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## ANN ARBOR TOWNSHIP COST COMPARISON

### FACT SHEET

- the Cost Comparison asks: if farmland becomes developed with houses, what costs will be borne? would the new houses contribute enough in taxes to cover the cost of providing services? how does that compare with preserving farmland through purchasing conservation easements?

- looks at both the revenue picture and the cost picture for three densities of residential development: half-acre lots, three acre lots and ten acre lots

- only such study in Michigan (Ann Arbor Township, Washtenaw County)

- study provides valuable data for local decision-makers

- as a "home rule" state, townships, cities and villages make the land use decisions in Michigan

- residential development proponents argue that having more houses leads to higher assessed land values, and therefore more revenues for local governments

- there are many "external" costs associated with development which are borne by the entire community, not just by the newcomers

- the results:

	<u>Shortfall</u>	<u>Tax Increase</u>	<u>Cost/Existing Home</u>
Half-acre Lots	\$17M	4.45 mills	\$552
Three acre Lots	\$ 4M	1.35 mills	\$167
Ten acre Lots	\$ 1M	0.2 mills	\$ 25

- residential development would not provide enough tax revenues to pay for the services it required; costs would be borne for 20 years or longer

- high education costs were the primary reason residential lands are so expensive to service

- in comparison, purchasing conservation easements on the Township's remaining tillable acreage would cost \$7.2 million with no matching funds, resulting in a tax rate of 1.16 mills for 20 years (\$144 per existing household)

- it is in the community's best interest to mix efficient development with the preservation of its farmland and open spaces to keep taxes from rising dramatically as residential development demands new or expanded services

Source: Legacy Land Conservancy