Wise Planning, Smart Growth:

"The Cost of Rural Residential Development"

by Mickey Williamson, for the Calaveras Planning Coalition August 18, 2007

In spite of the county urgency interim ordinance prohibiting new planning proposals that require General Plan amendments, projects already in the pipeline have been moving forward. A simple scan of area newspapers in 2007 tells the story of new developments approved or likely to be approved: Tuscany Hills in Copperopolis (335 residential units), North Vista Plaza, Valley Springs (157), Wallace Lake Estates (124) and Crestview Estates, Wallace (33), Saddleback Hills, San Andreas (130).

Looked at through one set of lenses this can seem to be an exciting boon for our county: developer fees flowing into the coffers, new residents adding to our property tax base, new consumers attracting new businesses to serve them. Without a doubt, development adds to county income.

But income is rarely clear and free. It is true that with residential development there will be new fees and new taxes coming into the county. But the new people living in those new houses will create added costs. An increase in cars and traffic places demands on our roads. That requires more maintenance and often even new roads. A growing county population puts demands on all our services: fire and emergency services, law enforcement, courts and jails, schools, water supply, sewage treatment, health care, animal services, etc. All of these cost the county money.

The American Farmland Trust conducted "Cost of Community Services Studies" in 24 states from one end of our country to the other. In each study they found that the cost of residential development was greater than revenue received. "Cost per dollar of revenue raised" is the ratio of municipal or county costs to income received from development. The median cost per dollar of revenue raised was $1.19 for residential land use. That means that for every dollar received from the development, $1.19 had to be spent. That is a net loss to the county or city. The full range of ratios in the communities studied was from 1.02 to 1.72. Median cost per dollar of revenue raised for commercial and industrial land use was only 29 cents; one dollar in, 29 cents out.   And for working (agricultural) and open space uses, the median cost per dollar of revenue raised was 37 cents; again, one dollar in, 37 cents out.

Agricultural, commercial and industrial land uses are making up the deficit for rural residential development. The study concluded: "On average, because residential land uses do not cover their costs, they must be subsidized by other community land uses. Converting agricultural land to residential land use should not be seen as a way to balance local budgets."

One study does not present the whole story. This study is admittedly a one-time snapshot of current costs in the communities studied. It does not predict changes in the ratios over time.   Other studies that make different assumptions about costs, residential incomes, and typical revenues produce different results. Yet none of them conclude that rural residential development pays for itself. The primary conclusion for us to draw is clear: as we are considering development, it is sound fiscal policy to study the financial gains and losses for the county, now and into the future. Is this happening in our planning process? And if not, why not?

The costs to our county (in actual expenses for services required, in the changing character of our rural landscape, in loss of open space and natural resources) are the reason for requesting Environmental Impact Reports (EIRs) on new residential developments. If we are making planning decisions that impact the future of our county, we need to know the whole story. We need to know how what we receive measures up against what we lose and what we pay.

Everyone knows that Calaveras County, as every county in California, will grow.   Recent predictions by the Sierra Business Council suggest the Sierra region could reach a population of one million by 2020; this is nearly double the 1990 population. There is no “no growth” option. However, there are many options for the kind of growth we choose.

We can choose “infill” developments that locate new housing within existing town areas. This locates residents closer to schools, shops, and services, minimizing costs. It provides less reliance on the automobile to access all these services, reducing county road construction and maintenance costs. We can choose thoughtful, careful growth that measures impacts before ground is broken: Is the water supply sufficient? What will be the impact on local schools? What will be the implications for air quality, drainage, noise, safety, emergency evacuation?

The General Plan update (including updated Community Plans) offers the perfect opportunity to create a planning process that requires that these kinds of questions be addressed for all development. It allows us to create a vision for this beautiful land where we live, a vision of fiscal responsibility, of community, of preserved landscape and resources. We will set in place those policies that will protect that vision in the coming decades. Calaveras County citizens wish to work in cooperation with developers and county officials to create communities where everyone wins and land endures.