

Fiscal Impact Analysis

Antrim Township
Franklin County, Pennsylvania

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EXECUTIVE SUMMARY

The Center for Land Use at Shippensburg University of Pennsylvania conducted a Fiscal Impact Analysis (FIA) to better understand the financial impact of new residential development on the community of Antrim Township, Franklin County, Pennsylvania. In addition to presenting a reasonable assessment of impacts in terms of both revenues and costs, these studies give communities insight into the implications of new development activity across a number of potential elements. These may include but are not limited to schools, sewer, water, transportation, police services, and general administration.

The Antrim Township FIA analyzed the fiscal year 2004 actual revenues and expenditures for the township and school district and computed an impact analysis with the addition of 238 approved residential units. This year was the most recent year for which data could be obtained.

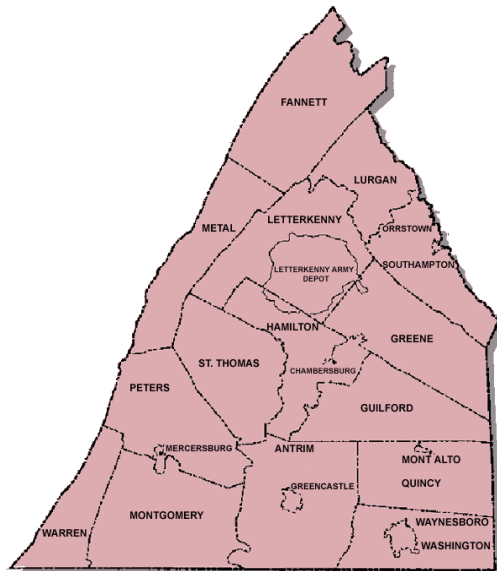
The FIA study found that for township services:

- An increase of 290 students in the school district (238 units) would generate \$2,115,681 in revenue to cover expenditures of \$2,692,434. This would be a loss of \$576,752.
- An increase of 729 residents (238 units) would generate \$514,305 in municipal revenue to cover expenditures of \$301,896. This would be a gain of \$212,410.

These findings demonstrate that an increase of 238 residential units would positively impact the municipality of Antrim Township yet it would have a negative impact upon the school district. Even these positive impacts, however, are based upon the following assumptions: (1) that the level of public services will remain unchanged; (2) that new public service needs can be accommodated with existing public infrastructure, without requiring major capital investment; and (3) that each additional resident will generate the same level of costs to the jurisdiction as each existing resident currently generates (Pennsylvania State University, 2000: 3). These assumptions must be put in context in order to draw any reasonable conclusions about fiscal impacts.

INTRODUCTION

Franklin County, according to the 2000 U.S Census, has a population of 129,313 residents. Of those county residents, 12,504, or 10 percent of the county, reside in Antrim Township. Antrim Township, located in south-central Franklin County, services approximately 69.5 square miles. The township has 103 miles of roads and 77 miles of highway. Within the Township there is one elementary, one middle, and one high school—no other township uses this school district. As of June 1, 2005, the total school age population was 2,762 students.



Parts of Franklin County have recently experienced growth spurts of up to 24% in the past ten years. “Today’s housing market,” wrote Antrim Township Manager Ben Thomas, in a guest essay to the *Public Opinion*, “has created what the South-Central Assembly for Effective Government reports calls ‘The Mason Dixon Dilemma’. Homes in upper Baltimore County as starting at \$740,000; Carroll County at \$770,000; Frederick County in the mid \$400,000” (Thomas, 2005: 1). In 2000, there were 4,598 housing units in Antrim Township. Some township officials pointed to a potential increase of 531 new lots. However, this number only includes approved residential lots as of 2005 and does not include new residential developments in the planning process. An addition of 531 lots would increase the township’s housing stock by 11.5 percent. Dale Heberlig, writing in the *Sentinel*, commented on these changes.

County Commissioners and planning experts [he wrote] say Franklin [County] is under siege from development flowing north from Maryland along Interstate 81 corridor. County Planning Commission Jack Benhart says the local highway and the enactment of development impact fees in Maryland have shifted the sights of developers and new-home buyers to southern Pennsylvania. There’s more to come, he warn[ed] (“Growth limits sought,” September 17, 2005: A3).

Indeed, as one Franklin County School District Superintendent put it, “...10,000 new Franklin County homes in the next 10 years is not an unreasonable estimate” (“Municipal officials,” 2005: B7). The below tables depict population change in Franklin County, Pennsylvania, over the last 120 years (see Table 1), and population change in Antrim Township since 1970 (see Table 2). Antrim Township is quickly becoming one of the fastest growing townships in Franklin County.

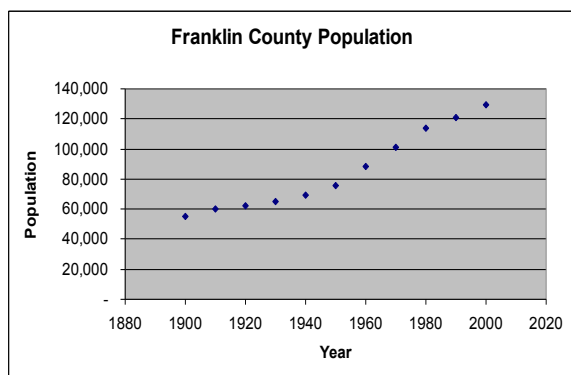


Table 1

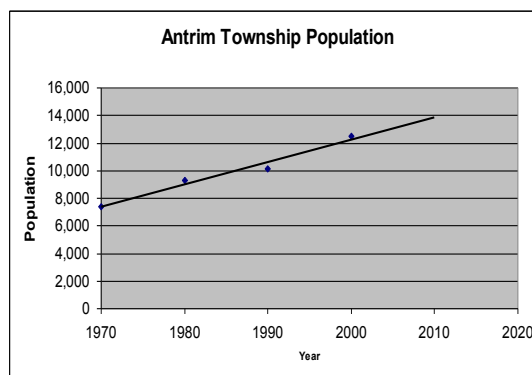


Table 2

In light of the development pressures outlined above, The Center for Land Use at Shippensburg University initiated The Antrim Township Fiscal Impact study with the intention of broadening the discussion of land use planning in Antrim Township in particular and in Franklin County in general. "...These tools," wrote the American Farmland Trust in their study of Kent County, Maryland, "can change the dialogue in a community from speculation to projection and from emotion to analysis" (2002: 6).

What is a Fiscal Impact Analysis (FIA)?

Fiscal Impact Analyses are useful tools for gauging the fiscal impact of new development, typically residential, on local communities, especially with regard to the local government entities. In addition to presenting a reasonable assessment of impacts in terms of both revenues and costs, it gives communities insight into the implications of new development activity across a number of potential elements. These may include but are not limited to schools, sewer, water, transportation, police services, and general administration. In the end, a FIA is "descriptive—not predictive..." (American Farmland Trust, 2002: 7).

METHODOLOGY

The following report analyzes the "Cost and Revenues of Residential Development" for Antrim Township. The methodology is a framework created by the College of Agricultural Sciences Cooperative Extension at Pennsylvania State University. The method used for the Cost and Revenues of Residential Development analysis consists of the Per Capita Multiplier method. The Per Capita Multiplier method "...assumes that new residents will demand services in the same way that existing residents do, and that the community's current experience is a good indicator of what will happens as a result of the development" (Pennsylvania State University, 2000: 2).

There are two basic steps in the process of conducting a FIA using the Per Capita Multiplier method:

1. Collect data: Obtain budgets and reports for subject year; meet with officials and township officers to identify needs and clarify sources of information; determine how much the local government spends and collects per person by establishing service totals and dividing by number of residents.
2. Estimate the overall economic impact of residential development by multiplying these per capita estimates by the number of new residents.

The Antrim Township FIA followed the steps outlined in Pennsylvania State University’s “Costs of Revenues of Residential Development: A Workbook for Local Officials and Citizens” (2000). Baseline revenues and expenditures for both the municipality and school district were determined for the budget year 2004 and entered into a spreadsheet. Approved units for 2004 determined the number of new residents including the number of school age children. Following the Per Capita Multiplier method outlined above, increased revenues and expenditures were computed for both school district and municipality. By comparing these data, the net fiscal impact from the addition of new units was calculated.

FINDINGS

This analysis is based on an increase in 238 approved housing units in 2004. Such an increase would produce approximately 729 new residents, consisting of approximately 290 school age children. The following chart depicts the increased cost to the school district considering the addition of 290 new students.

Per Pupil School District Spending				Impact of Change	
School District:	Antrim Township				
Expense Category	Current Spending	Current # of Pupils in District	Cost per Pupil Cost	New Pupils	Increased Cost
Instructional Spending	\$25,686,600	2,762	\$9,300	290	\$2,692,434

An increase of 290 students would cost the district an additional \$2,692,434. However, 238 units would only increase the district’s revenue by \$2,115,681. The net impact on the school district would be a loss of \$576,752.

Municipal government spending would also be affected. An increase of 729 residents would cost Antrim Township an additional \$301,896 in public services (See table below).

That said, an increase of 238 units would add \$514,305 to Antrim Township’s revenue. The net impact on Antrim would be a gain of \$212,410.

The net fiscal impact from this development, considering both school district and municipality costs, would be a loss of \$364,343.

Per Pupil Municipal Government Spending				Impact of Change	
Municipality:	Antrim Township			New Residents	Increased Cost
Expense Category	Current Total Spending	Current # of Residents in Municipality	Current per Capita Cost		
Total Municipal Spending	\$5,345,558	12,900	\$414	729	\$301,896
Roads	\$584,695		\$45		\$33,021
Police Service	\$203,791		\$16		\$11,509
Gov. Admin.	\$1,752,213		\$136		\$98,958
Other Spending	\$2,804,859		\$217		\$158,407
Total:					\$301,896

These findings demonstrate that an increase of 238 residential units would negatively impact Antrim Township, assuming: (1) that the level of public services will remain unchanged; (2) that new public service needs can be accommodated with existing public infrastructure, without requiring major capital investment; and (3) that each additional resident will generate the same level of costs to the jurisdiction as each existing resident currently generates (Pennsylvania State University, 2000: 3). Issues such as environmental impacts, cultural heritage, historical sites, amenity values, school related issues of space, staff, etc., and quality of life must also be considered in such an impact analysis. These points must be placed in context in order to draw any reasonable conclusions.

LIMITATIONS

While a FIA using a Per Capita Multiplier method is useful, it should not be an end in itself. Indeed, such a method suffers from several limitations, all of which are outlined in Pennsylvania State University’s cost and revenues workbook (2000: 3). First, the method mathematically assumes current averages which do not reflect the capacity of existing facilities to accept new users. Additional costs would be needed to extend services/facilities to meet new demands. Secondly, this method fails to capture change through time such as new regulations and/or other changes that would impact the delivery of services. Thirdly, the assumption is made that new residents will possess identical tastes/wants of current residents. This assumption does not take into consideration, for

example, increases or decreases in age or income and the services associated with these differences. Lastly, this method examines only economic impacts and neglects impacts associated with environmental and social changes brought on by development.

While this research is helpful, it is limited. Attention should be given to the pattern, location and density of development. “Development is not the problem,” wrote Calthorpe and Richmond. “Rather, development in the right place, time and form is the key to sustainable communities” (as cited in Bunnell, 1997:145; see also Edwards, 2000).

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