

APPENDIX A: COST OF COMMUNITY SERVICES STUDIES FACT SHEET



FACT SHEET

COST OF COMMUNITY SERVICES STUDIES



TECHNICAL ASSISTANCE
One Short Street, Suite 2
Northampton, MA 01060
Tel: (800) 370-4879
Fax: (413) 586-9332
www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
www.farmland.org

November 2002

DESCRIPTION

Cost of Community Services (COCS) studies are a case study approach used to determine the average fiscal contribution of existing local land uses. A subset of the much larger field of fiscal analysis, COCS studies have emerged as an inexpensive and reliable tool to measure direct fiscal relationships. Their particular niche is to evaluate working and open lands on equal ground with residential, commercial and industrial land uses.

COCS studies are a snapshot in time of costs versus revenues for each type of land use. They do not predict future costs or revenues or the impact of future growth. They do provide a baseline of current information to help local officials and citizens make informed land use and policy decisions.

METHODOLOGY

In a COCS study, researchers organize financial records to assign the cost of municipal services to working and open lands, as well as to residential, commercial and industrial development.

Researchers meet with local sponsors to define the scope of the project and identify land use categories to study. For example, working lands may include farm, forest and/or ranch lands. Residential development includes all housing, including rentals, but if there is a migrant agricultural work force, temporary housing for these workers would be considered part of agricultural land use. Often in rural communities, commercial and industrial land uses are combined. COCS studies' findings are displayed as a set of ratios that compare annual revenues to annual expenditures for a community's unique mix of land uses.

COCS studies involve three basic steps:

1. Collect data on local revenues and expenditures.
2. Group revenues and expenditures and allocate them to the community's major land use categories.
3. Analyze the data and calculate revenue-to-expenditure ratios for each land use category.

The process is straightforward, but ensuring reliable figures requires local oversight. The most complicated task is interpreting existing records to reflect COCS land use categories. Allocating revenues and expenses requires a significant amount of research, including extensive interviews with financial officers and public administrators.

HISTORY

Communities often evaluate the impact of growth on local budgets by conducting or commissioning fiscal impact analyses. Fiscal impact analyses project public costs and revenues from different land development patterns. They generally show that residential development is a net fiscal loss for communities and recommend commercial and industrial development as a strategy to balance local budgets.

Rural towns and counties that would benefit from fiscal impact analyses rarely have the expertise or resources to conduct them, as studies tend to be expensive. Also, fiscal impact analyses rarely consider the contribution of working and other open lands uses, which are very important to rural economies.

Agricultural land is converted to development more commonly than any other land use. American Farmland Trust (AFT) developed COCS studies in the mid-1980s to provide communities with a straightforward and inexpensive way to measure the contribution of agricultural lands to the local tax base. Since then, COCS studies have been conducted in at least 95 communities in the United States.

FUNCTIONS & PURPOSES

Communities pay a high price for unplanned growth. Scattered development frequently causes traffic congestion, air and water pollution, loss of open space and increased demand for costly public services. This is why it is important for citizens and local leaders to understand the relationships between residential and commercial growth, agricultural land use, conservation and their community's bottom line.

COST OF COMMUNITY SERVICES STUDIES

For additional information on COCS studies and farmland protection contact AFT's Farmland Information Center (FIC.) The FIC offers reports, an online library and technical assistance. Call us at (800) 370-4879 or visit us on the Web at <http://www.farmlandinfo.org>.

COCS studies help address three claims that are commonly made in rural or suburban communities facing growth pressures:

1. Open lands—including productive farms and forests—are an interim land use that should be developed to their “highest and best use.”
2. Agricultural land gets an unfair tax break when it is assessed at its current use value for farming or ranching instead of at its potential use value for residential or commercial development.
3. Residential development will lower property taxes by increasing the tax base.

While it is true that an acre of land with a new house generates more total revenue than an acre of hay or corn, this tells us little about a community's bottom line. In areas where agriculture or forestry are major industries, it is especially important to consider the real property tax contribution of privately owned working lands. Working and other open lands may generate less revenue than residential, commercial or industrial properties, but they require little public infrastructure and few services.

COCS studies conducted over the last 15 years show working lands generate more public revenues than they receive back in public services. Their impact on community coffers is similar to that of other commercial and industrial land uses. On average, because residential land uses do not cover their costs, they must be subsidized

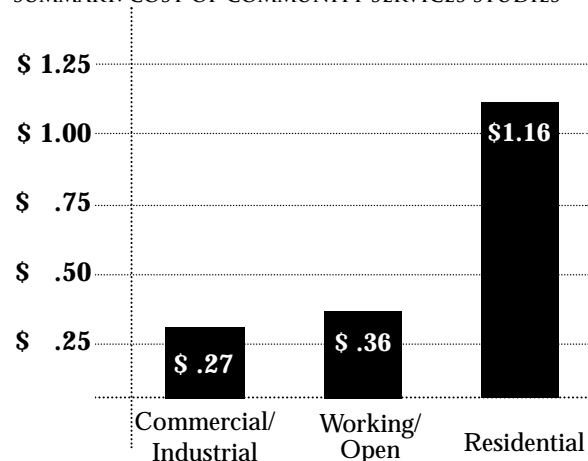
by other community land uses. Converting agricultural land to residential land use should not be seen as a way to balance local budgets.

The findings of COCS studies are consistent with those of conventional fiscal impact analyses, which document the high cost of residential development and recommend commercial and industrial development to help balance local budgets. What is unique about COCS studies is that they show that agricultural land is similar to other commercial and industrial land uses. In every community studied, farmland has generated a fiscal surplus to help offset the shortfall created by residential demand for public services. This is true even when the land is assessed at its current, agricultural use.

Communities need reliable information to help them see the full picture of their land uses. COCS studies are an inexpensive way to evaluate the net contribution of working and open lands. They can help local leaders discard the notion that natural resources must be converted to other uses to ensure fiscal stability. They also dispel the myths that residential development leads to lower taxes, that differential assessment programs give landowners an “unfair” tax break, and that farmland is an interim land use just waiting around for development.

One type of land use is not intrinsically better than another, and COCS studies are not meant to judge the overall public good or long-term merits of any land use or taxing structure. It is up to communities to balance goals such as maintaining affordable housing, creating jobs and conserving land. With good planning, these goals can complement rather than compete with each other. COCS studies give communities another tool to make decisions about their futures.

SUMMARY: COST OF COMMUNITY SERVICES STUDIES



Graph: Median cost—per dollar of revenue raised—to provide public services to different land uses.

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

| Community | Residential including farm houses | Commercial & Industrial | Working & Open Land | Source |
|----------------------|-----------------------------------|-------------------------|---------------------|---|
| Colorado | | | | |
| Custer County | 1 : 1.16 | 1 : 0.71 | 1 : 0.54 | Haggerty, 2000 |
| Saguache County | 1 : 1.17 | 1 : 0.53 | 1 : 0.35 | Dirt, Inc., 2001 |
| Connecticut | | | | |
| Bolton | 1 : 1.05 | 1 : 0.23 | 1 : 0.50 | Geisler, 1998 |
| Durham | 1 : 1.07 | 1 : 0.27 | 1 : 0.23 | Southern New England Forest Consortium, 1995 |
| Farmington | 1 : 1.33 | 1 : 0.32 | 1 : 0.31 | Southern New England Forest Consortium, 1995 |
| Hebron | 1 : 1.06 | 1 : 0.47 | 1 : 0.43 | American Farmland Trust, 1986 |
| Litchfield | 1 : 1.11 | 1 : 0.34 | 1 : 0.34 | Southern New England Forest Consortium, 1995 |
| Pomfret | 1 : 1.06 | 1 : 0.27 | 1 : 0.86 | Southern New England Forest Consortium, 1995 |
| Georgia | | | | |
| Carroll County | 1 : 1.29 | 1 : 0.37 | 1 : 0.55 | Dorfman and Black, 2002 |
| Idaho | | | | |
| Canyon County | 1 : 1.08 | 1 : 0.79 | 1 : 0.54 | Hartmans and Meyer, 1997 |
| Cassia County | 1 : 1.19 | 1 : 0.87 | 1 : 0.41 | Hartmans and Meyer, 1997 |
| Kentucky | | | | |
| Lexington-Fayette | 1 : 1.64 | 1 : 0.22 | 1 : 0.93 | American Farmland Trust, 1999 |
| Maine | | | | |
| Bethel | 1 : 1.29 | 1 : 0.59 | 1 : 0.06 | Good, 1994 |
| Maryland | | | | |
| Carroll County | 1 : 1.15 | 1 : 0.48 | 1 : 0.45 | Carroll County Dept. of Management & Budget, 1994 |
| Cecil County | 1 : 1.17 | 1 : 0.34 | 1 : 0.66 | American Farmland Trust, 2001 |
| Cecil County | 1 : 1.12 | 1 : 0.28 | 1 : 0.37 | Cecil County Office of Economic Development, 1994 |
| Frederick County | 1 : 1.14 | 1 : 0.50 | 1 : 0.53 | American Farmland Trust, 1997 |
| Kent County | 1 : 1.05 | 1 : 0.64 | 1 : 0.42 | American Farmland Trust, 2002 |
| Wicomico County | 1 : 1.21 | 1 : 0.33 | 1 : 0.96 | American Farmland Trust, 2001 |
| Massachusetts | | | | |
| Agawam | 1 : 1.05 | 1 : 0.44 | 1 : 0.31 | American Farmland Trust, 1992 |
| Becket | 1 : 1.02 | 1 : 0.83 | 1 : 0.72 | Southern New England Forest Consortium, 1995 |
| Deerfield | 1 : 1.16 | 1 : 0.38 | 1 : 0.29 | American Farmland Trust, 1992 |
| Franklin | 1 : 1.02 | 1 : 0.58 | 1 : 0.40 | Southern New England Forest Consortium, 1995 |
| Gill | 1 : 1.15 | 1 : 0.43 | 1 : 0.38 | American Farmland Trust, 1992 |
| Leverett | 1 : 1.15 | 1 : 0.29 | 1 : 0.25 | Southern New England Forest Consortium, 1995 |
| Middleboro | 1 : 1.08 | 1 : 0.47 | 1 : 0.70 | American Farmland Trust, 2001 |
| Southborough | 1 : 1.03 | 1 : 0.26 | 1 : 0.45 | Adams and Hines, 1997 |
| Westford | 1 : 1.15 | 1 : 0.53 | 1 : 0.39 | Southern New England Forest Consortium, 1995 |
| Williamstown | 1 : 1.11 | 1 : 0.34 | 1 : 0.40 | Hazler et al., 1992 |
| Michigan | | | | |
| Calhoun County | | | | |
| Marshall Township | 1 : 1.47 | 1 : 0.20 | 1 : 0.27 | American Farmland Trust, 2001 |
| Newton Township | 1 : 1.20 | 1 : 0.25 | 1 : 0.24 | American Farmland Trust, 2001 |
| Scio Township | 1 : 1.40 | 1 : 0.28 | 1 : 0.62 | University of Michigan, 1994 |

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

| Community | Residential including farm houses | Commercial & Industrial | Working & Open Land | Source |
|-------------------------|-----------------------------------|-------------------------|---------------------|---|
| Minnesota | | | | |
| Farmington | 1 : 1.02 | 1 : 0.79 | 1 : 0.77 | American Farmland Trust, 1994 |
| Lake Elmo | 1 : 1.07 | 1 : 0.20 | 1 : 0.27 | American Farmland Trust, 1994 |
| Independence | 1 : 1.03 | 1 : 0.19 | 1 : 0.47 | American Farmland Trust, 1994 |
| Montana | | | | |
| Carbon County | 1 : 1.60 | 1 : 0.21 | 1 : 0.34 | Prinzing, 1999 |
| Gallatin County | 1 : 1.45 | 1 : 0.16 | 1 : 0.25 | Haggerty, 1996 |
| Flathead County | 1 : 1.23 | 1 : 0.26 | 1 : 0.34 | Citizens for a Better Flathead, 1999 |
| New Hampshire | | | | |
| Deerfield | 1 : 1.15 | 1 : 0.22 | 1 : 0.35 | Auger, 1994 |
| Dover | 1 : 1.15 | 1 : 0.63 | 1 : 0.94 | Kingsley et al., 1993 |
| Exeter | 1 : 1.07 | 1 : 0.40 | 1 : 0.82 | Niebling, 1997 |
| Fremont | 1 : 1.04 | 1 : 0.94 | 1 : 0.36 | Auger, 1994 |
| Groton | 1 : 1.01 | 1 : 0.12 | 1 : 0.88 | New Hampshire Wildlife Federation, 2001 |
| Stratham | 1 : 1.15 | 1 : 0.19 | 1 : 0.40 | Auger, 1994 |
| Lyme | 1 : 1.05 | 1 : 0.28 | 1 : 0.23 | Pickard, 2000 |
| New Jersey | | | | |
| Freehold Township | 1 : 1.51 | 1 : 0.17 | 1 : 0.33 | American Farmland Trust, 1998 |
| Holmdel Township | 1 : 1.38 | 1 : 0.21 | 1 : 0.66 | American Farmland Trust, 1998 |
| Middletown Township | 1 : 1.14 | 1 : 0.34 | 1 : 0.36 | American Farmland Trust, 1998 |
| Upper Freehold Township | 1 : 1.18 | 1 : 0.20 | 1 : 0.35 | American Farmland Trust, 1998 |
| Wall Township | 1 : 1.28 | 1 : 0.30 | 1 : 0.54 | American Farmland Trust, 1998 |
| New York | | | | |
| Amenia | 1 : 1.23 | 1 : 0.25 | 1 : 0.17 | Bucknall, 1989 |
| Beekman | 1 : 1.12 | 1 : 0.18 | 1 : 0.48 | American Farmland Trust, 1989 |
| Dix | 1 : 1.51 | 1 : 0.27 | 1 : 0.31 | Schuyler County League of Women Voters, 1993 |
| Farmington | 1 : 1.22 | 1 : 0.27 | 1 : 0.72 | Kinsman et al., 1991 |
| Fishkill | 1 : 1.23 | 1 : 0.31 | 1 : 0.74 | Bucknall, 1989 |
| Hector | 1 : 1.30 | 1 : 0.15 | 1 : 0.28 | Schuyler County League of Women Voters, 1993 |
| Kinderhook | 1 : 1.05 | 1 : 0.21 | 1 : 0.17 | Concerned Citizens of Kinderhook, 1996 |
| Montour | 1 : 1.50 | 1 : 0.28 | 1 : 0.29 | Schuyler County League of Women Voters, 1992 |
| Northeast | 1 : 1.36 | 1 : 0.29 | 1 : 0.21 | American Farmland Trust, 1989 |
| Reading | 1 : 1.88 | 1 : 0.26 | 1 : 0.32 | Schuyler County League of Women Voters, 1992 |
| Red Hook | 1 : 1.11 | 1 : 0.20 | 1 : 0.22 | Bucknall, 1989 |
| Ohio | | | | |
| Madison Village | 1 : 1.67 | 1 : 0.20 | 1 : 0.38 | American Farmland Trust, 1993 |
| Madison Township | 1 : 1.40 | 1 : 0.25 | 1 : 0.30 | American Farmland Trust, 1993 |
| Shalersville Township | 1 : 1.58 | 1 : 0.17 | 1 : 0.31 | Portage County Regional Planning Commission, 1997 |

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

| Community | Residential including farm houses | Commercial & Industrial | Working & Open Land | Source |
|-----------------------|-----------------------------------|-------------------------|---------------------|---|
| Pennsylvania | | | | |
| Allegheny Township | 1 : 1.06 | 1 : 0.14 | 1 : 0.13 | Kelsey, 1997 |
| Bedminster Township | 1 : 1.12 | 1 : 0.05 | 1 : 0.04 | Kelsey, 1997 |
| Bethel Township | 1 : 1.08 | 1 : 0.17 | 1 : 0.06 | Kelsey, 1992 |
| Bingham Township | 1 : 1.56 | 1 : 0.16 | 1 : 0.15 | Kelsey, 1994 |
| Buckingham Township | 1 : 1.04 | 1 : 0.15 | 1 : 0.08 | Kelsey, 1996 |
| Carroll Township | 1 : 1.03 | 1 : 0.06 | 1 : 0.02 | Kelsey, 1992 |
| Hopewell Township | 1 : 1.27 | 1 : 0.32 | 1 : 0.59 | The South Central Assembly for Effective Governance, 2002 |
| Maiden Creek Township | 1 : 1.28 | 1 : 0.11 | 1 : 0.06 | Kelsey, 1998 |
| Richmond Township | 1 : 1.24 | 1 : 0.09 | 1 : 0.04 | Kelsey, 1998 |
| Shrewsbury Township | 1 : 1.22 | 1 : 0.15 | 1 : 0.17 | The South Central Assembly for Effective Governance, 2002 |
| Stewardson Township | 1 : 2.11 | 1 : 0.23 | 1 : 0.31 | Kelsey, 1994 |
| Straban Township | 1 : 1.10 | 1 : 0.16 | 1 : 0.06 | Kelsey, 1992 |
| Sweden Township | 1 : 1.38 | 1 : 0.07 | 1 : 0.08 | Kelsey, 1994 |
| Rhode Island | | | | |
| Hopkinton | 1 : 1.08 | 1 : 0.31 | 1 : 0.31 | Southern New England Forest Consortium, 1995 |
| Little Compton | 1 : 1.05 | 1 : 0.56 | 1 : 0.37 | Southern New England Forest Consortium, 1995 |
| Portsmouth | 1 : 1.16 | 1 : 0.27 | 1 : 0.39 | Johnston, 1997 |
| West Greenwich | 1 : 1.46 | 1 : 0.40 | 1 : 0.46 | Southern New England Forest Consortium, 1995 |
| Texas | | | | |
| Bandera County | 1 : 1.10 | 1 : 0.26 | 1 : 0.26 | American Farmland Trust, 2002 |
| Hays County | 1 : 1.26 | 1 : 0.30 | 1 : 0.33 | American Farmland Trust, 2000 |
| Utah | | | | |
| Cache County | 1 : 1.27 | 1 : 0.25 | 1 : 0.57 | Snyder and Ferguson, 1994 |
| Sevier County | 1 : 1.11 | 1 : 0.31 | 1 : 0.99 | Snyder and Ferguson, 1994 |
| Utah County | 1 : 1.23 | 1 : 0.26 | 1 : 0.82 | Snyder and Ferguson, 1994 |
| Virginia | | | | |
| Augusta County | 1 : 1.22 | 1 : 0.20 | 1 : 0.80 | Valley Conservation Council, 1997 |
| Clarke County | 1 : 1.26 | 1 : 0.21 | 1 : 0.15 | Piedmont Environmental Council, 1994 |
| Northampton County | 1 : 1.13 | 1 : 0.97 | 1 : 0.23 | American Farmland Trust, 1999 |
| Washington | | | | |
| San Juan County | 1 : 1.28 | 1 : 0.27 | 1 : 0.71 | American Farmland Trust, 2002 |
| Skagit County | 1 : 1.25 | 1 : 0.30 | 1 : 0.51 | American Farmland Trust, 1999 |
| Wisconsin | | | | |
| Dunn | 1 : 1.06 | 1 : 0.29 | 1 : 0.18 | Town of Dunn, 1994 |
| Dunn | 1 : 1.02 | 1 : 0.55 | 1 : 0.15 | Wisconsin Land Use Research Program, 1999 |
| Perry | 1 : 1.20 | 1 : 1.04 | 1 : 0.41 | Wisconsin Land Use Research Program, 1999 |
| Westport | 1 : 1.11 | 1 : 0.31 | 1 : 0.13 | Wisconsin Land Use Research Program, 1999 |

American Farmland Trust's Farmland Information Center acts as a clearinghouse for information about Cost of Community Services studies. Inclusion in this table does not necessarily signify review or endorsement by American Farmland Trust.