

I recently ran into a friend at lunch. He said that he'd heard we were nearly out of residential lots in the city and asked how it would impact taxes. His information was exaggerated, but it posed an interesting question.

Buildable Lots

If you talk with an individual builder or developer, you may be told there are only five or six lots available. That may be true for that particular builder, but there are more than that throughout the city.

Based on a quick driving tour (my numbers may be high or low by a couple), there are seven lots in Capstone Ridge, ten lots in Grand Orchard Estates, eight lots in Berg-Woodworth-Petterson, and six lots in Westfield Meadows. This is a total of thirty-one buildable, single-family lots.

Additionally, there are six duplex lots in Grand Orchard Estates, a duplex lot in Westfield Meadows, four duplex lots in Countryside, and several multi-family lots on Brown School Road.

Some of the lots may have higher costs associated with them due to extra brush clearing or grading. Some may be odd-shaped and tougher to site a house. And some may have owners not interested in building. But the point is there are more than five or six buildable lots.

Platted Lots

Both Westfield Meadows and Capstone Ridge were planned to develop in phases. From a developer's point this reduces holding costs. From the city's point of view (when the development agreements were negotiated in the early 2000's) the phases were a way to slow the rate of growth which many thought to be too fast at the time.

Westfield Meadows has one-hundred-forty-six platted single-family lots. Utility and street infrastructure has been installed for thirty-two of these lots. So one-hundred-fourteen lots are approved, platted, and have an existing development agreement. Extending infrastructure into the next phase would increase the inventory of buildable lots in the city.

Capstone has a one-hundred-thirty-seven platted lots. Utility and street infrastructure has been installed for fifty-two of these lots. So eighty-five lots are approved, platted, and have an existing development agreement. In this case, the construction costs to extend infrastructure into the next phase are high on a per lot basis, so future development could come slowly. It will need either patient money, higher sales prices for lots, or to revisit the planned lot layout and infrastructure.

Two additional developments (Celtic Ridge and Larson Acres) have been floated conceptually but do not have approved plats or development agreements. Together, these could provide around two-hundred additional lots in the future.

Levy Limits

Since 2006, we have operated under state-imposed levy limits; although, the state has revised the specifics of the law several times, making them even tighter in more recent years. Evansville has

historically not taxed to the max; nevertheless, property taxes comprise about half of our general operating revenues. The levy limit is a major part of the city's fiscal planning.

The current limit is the greater of zero or net new construction. This means a city can only increase property taxes by the amount of new building construction less any demolished buildings. If a city had no new construction, then the allowable levy increase is zero percent. There is no adjustment for inflation or other changes in operating costs.

In Evansville, construction over the past year was respectable at 2.06%. The average for Rock County was 0.73%, and the average for the state was 0.90%. Obviously, these figures reflect both residential and commercial construction, not just new single-family housing starts.

Conclusion

Since 1999, we have averaged thirty-one single-family housing starts; although, the recessionary years of 2007 through 2012 saw an average of fourteen. The high was seventy in 2004. The low was eight in 2008. Since that low, we have seen a steady increase and had eighteen new homes last year. So far this year, we have had ten single-family houses under construction plus six duplex units.

Assuming (and hoping) this growth pattern continues, the thirty-some vacant lots should get us through 2014, maybe into 2015, but not much further. Opening additional lots (whether the next phase of an existing subdivision or the start of a new subdivision) should be expected and should be encouraged within the next year.

The city has managed to maintain service levels through the recession. I'd even argue that we have strengthened our position as we've formalized our budgeting, purchasing, and debt policies during this time. Additional development (both residential and commercial) is an important element in maintaining the city's fiscal health.