



Photo by Qing Bryant, TX Dept of Ag.

Cost of Community Services:

The Value of Farmland and Open Space in Bexar County, Texas



Photo by Paul Brawley



Courtesy Texas Dept. of Transportation



Courtesy Texas Dept. of Transportation

Noted Texas historian and journalist Frank Tolbert once said, “Every Texan has two homes, his own and San Antonio.” Throughout Bexar County’s history, indigenous people and newcomers from Old Mexico, Europe, the West and the Deep South have converged in the City of San Antonio, making it their second home. Today, the Alamo, Market Square, the Spanish missions and the River Walk form the backbone of a vibrant tourism destination. With so much to see and do, it is no surprise that Bexar County continues to attract new residents.

With a population of 1.4 million citizens, Bexar County grew almost 20 percent between 1990 and 2000. It contains America's ninth largest city; Bexar County's reliance on the natural resources that attracted its first human inhabitants has diminished little. Those resources, vital to the county's future, include the Edwards Aquifer—San Antonio's primary source of drinking water—and fertile agricultural land—the county's third largest revenue generator. Over the next several years, Bexar County's citizens and elected leaders will determine how to use the largely undeveloped agricultural region south of the city and the land over San Antonio's critical and limited drinking water supplies to the north. Their decisions will shape the face of the county permanently. They will affect the continued demand for rural living in the picturesque Hill Country over the aquifer and the new residential development that will surely follow the building of the automobile manufacturing plant on the Southside.

As land use decisions are made, Bexar County must consider both the benefits and costs of different types of growth. The lure of increased tax revenues promised by new housing can be irresistible, but the net fiscal impact of this growth is actually negative. When residents move in, the county government and school districts are expected to step up their capacity to provide the customary levels of service to these new residents. As the demand for these public services increases, so do the costs to provide them.

On average, residential lands demand more in service costs, including schools, public safety, road maintenance and water/wastewater, than they provide in revenue. Conversely, agricultural lands and open space

create a surplus for Bexar County—generating more than six times more revenue than what the county spends on them. If residential development is not balanced by business growth and conservation, it is likely that property taxes will rise or services will decline.



Photo by Paul B. Smith

The Cost of Services to Bexar County

To measure the fiscal impact of existing land uses on Bexar County's budget, University of Texas-San Antonio graduate student Helen Holdsworth, with the assistance of American Farmland Trust (AFT), conducted this Cost of Community Services (COCS) study. Revenues and expenditures from three different types of land uses—agricultural/open space, commercial/industrial and residential—were considered for fiscal year 2001. Tax revenues generated by each land use were compared to dollars spent to provide public services such as road maintenance, schools, water/wastewater and law enforcement.

Table 1 shows how much was spent by the county and the independent school districts to provide services to residents, compared to the tax dollars generated by the three categories of land use.

The revenues/expenditures ratios show that agricultural land and open space more than pay for themselves, even when those lands are taxed at the agricultural val-



Courtesy: Texas Dept. of Texas

Bexar County's farmers, producing greenhouse crops, beef cattle, corn and vegetables, generated \$68 million in market value for their products in 1997.

Combined with San Antonio's vast food processing industry and restaurant business, the economic impact of agribusiness in 1997 was \$6.2 billion.

uation. For every dollar these lands provide in revenue from property taxes, sales taxes and other revenues, they demand only \$0.18 in services. Similarly, industrial and commercial properties provide a net fiscal benefit, demanding only \$0.20 in service costs for every dollar they generate.

While residential lands generated significantly more dollars in property taxes, they required even more in services—\$1.15 for every \$1 paid in taxes. Education was the most expensive service provided, accounting for roughly 85 percent of total expenditures.



The Benefits of Agriculture and Open Space

The results of this study demonstrate the importance of agricultural land and open space to the fiscal stability of Bexar County. A COCS study is only a “snapshot in time” of revenues and costs based on land use. It cannot predict future growth nor is it meant to be anti-growth. The Bexar County COCS study confirms that:

- Taxes and other revenues from residential development do not cover all the public services residents demand. The county needs a balance of land uses, including farms and open space, to reduce overall infrastructure costs and provide sufficient revenue to pay for these services. Otherwise, as more residential development occurs in existing subdivisions, services will be stretched thinner or cut—or property taxes will have to be raised.
- Agricultural land and open space pay more in local tax revenues than they receive back in services. Texas’ agricultural and open space valuation property tax program is justified as a cost-effective incentive to keep land open and in active agricultural use. Even with a reduced assessed value, agricultural properties contribute a significant surplus to offset the high cost of public services for county residents.
- Farm and ranch land should not be considered an interim use awaiting conversion to “highest and best” use. Bexar County should plan a future for these lands for fiscal reasons as well as for their economic, aesthetic and cultural benefits.

Table 1. Cost of Community Services

Combined budgets of Bexar County and Independent School Districts

	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Agricultural/ Open Space</u>
Total Revenues	\$1,512,535,322	\$290,211,122	\$42,053,768
Total Expenditures	\$1,741,540,866	\$58,672,933	\$7,446,628
Revenues/Expenditures Ratios	\$1 : \$1.15	\$1 : \$0.20	\$1 : \$0.18

For every dollar received in taxes from farm and open space, Bexar County spends only \$0.18 to provide services to these lands. Yet for every dollar received in tax revenue from residential development, the county spends \$1.15 to service residential properties.

Water and Land Are Important Factors in Bexar County's Future

Residents and county officials have wisely begun to address the issue of balanced growth in the San Antonio area. In May 2000, San Antonio's voters approved Proposition 3, authorizing a 1/8 cent sales tax increase to purchase undeveloped land in the recharge and contributing zones of the Edwards Aquifer in northwestern Bexar County. This action

generated \$65 million dollars, most of which was used to buy 7,000 acres of land. This will permanently protect the vulnerable underground

water systems from increased pollution and over-pumping, while conserving open space and wildlife habitat at the same time.

A different kind of initiative began in 2002 when the San Antonio City Council recognized the need for balanced growth on the city's south side. The Southside Initiative Community Plan calls for the conservation of as much as 25 percent of developable land for agricultural use, to protect not only the community's rural character, but to

maintain an agricultural industry that is thriving in part because of its proximity to urban customers. Bexar County farmers depend on their urban neighbors to patronize the 20 farmers' markets in the city and to purchase the greenhouse products that make Bexar County the third largest producer of nursery goods in Texas.

To ensure a future for Bexar County with ample and clean water supplies, a profitable agricultural industry and an enviable quality of life, citizens and officials need to act today by:

1. Maintaining Bexar County's vibrant agricultural industry by conserving working lands through public and private options such as estate planning, conservation easements and funding sources available through the Farm Bill, local conservation agencies and land trusts;
2. Supporting future public funding initiatives to fund the purchase of land and development rights from willing landowners for open space protection;
3. Providing incentives for urban redevelopment and for conservation subdivisions for new housing needs to minimize sprawl, infrastructure costs and loss of farmland and open space; and,
4. Maintaining floodplain buffers along creeks and rivers in Bexar County to provide open space, protect habitat and minimize expenditures on flood-related cleanup.

As Bexar County's population continues to grow, the land use policies and decisions that leaders make will have important consequences for the future quality of life of residents. Because there are fiscal as well as economic and cultural reasons to preserve open space and agriculture, the findings of this study help make the case to include agricultural land in any local decisions about growth. Planning for agriculture is as important as planning for growth. The Bexar County COCS study can help community leaders and citizens focus their discussions on how to accommodate new residents while preserving the county's fragile natural resources and agricultural heritage.



For information on American Farmland Trust's activities in Texas and around the nation, please visit our Web site at www.farmland.org.

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Who is AFT? American Farmland Trust is a private, nonprofit conservation organization founded in 1980 to protect the nation's agricultural resources. AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment.

AFT works in Texas at state and local levels to inform the public about farm and ranch land conservation and to aid communities in initiating local farm and ranch conservation programs. For more information, call (800) 370-4879.