
A 2012 Community Resolution: Fiscal Sustainability

By Anonymous

Published: Jan 16 2012 - 18:43

What does it take to create a sustainable community? Of course it requires mitigating environmental impacts of all types, adopting green development standards and managing land use to a balanced mix of jobs and housing as well as adequate transportation and open space.

But what about *fiscal sustainability*?

In order for a community to be able to provide adequate services for its residents and businesses, and maintain its infrastructure, it is necessary to have a mix of land uses that creates sufficient revenues. Fiscal sustainability creates a link between planning and the economics of the market.

The majority of studies show that residential development in isolation produces negative fiscal impacts since the level of taxes generated by residents is generally not sufficient to support the higher level of services they require. That said, retail development that is supported by those same residents generates significant positive fiscal impacts to counterbalance the residential. Office and industrial uses typically generate positive impacts although much lower in magnitude than retail, depending on the local tax structure in a given state.

A balanced mix of land uses is critical for long term fiscal sustainability

There must be an adequate amount of sales tax generating uses to balance residential development, plus office and industrial are needed to create jobs for residents and support local retail. The optimal mix for a given community will depend on local tax structure, current capacity of public facilities and services, the lifecycle stage of city and the ability for residents to access jobs in surrounding areas.

Community sustainability is not only an environmental and planning issue; it also requires a balanced mix of public revenues and expenditures to support both current and future development.