenario Assumptions
- All acreage within a land use category will develop with densities associated with that land use category outlined in Table 1 at the end of this memo.
- No changes to land use category allocation (i.e. Comprehensive Plan Amendments) beyond 2019

Scenario Constraints
- Does not include absorption rates, nor market feasibility; assumes full buildout of all developable land using the estimated building coverage allowances
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- Land use categories do not reflect current development trends in terms of residential unit density.
- Land use patterns have varied significantly over the last 5 years, particularly in the southeast and southwest portions of the City based on utility improvements.
- Nonresidential land uses allow for residential and the land use category does not have a preferred mix from which it can project future incorporation of residential. Generalized mixes of land uses were developed based on current development trends and depicted in table 1.

Scenario Opportunities
- Reflects desires of Community in 2019.

Scenario 2: Citywide Trends (Existing 2019 FIM)
The Default Scenario is based on existing development patterns and development trends. This scenario distributes future growth in the same places Georgetown has seen growth over the past 6 years. This scenario utilizes 2010 Census data and City of Georgetown residential permitting data (2013-2019).

Scenario Assumptions
- All plotted residential lots will be fully developed.
- Single Family - single family detached, single family attached, duplex.
- Multi-family - three units or more in a structure.

Scenario Constraints
- No new new development - this model does not account for land that could be developed by 2030, only land that is platted.
- Some correlation to 2030 Comprehensive Plan, reflects actual development pattern.

Scenario Opportunities
- Reflects recent development trends.

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Scenario 3 - 5.1 Projected Housing Unit Distribution and Economic Development Strategies
This scenario is based upon direction from the Steering Committee through the land use activity at the 9/20/19 meeting. Scenarios 3 - 5.1 utilized a large version of the map below which did not include areas with geographic constraints (shown in gray and black) and highlights areas that are available for future development (shown in white). To develop these scenarios, Steering Committee members were asked to place logo blocks on the map to indicate future development, focusing on the developable (white) areas. Scenario 5.1 combines the housing units and commercial square footage of scenario 2 and scenario 5.

Scenario Assumptions
- Model buildout year is 2030.
- 12,000 housing units will be built by 2030 (Development Pipeline Map March 2019, City of Georgetown).
- 75-100K additional housing units projected by 2030 (2019, TX State Data Center).
- Absorption rate of 1,200 to 1,300 units/year.

Scenario Constraints
1. Removed barriers to development (lake, floodplain, roadways, and right-of-way).
2. Removed land that is currently developed and is unlikely to redevelop soon.

Scenario Opportunities:
1. Target industries identified (Target Industry Analysis, 2017, City of Georgetown).
2. Approximately 1,016,000 square feet of unsold retail demand (Market Assessment, 2016, City of Georgetown).

Scenario 5.2: Increased Residential Development Over Citywide Trends
This scenario was developed to evaluate the net fiscal impact and ratio of revenue to expenditures by increasing residential development and maintaining commercial development trends.

Scenario Assumptions
- Model buildout year is 2030.
- Residential development (1,000 housing units) will increase by 20% over Scenario 2.
- Nonresidential development (sq. ft.) will maintain development trends of Scenario 2.
- 2019 Levels of Service for residential and nonresidential.

Scenario Constraints
1. Does not consider market feasibility of demand for 20% additional housing units over current development trends.
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Scenario Opportunities:

1. Test impact of additional residential costs to serve and property tax revenues while maintaining current levels of revenues and expenditures of commercial development.

Scenario 3.3% Increased Nonresidential Development Over Citywide Trend
This scenario was developed to evaluate the net fiscal impact and ratio of revenue to expenditures by increasing nonresidential development and maintaining residential development trends.

Scenario Assumptions
- Model buildout year is 2030
- Residential development (of housing units) will maintain growth trend of Scenario 2
- Nonresidential development (sq ft) will increase by 15% over Scenario 2
- 2019 Levels of Service for residential and nonresidential

Scenario Constraints
1. Does not consider market feasibility of demand for 15% additional nonresidential square footage over current development trends

Scenario Opportunities:
2. Test impact of additional revenue and expenses generated by commercial development while maintaining current levels of revenues and expenditures of residential development.

Scenario 8.8.1 2019 Future Land Use Map Full Build Out
Two scenarios were considered from the Future Land Use Map updated in 2019. These scenarios evaluate the land use assumptions from the draft Future Land Use Map and draft Future Land Use categories. The only difference between these scenarios is the allocation of single family to multi-family for the Mixed Density Neighborhood category.

Scenario Assumptions
- All acreage within a land use category will develop with densities associated with that land use category outlined.
- No changes to the land use category allocation (i.e. Comprehensive Plan Amendments) beyond 2019

Scenario Constraints
- Does not include absorption rates, nor market feasibility, assumes full buildout of all developable land using the estimated building coverage allowances

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Scenario Opportunities:

- Helps model residential densities

Fiscal Impact Model (FIM)
The FIM is used to quantitatively compare the growth scenarios in the City’s Fiscal Impact Model (FIM). This tool is a cost to serve model that considers the land use pattern in each development scenario and provides a net fiscal impact (positive/negative) for each scenario. The FIM allows the City to measure projected revenues (i.e., property tax, sales tax, etc.), expenditures, capital improvement programming (i.e., streets, public safety, parks and recreation, etc.), levels of service changes, and operational and maintenance budgets as a result of new residential and commercial development.

Within the FIM, the Planning Area (FA) - City Limits is divided into seven Fiscal Analysis Zones (FAZs). The FIM is calibrated to measure the demand and contribution of each land use type depending on its location in the planning area.

The FIM uses the number and location of proposed residential units, future population and employment, which are based on the land uses on the map. The resulting fiscal impacts are measured by revenues versus expenditures. The FIM is not an economic development tool.

FIM Inputs
- Housing Units
- Jobs
- Population
- Nonresidential sq foot. Nonresidential future land use types allocated across 4 categories
  1. Retail
  2. Office
  3. Industrial
  4. Institutional

FIM Outputs (aka Growth Scenario Performance Measures)
- Nonresidential square foot
- Residential taxable property value
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- Nonresidential taxable property
- Net Fiscal Impact
- Ratio of Revenue to Expenditure

Growth Scenario Results

Steering Committee Results
1. Increasing residential densities is possible without resulting in a negative fiscal outcome to the City
2. Increasing commercial development, maintain residential trends results in greater net positive fiscal outcomes

Results of Scenarios 2, 5.1, 6 and 7

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Citywide Trends (Scenario 2)</th>
<th>Steering Committee (Scenario 5.1)</th>
<th>+20% Residential (Scenario 8)</th>
<th>+15% Commercial (Scenario 7)</th>
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<tbody>
<tr>
<td>Housing Units</td>
<td>19,370</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Population</td>
<td>109,206</td>
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<tr>
<td>Jobs</td>
<td>32,335</td>
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<tr>
<td>Commercial sq. footage</td>
<td>9.9M</td>
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<tr>
<td>Net Fiscal Impact</td>
<td>$16.5M</td>
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<tr>
<td>Ratio of Revenue to Expenditure</td>
<td>$1.04</td>
<td>$1.05</td>
<td>$1.01</td>
<td>$1.04</td>
</tr>
</tbody>
</table>

Full buildout Results

Scenarios 1, 8 and 8.1 represent the impact of full build out of the planning area. An increase in total units is shown in Scenarios 8 and 8.1 when compared with Scenario 1 reflecting the increase in density for the residential future land use categories in the 2019 update of the 2030 Plan (see Table 2). Additionally, an increase in total commercial square footage is seen in Scenarios 8 and 8.1 as additional acreage was added to employment center and community commercial in the 2019 update.
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Growth Scenario Mapping Exercise
Comp Plan Steering Committee Meeting #14

1. Identify areas to plan for in the next 10 years.
2. Distribute residential and non-residential
3. Identify areas for target industry

KEY/LEGEND
- Yellow—Residential 100 units/block
- Red—Commercial 5,000 sq ft/block
- Purple—Target Industry 30,000 sq ft/block
- Mixed Use—yellow on top of red

ASSUMPTIONS
- Projected growth of approx. 19,000 housing units in the next 10 years (approx. 12,000 in pipeline currently)
- Unmet retail demand of 1M sq. ft. from 2016 Market
- Assessment remains unchanged

KEEP IN MIND...
Does the scenario achieve these policies?
- 1A: Encourage a balanced mix of residential, commercial, and employment uses at varying densities and intensities, to reflect a gradual transition from urban to suburban to rural development.
- 1B: Promote more compact, higher density, well-connected development within appropriate infill locations.
- 2A: Identify potential opportunities and selectively target, plan, and promote development/reuse initiatives.
- 2B: Encourage innovative forms of compact, pedestrian friendly development and a wider array of affordable housing choices through provisions and incentives.
- New: Proactively support existing and recruit new employers and incentivize development that is consistent with Economic and target industries and that support diversification of the tax base and promote service area.

2/11/2020 draft