



Future development in Hadley Township will be dependent on a number of factors, some of which include market demand, the carrying capacity of vacant land, government policies, and the needs of the resident population, to name a few. The following Tax Base Analysis is designed to provide the Township with information about different land uses and their effect on tax base, revenues, and expenditures. The following provides comparisons of Hadley Township's tax base compared with Lapeer County, other townships within Lapeer County, and other townships surrounding Hadley Township. There is also a general discussion of the cost of services for different land uses.

TAX BASE ANALYSIS

According to the State Tax Commission, Hadley Township has a 2003 combined State Equalized Value of \$251,188,731. As shown in Figure A3-1, Hadley Township ranks third in terms of taxable value per capita with \$53,961 per capita. The per capita value for Lapeer County is \$39,932. Per capita value is a good indicator of a community's ability to finance municipal services or fiscal capacity and in this scenario, Hadley Township currently appears to be well situated to provide needed services for their residents. The challenge will be to maintain this fiscal capacity as the Township grows.

Figure A3-2
Taxable Value Per Capita

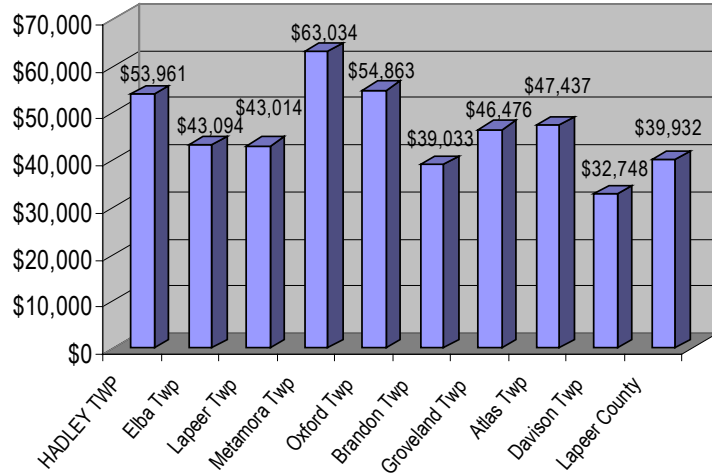


Figure A3-2 shows that nearly 84 percent of the Township’s taxable value comes from residential uses, 13 percent from agricultural uses and less than one percent from commercial and industrial uses. It should also be noted that since multiple-family developments are taxed as a commercial business the assessed value for multiple family developments are included in commercial rather than residential.

Figure A3-2
Percent of Total SEV
Hadley Township

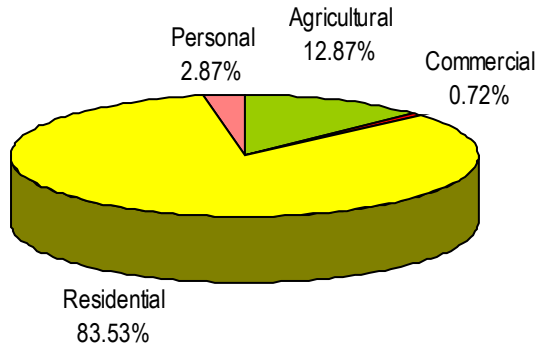


Figure A3-3 shows the percentage of total tax base, by land use category, for Hadley Township and all adjacent townships. Table A3-1 summarizes all of the tax information. As Figure A3-3 portrays, Hadley Township far exceeds adjacent townships in terms of tax base derived from agriculture uses (12.87%). For the townships in Lapeer County, Hadley Township’s agricultural SEV is nearly double that of the second leading township, Metamora (7.20%). Conversely, Hadley Township has the lowest percentage of their tax base derived from commercial and industrial uses compared with all other adjacent townships. In fact, Hadley Township’s commercial SEV is about one-fifth of Elba Township’s commercial SEV, which is the second lowest of the surveyed townships. Hadley Township has the fifth largest residential SEV as a percent of total SEV compared with the nine townships surveyed.

Figure A3-3
Percent of Total SEV
Hadley and Adjacent Townships

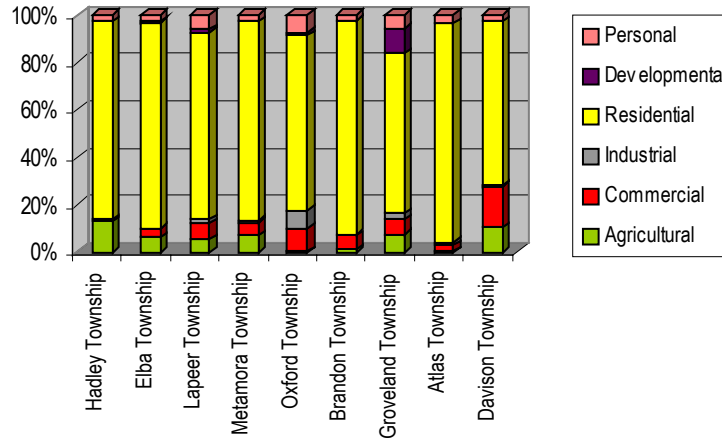


Table A3-1
State Equalized Value
Hadley and Adjacent Townships

	Agricultural	% of Total	Commercial	% of Total	Industrial	% of Total	Residential	% of Total	Developmental	% of Total	Personal	% of Total	Total
Hadley Township	\$32,340,300	12.87%	\$1,804,005	0.72%	\$0	0.00%	\$209,827,773	83.53%	\$0	0.00%	\$7,216,653	2.87%	\$251,188,731
Elba Township	\$14,122,000	6.00%	\$9,293,300	3.95%	\$411,000	0.17%	\$204,385,800	86.83%	\$669,500	0.28%	\$6,495,400	2.76%	\$235,377,000
Lapeer Township	\$11,809,300	5.41%	\$14,608,300	6.69%	\$3,764,900	1.72%	\$171,960,300	78.73%	\$2,583,000	1.18%	\$13,699,200	6.27%	\$218,425,000
Metamora Township	\$18,998,446	7.20%	\$14,259,917	5.41%	\$1,751,824	0.66%	\$221,398,724	83.95%	\$0	0.00%	\$7,326,674	2.78%	\$263,735,585
Oxford Township	\$2,195,420	0.25%	\$87,494,300	9.95%	\$65,657,340	7.47%	\$648,942,740	73.81%	\$10,700,280	1.22%	\$64,193,000	7.30%	\$879,183,080
Brandon Township	\$6,990,400	1.21%	\$34,293,500	5.95%	\$1,334,700	0.23%	\$520,027,100	90.29%	\$0	0.00%	\$13,322,550	2.31%	\$575,968,250
Groveland Township	\$20,712,230	7.25%	\$18,624,720	6.52%	\$7,142,620	2.50%	\$193,072,000	67.55%	\$29,677,340	10.38%	\$16,598,160	5.81%	\$285,827,070
Atlas Township	\$1,505,000	0.44%	\$8,299,200	2.41%	\$3,797,900	1.10%	\$317,850,800	92.33%	\$0	0.00%	\$12,798,000	3.72%	\$344,250,900
Davison Township	\$60,687,200	10.46%	\$100,731,370	17.36%	2733700	0.47%	\$400,590,900	69.02%	\$0	0.00%	\$15,618,420	2.69%	\$580,361,590
Lapeer County	\$450,355,693	12.83%	\$248,010,150	7.07%	\$59,315,469	1.69%	\$2,556,306,399	72.83%	\$23,174,159	0.66%	\$173,032,010	4.93%	\$3,510,193,880
Oakland County	\$179,175,390		\$11,435,938,410		\$4,133,581,982		\$46,577,341,174		\$275,251,120		\$4,484,153,706		\$67,085,441,782
Genesee County	\$137,786,700		\$1,992,977,841		\$479,802,470		\$8,101,246,431		\$2,708,800		\$934,450,805		\$11,648,973,047

Source: Michigan State Tax Commission, 2003 SEV Reports

COST OF SERVICES OVERVIEW

A number of studies indicate that different types of land uses demand various levels of municipal services, such as schools, fire/police protection, sewer and water, road infrastructure, etc. Because of this range in demand for services and in turn municipal expenditures, it is important for communities to evaluate the composition of their tax base. The costs of services and infrastructure must be balanced against revenue. There are also issues related to quality of life, including traffic, noise, and other environmental impacts.

Fiscal impact analysis can be used to project the impact of the public costs and revenues associated with residential and non-residential growth. This methodology is beyond the scope of this report. However, there have been various studies that show

that residential land uses (especially multiple-family residential with a high number of bedrooms) typically demand more services than they pay for in tax revenues. A study entitled "The Fiscal Impact of Sprawl", prepared by Dr. Robert Burchell of Rutgers University, provided the cost-revenue hierarchy of land uses shown in Table A3-2.

Table A3-2

The Cost-Revenue Hierarchy of Land Uses		
Municipal Gain (+)	Research Office Parks	School District Gain (+)
	Office Parks	
	High-Rise/Garden Apartments (Studio/1 bedroom)	
	Age-Restricted Housing	
Municipal Break Even	Garden Condominiums (1-2 bedrooms)	School District Loss (-)
	Open Space	
Municipal Loss (-)	Retail Facilities	
	Townhouses (2-3 bedrooms)	
	Expensive Single-Family Homes (3-4 bedrooms)	
	Townhouses (3-4 bedrooms)	
	Inexpensive Single-family Homes	
	Garden Apartments (3+ bedrooms)	
	Mobile Homes	

Burchell, Dr. Robert. The Growth Equation: Excerpts from a Presentation at the MSU Land Use Forum, February 18, 1997 Entitled "Fiscal Impact of Sprawl". Planning and Zoning News, Vol. 15, No. 10 August 1997.

Another report created by the Farmland Information Center looked at eighty-three different communities throughout the United States. The conclusions of this summary report, shown in Figure A3-3, documented the high cost of residential development compared with agriculture, commercial, or industrial development. On average a residential home required \$1.15 of services for every \$1.00 in revenues generated while commercial/ industrial uses required \$0.27 for every \$1.00 of revenue and agricultural land \$0.36 for every \$1.00 of revenue.¹

¹ American Farmland Trust, Fact Sheet – Cost of Community Services Study, Sept. 2001

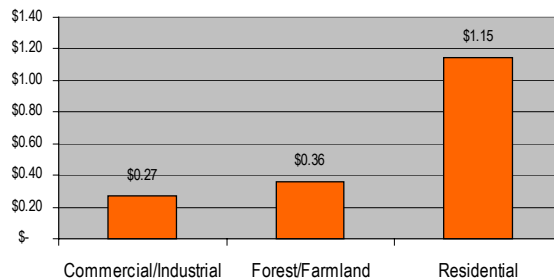
Research done for two townships in Calhoun County reported that residential uses cost \$1.47 and \$1.20 per \$1.00 of revenue generated, commercial and industrial cost \$0.20 and \$0.25 for every \$1.00 in revenue, and farmland and open space \$0.27 and \$0.24 for every \$1.00 in revenue.² The Farmland Information Center Report and the Calhoun County report focused on the fiscal benefits of farmland preservation for a community compared with residential development.

In summary, these studies conclude that farmland, office, industrial, and some commercial facilities generate more in municipal tax revenues than public expenses and that most residential development generally fairs worse. Although these studies are generalized and should be used with caution since every community is different in terms of its fiscal stability, they do provide an additional consideration for land use planning in the Township. However, cost is not the only issue the Township needs to consider when determining an appropriate mix of land uses; it is just one factor in determining to what extent various land uses should be planned.

Most communities strive to balance the mix of farmland, residential, and non-residential land uses to provide a more even flow of revenues and expenditures and to address quality of life issues. It is also important for communities to recognize that many retail land uses can demand a significant level of municipal services. Therefore, from a fiscal perspective, it is preferable that the non-residential tax base be composed of land uses such as office parks, high-tech, and industrial developments. Of course, fiscal considerations do not serve as the sole catalyst behind development policies.

The variation in generated revenue from different land uses is also important in terms of planning for infrastructure and public service needs of the community. As the Township's population grows so will its need for public infrastructure and services. If residential tax base is not sufficient to pay for these improvements then commercial and industrial land uses will be necessary to offset these costs. Within a Master Plan framework, understanding the cost of services for different land uses is also important since the Plan looks at the development of the Township ten to twenty years into the

Figure A3-3
Cost of Community Services
The cost of providing services for every
\$1.00 in generated revenue



Source: American Farmland Trust. Fact Sheet of Cost of Community Services Study. Sept. 2001

future. Population growth and expanding commercial or industrial land uses will come at a price that the Township can prepare for now rather than react to after the fact. Preparing for growth in terms of roadways, water and sewer, police, and fire services should prove to be more fiscally efficient for the Township rather than trying to catch up to development after it has already been constructed.

CONCLUSIONS

The preceding discussion identifies the following issues that Hadley Township will need to consider while preparing their Master Plan.

- The Township has a strong agricultural tax base, which in terms of public services, typically generates more revenue than costs for the Township.
- Residential SEV ranks fifth among the nine communities surveyed while commercial and industrial SEV ranks last. Residential uses typically require more services than they generate in tax revenue. This shortfall would be subsidized by other uses that “pay their way” such as farmland or commercial/industrial. With such a limited amount of non-residential uses, agricultural operations may be subsidizing the cost to serve residential homes.
- Maintaining a viable agricultural base will be challenging in light of the rapid division of farmland and conversion to residential homesites.
- From a value per capita, Hadley Township currently appears to be well situated to provide needed services for their residents. The challenge will be to maintain this fiscal capacity as the Township grows.

² Cost of Community Services, www.mqtinfo.org/planningeduc0087.asp/