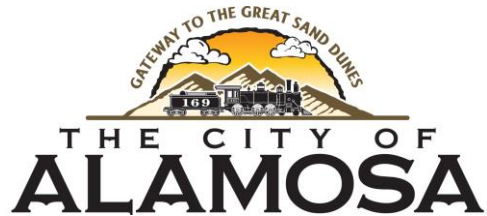


# **FISCAL IMPACT ANALYSIS**

## **TIERRA AZUL DEVELOPMENT**



Prepared by the City of Alamosa  
Development Services Department  
February 7, 2023

## 1. Purpose

This analysis estimates the municipal expenditures and revenues associated with the proposed *Tierra Azul* Planned Unit Development. The proposed project will increase the city's population and tax base. The increase in population will also mean more demand for city infrastructure and services.

## 2. Project Description

The Subject Property is a  $\pm 42.99$  acre tract located in the East half of Section 8, Township 37 North, Range 10 East, N.M.P.M., identified as Alamosa County Assessor's parcel number 541308400236. The Subject Property is vacant with the exception of an electric transmission line on the north and east boundaries of the property. The annexation creates two separate lots on either side of South Craft Drive; Lot 1, west of South Craft Drive, contains 25.84 acres, whereas Lot 2, between South Craft Drive and Foster Avenue, contains 14.42 acres. Two tracts of public right-of-way are also included: one for South Craft Drive,  $\pm 1.42$  acres, and the other for Foster Avenue,  $\pm 1.31$  acres. The intended use is a mix of residential uses and the zone is Residential High.

The proposed development will consist of six phases containing a total 396 units. Full buildout is expected to take approximately 20 years. Existing water, sewer, electricity and natural gas lines have sufficient capacity to serve the proposed development and will be extended into the project area. Electric and gas services will be provided by the Public Service Company of Colorado (XCEL ENERGY), and water and sewer services will originate from the City of Alamosa.

## 3. Methods of Measuring Impact

This analysis used the Per Capita Multiplier Method<sup>1</sup> to project the costs and revenues that the proposed development will generate. The method is based on the number of residents that will live in the proposed complex and the share of school district induced costs attributable to residential properties and housing units. Average government expenditures per person of city operating expenses were used to project an annual cost attributable to the residents of the proposed development. These impacts are direct and measurable. Indirect impacts associated with the project will also be discussed.

## 4. Direct Fiscal Impacts

The fiscal impacts of the proposed development on the city and school district are based upon the City of Alamosa 2021 Budget Audit provided by the City's Finance office and the Alamosa School District financial statistics obtained from the Colorado Department of Education. Impacts were estimated separately for the city and the school district, and then aggregated to determine net impact.

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<sup>1</sup> Robert Burchell and David Listokin, *The Fiscal Impact Handbook*

## A. City Impact

Based on the estimated occupancies provided in Table 21-6-202B of the City's Unified Development Code for each unit type, the Tierra Azul development is estimated to have 922 residents at full buildout, of which 664 are estimated to be adults, and 258 are estimated to be children<sup>2</sup> as shown in Table 1. By analyzing total City general expenditures and the amount of general expenditures induced by residential uses as shown in Table 2, a per capita residential-induced expenditure of \$439 was obtained. This gives a total City expenditure of \$404,777 per year for the entire project.

**Table 1. Population Estimates**

| Unit Type  | Number of Units | Estimated Occupancy Per Unit | Population |
|--|-----------------|------------------------------|------------|
| Single Family, Duplex, or Twinhouse                    | 60              | 3.07                         | 184        |
| Townhouses, Rowhouse, Manufactured Home, or Cottage    | 56              | 2.37                         | 133        |
| Multiplex, Multifamily, Apartments, or Live-work Units | 280             | 2.16                         | 605        |
| Tiny Homes   | 0               | 1                            | 0          |
| <b>Total Residential Units</b>                         | <b>396</b>      |                              | <b>922</b> |
| <b>Adults</b>  | <b>664</b>      | <b>School-aged children</b>  | <b>258</b> |

<sup>2</sup> Estimated School-age Children, calculated from County rates from DOLA - 27.97%

Table 2. Induced Expenditures

| <b>GENERAL FUND EXPENDITURE SUMMARY 2021</b>                 |                     |
|--|---------------------|
| Info from County Assessor's office                           | <b>AMOUNT</b>       |
| <b>Property Valuation (2019)</b>                             |                     |
| Residential Property Value                                   | \$31,423,599        |
| Commercial Property Value                                    | \$42,592,585        |
| Industrial Property Value                                    | \$486,645           |
| Vacant Land Value  | \$2,027,124         |
| Agricultural Land Value                                      | \$8,703             |
| Total Assessed Property Value                                | \$76,538,656        |
| Percent Residential  | 41.1%               |
| <b>City Government Expenditures</b>                          |                     |
| General Government   | \$3,757,260         |
| Public Safety  | \$3,380,214         |
| Public Works   | \$1,537,074         |
| Health & Welfare   | \$89,061            |
| Culture and Recreation                                       | \$654,813           |
| Capital Outlay   | \$1,161,760         |
| Debt Service   | \$130,458           |
| <b>Total Expenditures</b>                                    | <b>\$10,710,640</b> |
| <b>Project Induced Expenditures</b>                          |                     |
| Residential Induced costs (100% Parks and Rec, Others 41.1%) | \$4,306,348.18      |
| City Population (US Census, 2020)                            | 9,806               |
| Per Capital Residential Induced Expenditure                  | \$439               |
| Predicted Residents  | 922                 |
| <b>Total Residential Induced Expenditures</b>                | <b>\$404,777</b>    |

The project will contribute revenue from various sources to the city. Based on current city revenue collections from taxes, user charges, interest on investment, and intergovernmental transfers, the proposed development is projected to generate a total of \$1,165,966 in revenues for the City, from the following sources, as described in Table 3. For the purposes of this calculation, only adults were used.

Table 3. Projected Municipal Revenue from Proposed Development

| GENERAL FUND REVENUE SUMMARY 2021               |                     |
|---|---------------------|
|   | AMOUNT              |
| Property Tax                                    | \$544,694           |
| Specific Ownership Taxes                        | \$83,898            |
| City Sales Tax                                  | \$3,448,418         |
| County Sales Tax                                | \$4,787,520         |
| Construction Use Tax                            | \$113,216           |
| Telephone Tax                                   | \$2,584             |
| PMT in Lieu of Taxes                            | \$40,238            |
| Cigarette Tax                                   | \$29,544            |
| Franchise Fees                                  | \$396,593           |
| Interest  | \$23,162            |
| Licenses/Permits/Fees                           | \$151,002           |
| Fines & Penalties                               | \$88,424            |
| Highway Users Tax                               | \$314,133           |
| Services  | \$209,186           |
| Intergovernmental (Grants)                      | \$772,676           |
| Miscellaneous                                   | \$449,688           |
| Transfers In (Net)                              | \$949,511           |
| <b>Total Revenues</b>                           | <b>\$12,404,487</b> |
| City Population                                 | 9,806               |
| City Adult Population                           | 7,063               |
| Per Capital Residential Induced Revenue         | \$1,756             |
| Adult Residents                                 | 664                 |
| <b>Total Adult Residential Induced Revenues</b> | <b>\$1,165,966</b>  |

The estimated total amount of City revenue accruing from the development will amount to \$1,165,966, compared to total municipal expenditures of \$404,777. This results in an annual revenue surplus of \$761,189 for the City, as shown in Table 4.

Table 4. Net Impact of Proposed Development on Alamosa

|                   |                  |
|-------------------|------------------|
| Revenues          | \$1,165,966      |
| Expenditures      | \$404,777        |
| <b>Net Impact</b> | <b>\$761,189</b> |

## B. School District Impact

The proposed development will generate an additional 258 students for the school district at full buildout. Per-pupil funding comes from a variety of sources, including local taxes and state funding for full-time enrolment<sup>3</sup>. School district property tax levies are applied on all types of properties, including residential, commercial, industrial, and agricultural<sup>4</sup>. Residential properties contribute nearly three times the property tax revenue than commercial revenue for the school district. The revenue per housing unit is estimated to equal \$396.61. The local tax payer per-student operating cost is \$1,595; however, State funding supplements these costs at approximately \$7,868 (this is shown as a negative cost, meaning revenue). This will result in a net impact of \$136,832.04, as shown in Table 6.

Table 5. Projected Impact on School District Expenditures and Revenues

| <b>SCHOOL EXPENDITURES SUMMARY</b>          |                               |
|---|-------------------------------|
| Expenditures from Local Taxes               | \$3,776,664.00                |
| Student Enrollment, 2019                    | 2368                          |
| Local Tax Payer Per-Student Operating Costs | \$1,594.88                    |
| State Per Student FTE Funding               | -\$7,868.00                   |
| Total Per-Student Funding                   | -\$6,273.13                   |
| Predicted Students in Development Area      | 245                           |
| <b>Project Related School Expenditures</b>  | <b><u>-\$1,539,164.13</u></b> |
| <b>SCHOOL REVENUE SUMMARY</b>               |                               |
| 2019 Residential Valuation                  | \$31,423,599.00               |
| 2019 Commercial Valuation                   | \$42,592,585.00               |
| School Levy (mils)                          | 39.354                        |
| School Revenue from Residential Properties  | \$1,236,644.32                |
| # of Residential Properties                 | 3118                          |
| Revenue per housing unit                    | \$396.61                      |
| # of New Housing Units                      | 345                           |
| Project Residential Related School Revenue  | \$136,832.04                  |
| School Revenue from Commercial Properties   | \$426,642.29                  |
| # of Commercial Properties                  | 364                           |
| Revenue per Commercial Property             | \$1,172.09                    |
| # of New Commercial Properties              | 0                             |
| Project Commercial Related School Revenue   | \$0.00                        |
| <b>Project Related School Revenue</b>       | <b><u>\$136,832.04</u></b>    |

<sup>3</sup> Colorado Department of Education Financial Transparency

<sup>4</sup> Source – Alamosa County Assessor's Office

Table 6. Net Impact of Proposed Development on the Alamosa School District

|                   |                       |
|-------------------|-----------------------|
| Revenues          | \$157,059.38          |
| Expenditures      | -\$1,617,243.52       |
| <b>Net Impact</b> | <b>\$1,774,302.90</b> |

## 5. Conclusion of Direct Fiscal Impacts

The proposed Alamosa development will generate a fiscal surplus to the City of \$1,165,966, and \$1,774,302.90 to the school district annually for a combined net positive fiscal impact of about \$2,535,492. This positive surplus together with the indirect impacts makes the project a net benefit for the City of Alamosa. It is also important to remember that these impacts will not be realized all at once, as development will be phased. It may take 20 years for all phases to be fully built.

## 6. Indirect Fiscal Impacts

In addition to the direct impacts measured above, the project will have the indirect impacts during its lifetime, such as Construction Revenues and employment opportunities. Throughout development of the subject property the City will benefit from the construction use taxes and employment generated by the construction. The increased retail base will generate new jobs for this area. Further, the 2021 Housing Needs Assessment stated that on average, employers noted that employees filling low wage/low skill jobs and entry-level professionals have the most difficulty locating satisfactory housing. Skilled labor jobs and mid-management positions followed second. Many additional insights relating the need for housing as it pertains to the local economy were gleaned through employer surveys, as shown in the Needs Assessment.