

<Attached file is a tool for Lebanon policy makers. Model is built to answer question: What is the revenue and expenses to city and school if project built? Specific math models can be created to address specific planning/economic development policy questions for towns, cities, counties and state entities.>

I'm aware that all across the state people are saying housing costs more than the revenue generated. I too find this hard to believe. However, in Lebanon the aggregate data says that this is in fact true. The attached file models Lebanon city and school revenue and expenses based upon historic data. The report I will publish for Lebanon will contain a by zoning district analysis. The residential (+) impact to revenue and expense is not the same amongst the zones. So the question is; why is residential at such a disadvantage? I think it is because the revenue doesn't support the expense. Decrease the tax valuation of the home and municipal revenue goes down, aggravating the situation.

One factor observed in Lebanon is that the appraised value of commercial is in decline to 5% increase and residential is positive to 25% increase. The effect on the median home owner who has a home is astounding. The home taxes go up causing the household to carry more of the municipal budget. Percent of household income to property tax has increased from 9.36 to 11% for the median Lebanon household. It is only worse for the household that wishes to purchase a home and can yet not afford it. The bad news is that the model (attached file) for Lebanon says that home taxes still don't produce enough revenue to offset expenses.

TAX IMPACT ON HOUSEHOLD INCOME

YR	Muni Rate	Home Val	Muni \$	Schl Rate	Schl \$	Total Tax	Income	%income
1995	\$11.66	\$90,872	\$1,060	\$26.33	\$2,393	\$3,452	\$36,868	9.36%
1996	\$9.04	\$95,946	\$867	\$21.50	\$2,063	\$2,930	\$37,863	7.74%
1997	\$9.22	\$97,933	\$903	\$21.60	\$2,115	\$3,018	\$38,886	7.76%
1998	\$13.30	\$103,380	\$1,375	\$17.72	\$1,832	\$3,207	\$39,936	8.03%
1999	\$13.52	\$110,733	\$1,497	\$17.37	\$1,923	\$3,421	\$41,014	8.34%
2000	\$12.06	\$125,195	\$1,510	\$16.42	\$2,056	\$3,566	\$42,121	8.46%
2001	\$12.42	\$143,060	\$1,777	\$17.56	\$2,512	\$4,289	\$43,259	9.91%
2002	\$12.42	\$163,791	\$2,034	\$17.56	\$2,876	\$4,910	\$44,427	11.05%

The model can be used to evaluate development types for Lebanon and the effect on community revenue and expenses. As such, the model predicts fiscal impact (both positive and negative) due to the proposed project analyzed. Given the appropriate data, the model can be refined to evaluate development by zoning district.

The model illustrates how mathematic tools can be used to aid in providing information to community planners and economic developers to do "what if" analysis. Find attached an Excel file. The file contains a model that will analyze what the impact to Lebanon NH City and School expenses/revenue given the dollar value and type of project.

The model was developed using historical expense, revenue and valuation data from prior years. The data was then fed to a statistical modeling software package that was then used to determine the mathematical equations used in this file.

How to Use:

1. Open File.
2. Revenue and Expenses shown are calculated values from the model. They are very close to the actual values reported by the city and school.
3. Determine the type of project; Industrial/Commercial or Residential.
4. Determine the tax valuation of project after construction.
5. Enter the dollar value in the appropriate cell (Ind/Com in cell B10, and Residential in cell B11).

6. Observe the calculation output in cells so noted.

Note - This information is preliminary. A report will be published and given to the City of Lebanon for their use and available upon request.

See

<http://www-pam.usc.edu/volume5/v5i1a3s1.html>

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