



Maximizing the Value of Land



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Executive Summary



Fiscal Sustainability of Housing Development

Central Indiana faces opportunities and challenges in fostering balanced and sustainable growth patterns in a complicated economic and regulatory environment. New housing is needed. The Central Indiana Housing Study (IMPO, 2022) found that housing prices were outpacing wage growth in the region, and new housing production is needed at most cost levels—particularly for middle to lower income households. Providing housing choices—which include denser housing typologies from twin homes and townhomes to apartments and condominiums—was recommended as a critical ingredient for meeting regional needs. It turns out such housing has fiscal benefits for local governments as well.

The Maximizing the Value of Land study provides regional policymakers and the public with data-driven insights into how housing development decisions impact municipal and school district budgets. Understanding these fiscal implications is essential for long-term sustainability as communities navigate growth pressures in a statutory context that constrains municipal revenue growth.

The study analyzes ten ownership and rental housing development types ranging from estate homes on one-acre lots to mid-rise apartments with structured parking. It evaluates their fiscal implications for three test-case municipalities (Noblesville, Greenwood, and McCordsville) and one school district (Noblesville Schools). And it demonstrates how housing density, ownership structure, and the location of development significantly influence net fiscal outcomes—providing actionable insights to inform municipal land use planning and development decisions.

Methodology Summary and Key Findings

Fiscal impact model

The foundation of the study is a spreadsheet model that was custom created to calculate local government revenues and costs associated with the development of ten prototypical housing types in Central Indiana. The model estimates:

- Local government **revenue** (e.g. property tax, local income tax , etc) generated by ten acres of each housing type
- The **cost** of providing services (such as street maintenance, police and fire protection) to the new housing, for each housing type
- The **net fiscal impact** of each housing type—which is simply the difference between new revenues and new costs

The model provided a flexible foundation for a range of topical studies.

- It was tailored to the specific budget settings of three test-case municipalities and one school district.
- It was extended to take into consideration:
 - The impact of the 2025 Indiana statute, Senate Enrollment Act 1 (SEA-1)
 - The life cycle cost of infrastructure
- It was utilized to analyze the net fiscal contributions of three recent developments built in different development settings—one of which utilized public financial support in the form of tax increment financing.





Test Case Municipalities

The fiscal impact model was tested and refined by applying it to the budgets of three specific test-case municipalities, in consultation with local finance officials. This yielded the net fiscal impact of each housing development type for each of the three jurisdictions.

Key Findings

- **All types of residential development tended to be fiscal contributors** because residential development (in contrast to commercial development) generates both property taxes and local income taxes.
- **Higher density housing generates greater net revenues than lower density development** on the equivalent land area. Mid-rise apartments produce the strongest net fiscal benefit, generating an average of \$1.37 million in annual net revenue per ten acres for the three test-case municipalities, compared to \$8,710 for estate homes.
- **Rental housing consistently outperforms comparable ownership housing** in the net revenues they generate, due to provisions that reduce property tax payments for owner-occupied properties.
- **These findings were robust** across three differently situated municipalities.



Senate Enrolled Act 1 (2025)

An extension of the fiscal impact model evaluated the implications of Indiana's new municipal financing statute, Senate Enrolled Act 1 (SEA-1). The statute has profound implications for municipal revenue generation. It is projected to reduce property tax revenues for municipalities by approximately 23% for rental housing and 30% for ownership housing by 2031 through increased homestead deductions and new property tax credits. It also places caps on year-over-year increases in the local property tax levy. To maintain balanced budgets, municipalities across Indiana will be faced with difficult decisions relative to both revenue generation and spending on municipal services.

Key Findings

- The analysis underscores the likelihood that **local municipalities will need to make adjustments to their revenue mix.**
- Housing types that provide the greatest fiscal benefits **continue to do so under SEA-1.**



Life Cycle Costs of Infrastructure

Builders of new housing often pay for the new street and utility infrastructure as part of their project, but the long-term maintenance of that infrastructure typically falls to the local municipality. An extension of the fiscal impact model analyzed the expected cost of street and utility maintenance for each development type over a 100-year forecast window.

Key Findings

When life cycle infrastructure costs are taken into consideration:

- The **fiscal benefits of housing development were modestly reduced** for all of the development types.
- **Some lower density housing development become fiscally negative.**



Site-Specific Case Studies

The fiscal impact model was applied to a set of three recently developed housing projects, which:

- Are located in settings on previously undeveloped land, requiring new street and utility infrastructure, and in existing neighborhoods where infrastructure is already present.
- Encompass both apartment and townhome development.
- Include one which was a recipient of public financial support in the form of tax increment financing (TIF).

Key Findings

- **New development in existing neighborhoods are estimated to save 25%** in total municipal service costs compared with developments on undeveloped property which add long-term maintenance obligations for their new street and utility infrastructure.
- The TIF-funded project will have a **small negative fiscal impact** during the TIF repayment period, and a **significant positive fiscal impact in the long run.**

School district analysis

A school district fiscal impact model was developed to analyze the expected revenues housing development generates for a school district, and the service obligation it imposes on it through school age children who live in the new development. The model evaluates the net fiscal impact of each of the ten housing development types being analyzed.

Key Findings

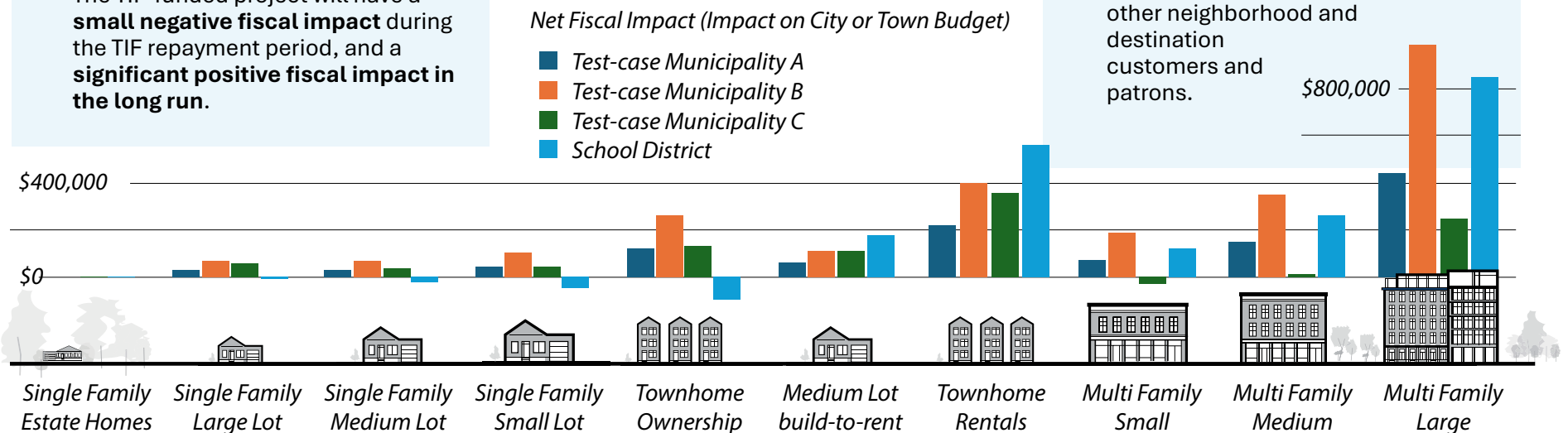
- **Higher density housing types generate greater fiscal benefits** than lower density development on the equivalent land area.
- **Rental housing types generate strongly positive fiscal impacts** for school districts. Most ownership housing types are net negative because they are more likely to house families with school age children.

Quality of Place

In addition to quantitative analysis of economic impacts, this study undertook research to understand the impact and importance of housing development on the viability of quality-of-life features in local communities. Research objectives included understanding the relationship between households and business viability, including the critical mass of housing units that might be needed to support a vibrant, walkable main street district.

Key Findings

- **All businesses require a certain number of customers in their market area**, although the market area and the size of the customer base varies by business type.
- **Walkable business districts benefit greatly from nearby housing density.** Nearby residents provide a foundational customer base and pedestrian traffic that can be pivotal for attracting other neighborhood and destination customers and patrons.



Policy Implications and Strategic Recommendations

The changing statutory landscape constrains the options available to Central Indiana municipalities to balance their budgets while continuing to provide high quality municipal services. This study points the way to development strategies that can be part of the solution. Based on its findings, local governments should consider:

- Encouraging higher density development that maximizes assessed value per acre while minimizing the per-unit cost of infrastructure extension.
- Prioritizing infill development where possible, to leverage existing infrastructure and reduce infrastructure maintenance costs.
- The inclusion of high quality rental housing options, which are net contributors to both municipal and school district budgets.

The fiscal contributions of higher density and rental housing developments can be invested flexibly. For example, they can be dedicated to meeting existing service obligations, supporting business development, or funding quality of life improvements or programming, such as on community main streets or in the park and recreation system. Alternatively, municipal revenues from new development can be utilized to lower the property tax burden on existing taxpayers.

This study's fiscal modeling framework may itself be a methodological foundation that local governments could utilize to assess evaluate future growth scenarios and analyze the fiscal implications of development proposals.



Building Fiscally Sustainable Communities

The Maximizing the Value of Land study equips regional policymakers with quantitative evidence that housing development

decisions have measurable, long-term fiscal consequences for local governments. Compact, higher-density development patterns consistently deliver stronger fiscal outcomes than lower-density patterns across multiple metrics: revenue generation per acre, infrastructure maintenance costs, and service delivery costs. Rental housing typologies have fiscal advantages over ownership housing typologies in the existing statutory environment.

As Central Indiana continues to grow, these insights support comprehensive planning that factors in fiscal sustainability considerations. The analysis demonstrates that fiscally responsible growth incorporates the prioritization of development density, leveraging existing infrastructure where possible, and balancing the fiscal impacts on both municipal and school district budgets. Regional coordination among IMPO municipalities can amplify these benefits by building on this framework and sharing best practices. By integrating fiscal impact analysis into routine planning and development review processes, Central Indiana communities can maximize the long-term value of land while ensuring responsible stewardship of public resources and maintaining quality of life for its 1.8 million residents.



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Introduction



Central Indiana is experiencing sustained growth, evolving development patterns, and increasing demands on local infrastructure and public services. As communities across the region navigate these changes, understanding the fiscal implications of growth pattern has become essential to long-term sustainability. In order to be fiscally sustainable over time, it is important to understand how different growth patterns—and more specifically, different types of housing development—impact local government budgets.

The Maximizing the Value of Land Study develops that information through analyzing the impact of different residential

development types on municipal (and school district) revenues, service costs, and overall fiscal health. Through a combination of advanced modeling, detailed cost-of-service analysis, and regional engagement, the study provides a comprehensive framework for understanding the fiscal costs and benefits of housing development for local governments across a diverse metropolitan landscape. The intent is to support local governments, regional partners, and policymakers as they work collectively to enhance quality of life, ensure responsible stewardship of public resources, and maximize the long-term value of land throughout Central Indiana.

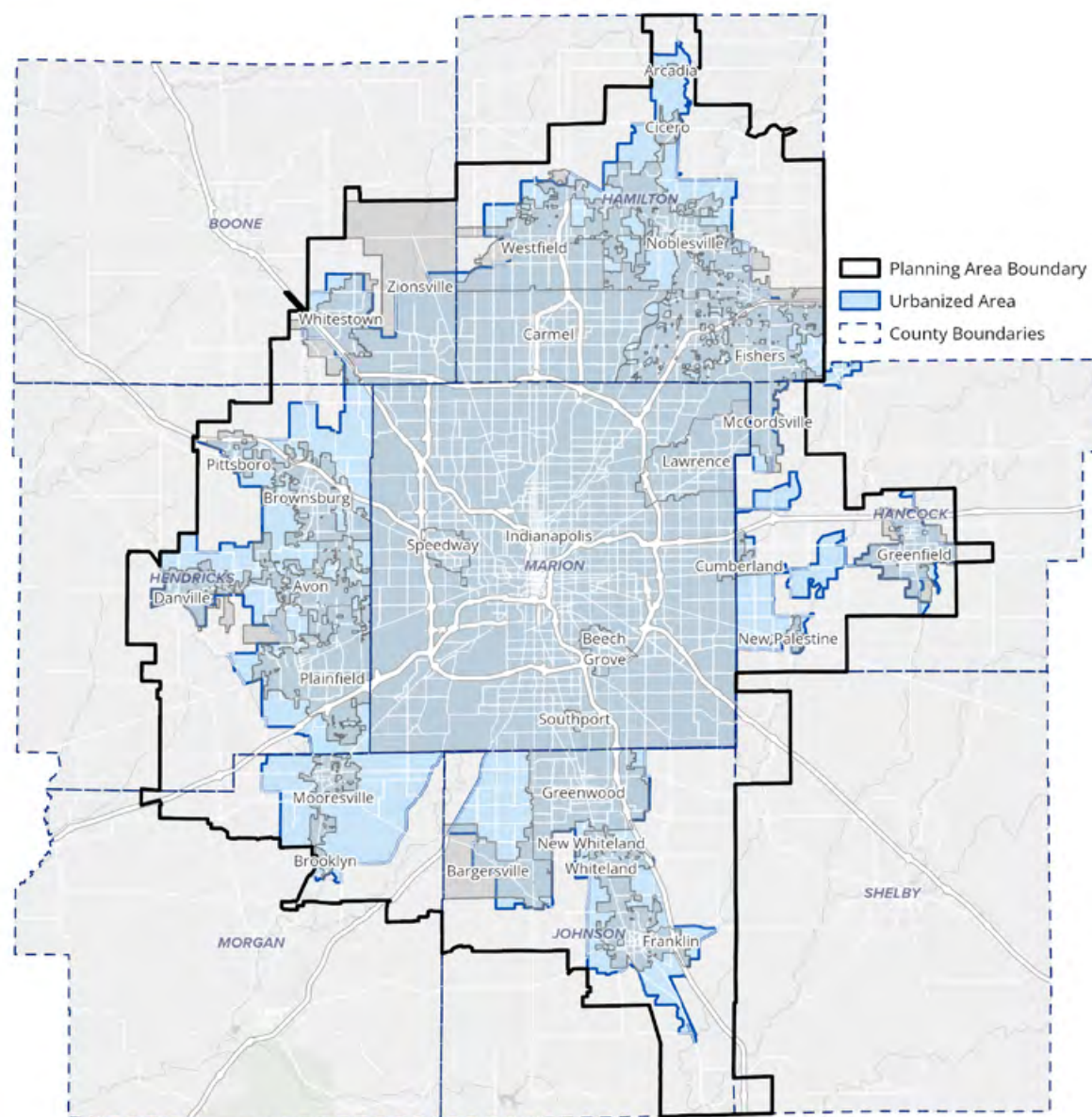
“fiscal” refers to the revenues and expenditures of local governments—specifically how different development patterns affect municipal tax revenues and the costs of providing public services and infrastructure.

Purpose of the Study

The Maximizing the Value of Land (MVL) Study is designed to provide Central Indiana communities with a clear, data-driven understanding of how housing-related land-use decisions influence the long-term fiscal health of local governments. The study evaluates the relationship between housing development patterns, and their revenues and service cost impacts on municipalities and school districts, enabling local governments to make informed choices about growth, infrastructure investment, and community development.

The project utilizes a refined fiscal impact methodology that distinguishes between fixed and marginal costs, and considers both the population and geographic growth impacts of new housing development. The model is utilized to understand the budget impact of ten different housing development typologies on a set of specific municipalities and school districts within the region. The model is also applied to three site-specific development projects that have been completed in the region to understand the net benefits or costs of the development types on local government budgets.





Indianapolis Metropolitan Planning Organization

The Indianapolis Metropolitan Planning Organization (IMPO) funded and provided oversight for this study. The IMPO is Central Indiana's regional planning organization. It supports the region, and local governments within the region, through research and strategies related to housing, transportation, economic development and other quality of life issues. It has a jurisdiction over 1,500 square miles that include Marion County and parts of Boone, Hancock, Hamilton, Hendricks, Johnson, Morgan, and Shelby counties. It serves 36 member jurisdictions and approximately 1.78 million residents.

Figure 1: Map of IMPO



The IMPO works through four core pillars to support its member jurisdictions:

1. **Convene:** Bring experts and community members together
2. **Inform:** Provide reliable data to support planning and policy-making
3. **Plan:** Create and adopt plans and track their implementation
4. **Fund:** Fund regionally-significant transportation projects

The MVL Study primarily aligns with the “inform” pillar of the IMPO’s planning framework, since land use guidance occurs at the local level, shaped by each municipality’s budget, local priorities, and governance structure. Local planners, planning commissioners, elected officials, and other decision-makers determine how development occurs within local communities.

Figure 2: Indianapolis MPO boundaries within the State of Indiana



Uniqueness of Taxation Policy in Central Indiana

Central Indiana’s taxation system stands out among peer metropolitan regions for its heavy reliance on local income taxes, and strong state oversight of local property tax levies. These characteristics shape how local governments fund their services and infrastructure.

State Oversight of Property Taxes

The State of Indiana, through state statute and constitutional provisions, establishes the parameters that govern what local governments can do relative to their property tax rates and levies. A key aspect of this structure is Indiana’s property tax cap system, commonly known as the “circuit breaker” caps. These caps limit property tax bills to 1%

of gross assessed value for owner-occupied homesteads, 2% for other residential property and farmland, and 3% for business property. In addition, annual growth in the total local property tax levy is restricted by the state through the Maximum Levy Growth Quotient. Together, these limits constrain the amount of revenue local governments can raise from property taxes, and the flexibility to make revenue adjustments as the population grows or other needs arise. The result is a lower property tax burden on property owners, but also fewer fiscal tools available to local governments. Consequently, local governments in Central Indiana have less flexibility than those in most comparable metropolitan areas to address fiscal challenges and service needs through increases in local property tax revenues.

High Reliance on Local Income Taxes

Central Indiana’s heavy reliance on local income taxes is uncommon in the United States. For most Central Indiana municipalities, local income taxes (LITs) are a major source of municipal revenue—typically the second most significant source of revenue behind only property taxes.

Only a small number of states use a similar structure. The state of Ohio is the only state in which municipalities routinely have a similar reliance on local income taxes—in some cases representing the majority of municipal revenues. In a few other states, including Pennsylvania, Kentucky, and Maryland, local municipalities may adopt a local income tax, but the contribution of local income tax as a share of total municipal revenues varies across the state, and the importance of local income taxes as a share of total revenues is generally quite a bit smaller.



Project Elements

This study utilizes a fiscal impact analysis methodology that considers the impact of new development on the full array of local government revenue sources, as well as the ongoing cost of providing local government services to the new development.

The revenue analysis incorporates the full range of adjustments to property value and tax payments that impact the amount of property taxes that come from new development. In the evaluation of local income tax revenues, it incorporates factors such as expected household income by development type, and the distribution of the local income tax revenues between governmental entities.

The cost of services analysis distinguishes between fixed and marginal costs, and considers the impact of both population and geographic growth. Fixed costs are expenses that remain largely unchanged as population grows, such as administrative functions and facilities. Marginal costs are the incremental costs associated with serving additional residents or development, such as additional staff, vehicles, road maintenance.

The model is utilized to understand the budget impact of ten different housing types (assuming each is built on ten acres of land) on a set of specific municipalities and school districts within the region. It is also employed to assess the fiscal impact of a set of site-specific development projects that have been completed in the region.

Project elements are discussed in more detail below.

Housing Development Types

In order to evaluate the fiscal impact of different housing development types on local budgets, a set of ten common development types were identified. They encompassed ownership and rental housing that range from unsewered single family homes on one-acre lots to mid-rise apartment buildings with structured parking. Two of the types—single family homes on medium sized lots, and townhomes—were analyzed as a type of ownership housing and a type of rental housing.

Fiscal Impact of Housing Development on Municipalities

The fiscal impact model was applied to three participating municipalities that were different in size, demographics, location within the region, and budget structure. The impact of the ten housing types was analyzed for each of the municipalities with their distinct budget characteristics, including variations in their revenue composition and departmental budgets. The analysis yielded the increase in total annual revenues to the municipality that would come from ten developed acres of each development type, the total cost of providing services to the new development, and, when costs are deducted from revenues, the net fiscal impact of each development type.

Three types of additional analysis were conducted to deepen the analysis of municipal fiscal impacts.

- **2025 SEA – 1.** The impact of 2025 changes to the statutes that govern local government property and income taxes. These changes were enacted in a law known as 2025 SEA – 1 (Senate Enrolled Act No. 1).
- **Life Cycle Costs.** The life cycle costs associated with infrastructure development were studied to understand the cost impacts of future cycles of reconditioning and reconstruction.
- **General Fund Modeling.** General funds of test-case cities, and their response to future conditions, were assessed through a proprietary model (Fiscal Analysis and Modeling System) to more deeply understand emerging fiscal challenges and how housing development may mitigate those challenges.

Fiscal Impact of Housing Development on School Districts

The fiscal impact model was applied to a school district serving one of the participating municipalities. The fiscal impact of housing development was analyzed for the school district, estimating both revenue and cost impacts, taking into consideration the expected number of school age children associated with each of the development types. The analysis resulted in the estimated increase in school district revenues that would



Figure 3: Project Elements

Housing Development Types

- 5 ownership types
- 5 rental types

Fiscal Impact of Housing Development on Municipalities

- Three test-case municipalities
- Impact of SEA-1
- Life Cycle Costs
- General Fund Modeling

Fiscal Impact of Housing Development on School Districts

- Analysis of additional students generated
- Estimated additional revenue
- Estimated additional cost of expenditure
- Estimation of Net Fiscal Impact for the school district

Development Case Studies

- Greenfield Case Study
- Infill Case Study
- TIF Case Study

Quality of Place

- Impact of housing development on quality of life
- Rooftop Analysis

come from ten acres of each housing type, the total cost of providing education services to the new development, and, when costs are deducted from revenues, the net fiscal impact of each development type to the district.

Development Case Studies

The fiscal impact model was applied to three specific development projects that have been completed in the region to estimate the fiscal impact of each of the projects on their local municipality and school district.

- The **greenfield** case study analyzed the fiscal impact of Flats at Stones Crossing—a three story apartment development on previously undeveloped land in Greenwood.
- The **infill** case study analyzed Townes at Kennedy-King, a redevelopment project in Indianapolis that involved the development of ownership townhomes in an existing neighborhood.
- The **TIF** (tax increment financing) case study analyzed Nexus Noblesville, a four story apartment building in Noblesville that was funded in part with tax increment financing.

Together, these cases provide an estimation and comparison of the fiscal benefits of these projects to the cities, towns and school districts they are in.

Quality of Place

This element offers research related to the impact of housing development, and the concentration of housing, on the viability of quality-of-life features in local communities. Is there, for example, a critical mass of homes (“rooftops,” in real estate parlance) that are needed to make a vibrant, walkable main street district viable. It also assesses how residential growth affects parks, trails, recreation facilities, and other quality-of-life investments that cities often prioritize but must balance against fiscal constraints. The rooftop analysis quantifies the number of new households generated under each development scenario and links that growth to expected needs for amenities, service enhancements, and community-facing infrastructure. This provides a holistic view of how land-use decisions shape livability and helps municipalities understand the community impacts that accompany fiscal outcomes.



Housing Development Types



The first step in analyzing the differential impact of housing development on local budgets is the identification of a set of prototypical housing development types. Through observing local development patterns and discussion with local municipalities, ten housing types have been selected for analysis. All are somewhat common in the region. They encompass ownership and rental housing types, and range from low density to high density. The lowest density housing type is unsewered single family homes on one-acre lots. The highest density is mid-rise apartment buildings with structured parking. Two of the types—single family homes on medium sized lots, and townhomes—are analyzed as a type of ownership housing and a type of rental housing. Key characteristics of these housing types impact the analysis, including their typical lot sizes, density, market value, and presence of school age children. These characteristics impact both revenue potential and municipal service costs.



Owner-occupied housing types

Five owner-occupied housing types are analyzed, representing low to moderate density homes built for owner occupancy. They range from non-sewered “estate homes” to ownership townhomes.

Estate Homes (Non-sewered)



Lot size > 1 acre
Density: 0.7 units per acre
Highest per-unit market values

Estate homes sit on lots of one acre or more, with wide frontages and deep setbacks. They represent the lowest-density residential housing type in the study, at roughly 0.7 units per acre. They carry the highest average market value and property taxes per home, but low value per acre due to their low density. The lower density format also entails longer extensions of the street and utility infrastructure per home, and similar extensions of emergency services networks, which results in greater per-home service costs on local budgets.

Large-Lot Single-Family Homes



Lot size: 10,000 – 15,000 sq feet
Density: 3 units per acre
Traditional suburban

Large-lot homes, for this analysis, are situated on 10,000 to 15,000 square-foot lots, with resulting densities of around three units per acre. They have wide frontages and substantial yard space. They have high assessed values but require higher than average public service costs.

Medium-Lot Single-Family Homes



Lot size: 7,000 – 8,000 sq feet
Density: 4.2 units per acre
More compact suburban form

Medium-lot homes (7,000–8,000 square feet) offer a more compact suburban form, with densities around 4.2 units per acre. They have lower property values on average than large-lot homes, but are more efficient in their requirements for public services.

Small-Lot Single-Family Homes



Lot size: Around 5,000 sq feet
Density: 7 units per acre
Lower per-unit values and mostly starter homes

Small-lot homes sit on parcels of around 5,000 square feet, and yield a density of about seven units per acre. Narrower frontages and shorter setbacks reduce infrastructure requirements and improve land efficiency. They have lower value, and pay lower property taxes per home, but because of compact neighborhood form they generate more property taxes per acre.

Townhomes



Lot size: Around 2,200 sq feet
Density: >15 units per acre
Compact footprint, shared walls, and minimum frontage

Townhomes are attached units on narrow, small lots (around 2,200 square feet) with densities exceeding 15 units per acre. Their compact footprint, shared walls, and minimal frontage make them one of the most land-efficient owner-occupied forms of housing. They offer moderate per-unit home values and quite strong value (and property tax generation) per acre, with lower infrastructure and service demands.



Renter-occupied housing types

Five renter-occupied housing types are analyzed, moderate- to high-density homes built for renter occupants. The housing types range from build-to-rent single family homes—which are becoming more common recently—to midrise apartment developments.

Build-to-Rent Medium-Lot Single-Family Homes



Lot size: 7,000 – 8,000 sq feet
Density: 4.2 units per acre
More compact suburban form

Medium-lot single-family rentals are detached single family homes built on 7,000–8,000 square-foot lots with densities around 4.2 units per acre. They mirror the design, scale, and curb appeal of medium-lot owner-occupied homes. These homes may appeal to households seeking the space and privacy of a single-family home without the financial commitment of ownership.

Rental Townhomes



Lot size: Around 2,200 sq feet
Density: >15 units per acre
Compact footprint, shared walls, and minimum frontage

Rental townhomes are attached units on narrow, small lots (around 2,200 square feet) with densities exceeding 15 units per acre. Their compact footprint, shared walls, and minimal frontage make them one of the most land-efficient owner-occupied forms of housing. They are land-efficient, which has fiscal benefits in terms of higher local government revenue generation, and efficient consumption of public services.

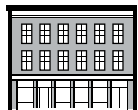
Small Apartment Buildings



Density: 20 units per acre
Scalable and can be situated on relatively small parcels, or larger numbers of units can be built on larger parcels

Small apartment buildings typically have 8 to 20 apartments per building, and are two- to three-stories in height. They are scalable in that they can be situated on relatively small parcels, or larger numbers of units can be built on larger parcels. The average density of this housing type is around 20 units per acre. The per-unit value of these buildings is fairly low, but high land efficiency means that they can still generate significant revenues. And their per-unit infrastructure requirements are modest.

Low-Rise Apartments



Density: 25 units per acre
Moderate per-unit property values

Low-rise apartment developments are typically walk-up apartments in buildings of fifty units or more. Average densities are near 25 units per acre. Parking is on parking lots or in rows of garages detached from the apartment building. They are surface parked, and may provide shared open space and other community amenities. These developments offer strong land efficiency and predictable public service demands, with moderate per-unit property values.

Mid-Rise Apartments



Density: 70 units per acre
Concentration of units, per-unit values are moderate to moderately high

Mid-rise apartment developments are typically three to four story buildings with parking integrated into the building. With less surface parking, they make more efficient use of land, achieving an average density of around 70 units per acre. They maximize assessed value per acre and minimize land consumption. Per-unit values are moderate to moderately high, and the concentration of units creates the highest value per acre of all development types studied.



Fiscal Impact of Housing Development on Municipalities



With these housing types identified, this section tackles the central question of this analysis. How do these types of housing development impact the budgets of Central Indiana municipalities?

To that end, three test-case Central Indiana municipalities were identified early in the project—the cities of Noblesville and Greenwood, and the town of McCordsville. These municipalities have different characteristics in terms of their populations, rate of growth, household incomes, and size of budget. They provided budget detail that supported the application of fiscal impact analysis to their specific budget settings. Applying the analysis to specific municipalities

grounds the analysis in a real world context, and helps us understand the degree to which different types of housing development have similar or different impacts on different municipalities.

Municipal Revenues and Expenses

Municipal revenue generation in Central Indiana is constrained by state statutory parameters which impose significant constraints on revenue generation and its growth over time. Meanwhile, the cost of providing municipal services is impacted by inflation, population growth, geographic expansion, and the ongoing need to maintain

and replace infrastructure. Together, these dynamics create a fiscal environment where many communities experience long-term budget pressure, with revenue growth lagging behind the growing cost of service delivery. This relationship between constrained revenues and rising service demands frames the fiscal context in which Central Indiana municipalities plan, budget, and evaluate future development.

This section of the report includes the following:

- **Municipal Revenues and Expenses.** A summary of the revenue sources and expense categories of typical municipal budgets.
- **Fiscal Impact Model.** An overview of the fiscal impact model utilized to estimate the development impacts on the test-case municipal budgets
- **Fiscal Impact Analysis.** The fiscal impacts of housing development on the test-case municipal budgets.
- **2025 SEA – 1.** The impacts of SEA – 1 (a state law passed in 2025) on future municipal revenue generation.
- **General Fund Analysis and Forecast.** Additional budget analysis and findings utilizing Stantec’s FAMS model



Fiscal Impact of Housing Development on Municipalities

Revenue Structure

In Central Indiana, municipalities share a broadly similar revenue structure, dominated by property taxes and local income taxes.



Property taxes are usually the largest source of municipal revenues, ranging from 33% to 58% of total revenues in the three test-case municipalities studied. Property taxes are calculated by applying the municipal tax rate to a property's assessed value. A set of caps, deductions, and other adjustments are applied to yield the property tax paid by property owners. Some of these work to the benefit of owner-occupant property owners, reducing their property tax burden. Conversely, owners of rental housing developments pay higher property taxes for equivalent value, benefiting municipal budgets. Property taxes comprised 33% to 59% of revenues for the test-case municipalities.

Local Income Taxes (LIT) are imposed by all 92 counties in Indiana. The rate ranges from 0.5% to 3% and is set by the county for all the jurisdictions within that county. Local income tax applies not only to Indiana residents but also to people who live out of state and have their primary workplace or business in an Indiana county. The Indiana Department of Revenue collects these taxes through employer withholding, estimated payments, and annual filings, then distributes the revenue to counties, which in turn allocate it to cities, towns, townships, libraries, and other local governmental units that receive a share of LIT. Local income taxes comprised 16% to 41% of revenues for the test-case municipalities.

Other sources of revenue include user fees for utilities and facility use, regulatory and impact fees tied to permitting and new development, vehicle excise taxes collected during vehicle registration, motor vehicle highway (MVH) taxes generated from fuel purchases and vehicle fees that support transportation infrastructure and food beverage taxes.



Fiscal Impact of Housing Development on Municipalities

Expenditure Structure

Municipalities across Central Indiana follow a consistent pattern with their expenditures, with most general-fund spending allocated to core public services. Expenditures are primarily dedicated to operational costs, with public safety, personnel services, and street maintenance constituting the largest portions of their budgets. Capital costs are also significant for investments such as road and utility infrastructure, park and trail development, and municipal facilities.



Public Safety is the largest and most consistently growing expenditure in Central Indiana general funds. Public safety expenses support police and fire staffing, equipment and fleet costs, training, etc. As communities grow, these costs rise faster than many other municipal expenses, making public safety a driver of long-term general fund pressure across the region. Public safety represents 35% to 43% of budget expenditures for the test-case municipalities.

Public Works departments are responsible for public infrastructure such as streets, water and sewer, sidewalks, street lights, etc. Operations include pavement maintenance, snow removal, fleet, and infrastructure maintenance. Such functions represent 24% to 35% of budget expenditures for the test-case municipalities, not counting payments on bonds that funded larger infrastructure projects.

Parks and Recreation departments supporting the construction, operations and programming related to parks, trails and recreational programs. Park and recreation expenditures represent 7% to 11% of municipal budgets for the test-case cities, not counting payments on bonds that may have funded major park development projects.

Planning, Community Development, and Code Enforcement make up 2% to 8% of spending in the test-case municipalities, funding the planning, economic development, and regulatory functions that guide and support land use, redevelopment, and community growth.

General Government encompasses a broad range of additional municipal departments and services such as administration, finance, HR, legal, and IT that provide the organizational backbone that supports all municipal operations.



Fiscal Impact Model

A spreadsheet model was developed to analyze the impact of new development on Central Indiana municipalities. It is necessarily complex. It takes into consideration a range of real world adjustments and limitations that are applied to revenues from the development. It also considers how new development represents growth in both household numbers and development area, representing different financial costs by department.

Net Fiscal Impact

Having analyzed municipal revenues and municipal cost of services for each of the housing development types, the net fiscal impact for each development type is simply the revenues generated minus their estimated service costs. If the net fiscal impact is positive, estimated revenues from the development outweigh the municipality's expenses. If it is negative, estimated expenses outweigh revenues.

An overview of key elements of the model is provided below. A more detailed description of the methodology can be found in the appendix.



Municipal Revenue Analysis

The fiscal impact analyzes three categories of municipal revenues—property tax, local income tax and other revenues.



Property Tax

The analysis of property tax revenues considers:

- **Property value.** The property value of new housing development was estimated by observing the value of other newly constructed housing development of each type. Values were adjusted to an equivalent ten acres of land area for each development types.
- **Property value deductions.** Owner occupied properties are eligible for homestead deductions to their property value. The adjusted value is subject to property taxes.
- **Property tax cap.** The municipal property tax rate is applied to the adjusted property value. The resulting property tax is compared to a property tax cap—1% of value for owner occupied properties, 2% of value for rental properties—the lower of which represents the tax payment that is due, and the property tax revenue received by the municipality.

Local Income Tax

Estimating local income tax (LIT) revenues required an analysis of the average incomes of households that would occupy each of the housing development types. To do so we developed custom crosstabulations of household income by home values and rents paid, utilizing a census bureau dataset called PUMA (Public Use Microdata Areas) data.

The redistribution of local income tax payments from the county to the test-case municipalities was another key consideration in the model.

Other Revenues

A wide variety of additional revenue sources support municipal budgets in addition to property taxes and local income taxes. Like property taxes and local income taxes, their availability tends to increase with municipal growth. The model estimates the growth in other revenues is proportionate to the increase in household count.



Municipal Cost of Service Analysis

New development in a municipality must be supported by a range of public services. These entail costs to the municipality, which offset the municipal revenues generated by the development. The cost of service analysis takes into consideration the following key elements.



Household and Land Growth

New development brings more individuals and households into a municipality—who will need to be supported by municipal services. It also adds to the developed land area of the city, which has an impact on things like the length of utility mains and the service area that must be reached by emergency services. The fiscal impact model establishes a baseline for each of the test-case municipalities of their existing number of households and developed land area. Both kinds of growth can then be analyzed for each housing type. Higher density development types increase the number of households more than the developed land area. Lower density developments increase the developed land area more than the number of households.

Cost of Service Increases by Function

In the fiscal impact model, municipal expenses are broken out by their eight to ten major functions or departments. Each budget line is assumed to grow proportionate to the increase in service burden, as measured by household count and land area, with two important nuances.

- **Fixed vs variable costs.** With an increase in service burden, each functional budget line needs to generally ramp up correspondingly. However, budget lines can be divided into fixed costs and variable costs—with variable costs being the portion of the budget line that needs to increase in proportion to the increased service burden. Fixed costs may be physical facilities or administrative systems that already have been established and don't need to increase with the increased service burden. The fiscal impact analysis estimates fixed costs represent 5% to 15% of each budget line for three municipalities in consideration.
- **Household growth vs land area growth.** A benefit of analyzing municipal costs by function is that some functions are more impacted by the growth in households and some are more impacted by the growth in developed land area. Park and recreation functions, for example, are more closely associated with household growth. On the other hand, infrastructure costs face higher costs when the systems are extended by land intensive development patterns. The model assigns different weights to the importance of household growth and land area growth by budget category.





Fiscal Impact Analysis

The fiscal impact model was applied to three test-case Central Indiana municipalities, with the goal of estimating the net fiscal impact of the ten housing types on each municipality's budget. Upon completion of the analysis, the methodology and findings were vetted with municipal staff.

The fiscal analysis of one of the municipalities is discussed below, followed by the findings from all three municipalities.

Analysis of Municipality A

Municipality A is a mature suburban city with a well-defined historic core, established neighborhoods, and major commercial corridors that serve both local residents and the broader south-metro Indianapolis area. The community is predominantly middle-income, with household earnings that align with patterns typical of stable, long-established suburbs in the region. Its economic base is anchored by retail, services, logistics, and professional employment. Residential areas range from classic starter homes and mid-range subdivisions to higher-end neighborhoods, reflecting the city's steady growth and diverse housing options.

The city adopts a balanced budget, prioritizing public safety, infrastructure, economic development, and quality of life investments. The budget plays a key role in sustaining local quality of life, while managing growth pressures.



Fiscal Impact of Housing Development on Municipalities

Revenue Analysis

Municipality A's revenues from new development comes from two primary sources: property taxes and local income taxes. Other municipal revenues such as fees, state distributions, and miscellaneous sources contribute to the revenue. The revenue sources that go into funding the municipality's budget is shown in the chart to right. The total revenues that are generated by ten acres of each development type is shown in the chart below.

Figure 5: Revenue anticipated across Residential Development Types

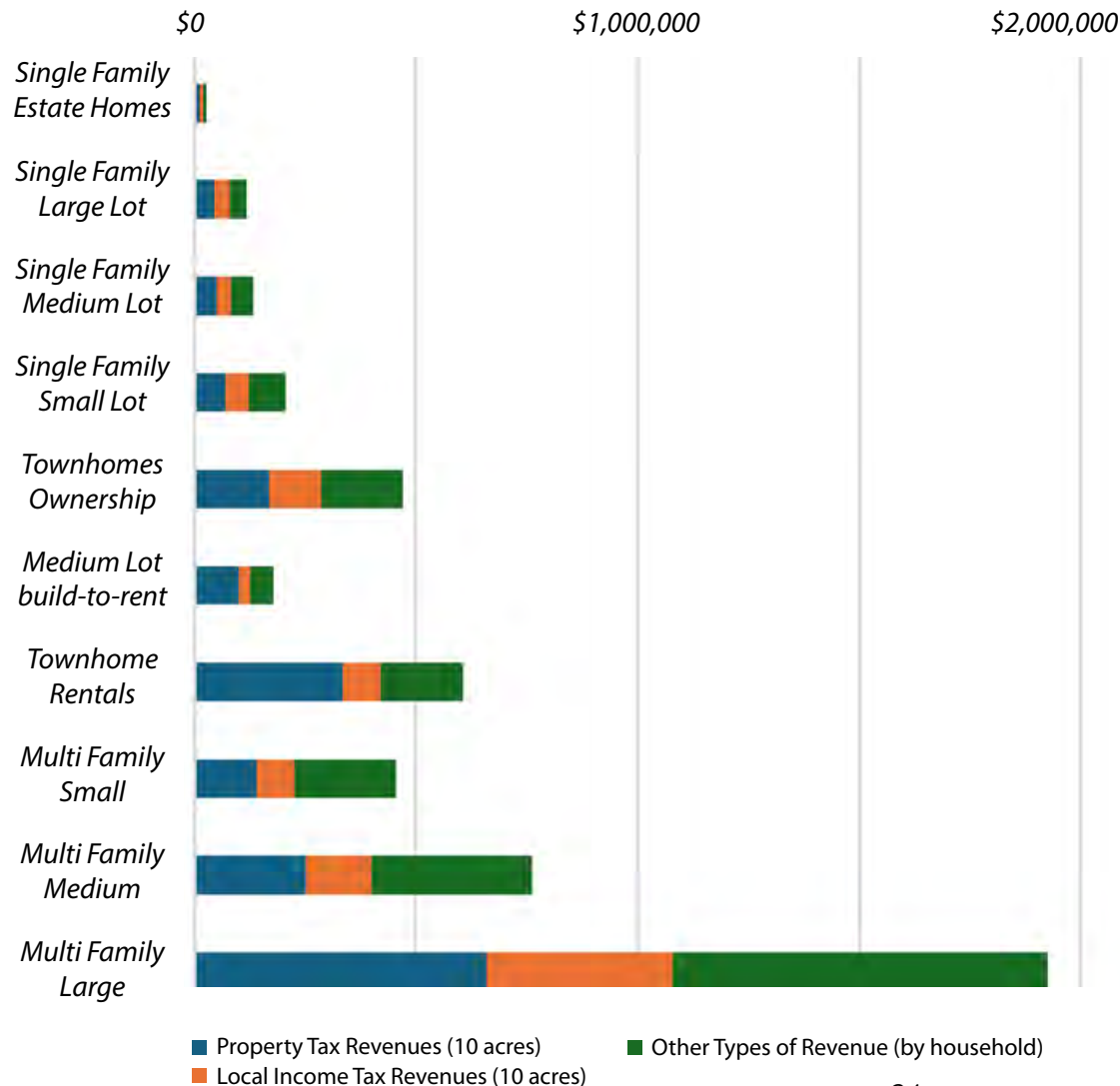
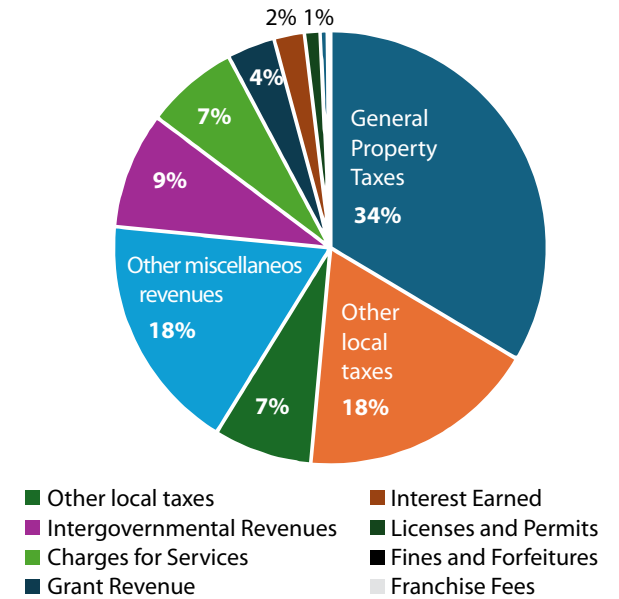


Figure 4: Revenue Sources for Municipality A



The following are some clear observations from the analysis:

- **Density.** Higher density development types generate more revenues than lower density development types, simply because more real estate value is generated on an equivalent area of land. Note that these higher revenues are somewhat offset by higher service costs, as discussed in the next section.
- **Ownership vs rental.** Renter-occupied housing types produce somewhat higher revenues than equivalent owner-occupied housing because of the property tax preferences afforded to owner occupied housing.



Fiscal Impact of Housing Development on Municipalities

Cost of Service Analysis

Municipality A's expense budget shows that municipal expenditures are heavily focused on public safety (encompassing fire and police services) and infrastructure (encompassing public works, roads and streets). Other municipal expenses include those related to parks and recreation, community development and administration. The distribution of expenses in the municipality's budget is shown in the chart to right. The total cost of municipal services that are required to support ten acres of each development type is shown in the chart below.

Figure 7: Expenses for Residential Development Types for Municipality A

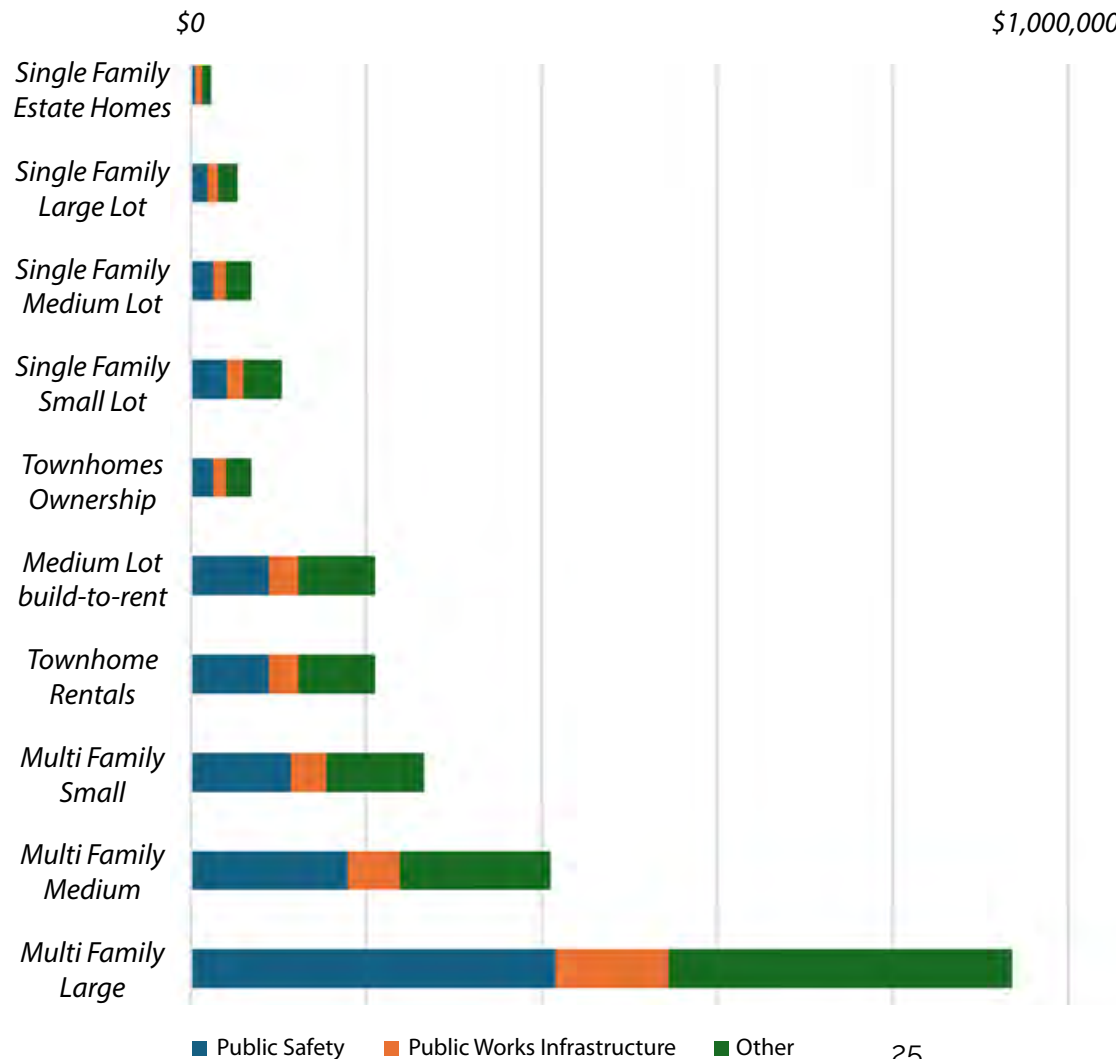
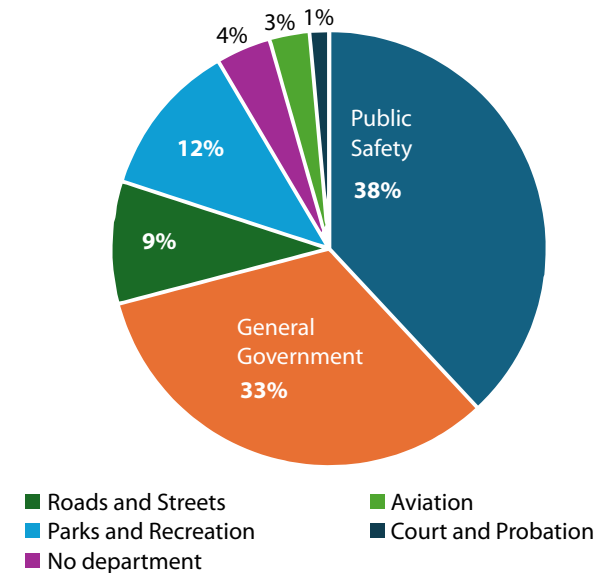


Figure 6: Expenses across departments for Municipality A



The following observations can be seen from the analysis.

- Density.** Higher density development types require more municipal service costs simply because they represent a greater number of households that require services. Land intensive development patterns also entail slightly higher costs per housing unit because the stretch out the infrastructure networks and the geographic area that needs to be supported by emergency services. Once again, service costs are only half the picture. The difference between revenues and service costs is the net fiscal impacts, and is discussed in the next section.



Net Fiscal Impact

The net fiscal impact of a development is its total financial impact to a local government—the revenues generated by the development minus the cost of providing services to it. For Municipality A, the net fiscal impact of new housing development varies by housing type. Table 1 shows the net fiscal impact of ten acres of development, by housing type. Note that residential development of all types tend to be net fiscal contributors to municipal budgets because residential development (in contrast to commercial development) generates both property taxes and local income taxes. Their fiscal impact varies between the test case municipalities due to their balance of revenue streams and pattern of expenditures. The following additional trends can be observed in the findings.

- Net fiscal impact varies by development type, due to all of the factors discussed above.
- All new housing types generate a positive fiscal impact for the municipality.

Fiscal Impact of Housing Development on Municipalities

- In general, higher density development provides a greater fiscal benefit than lower density development.
- Because of their greater revenue generation, rental housing produces greater net fiscal benefits than the corresponding ownership housing types.
- Rental townhomes are more fiscally beneficial than some apartment development because the higher value townhome units would pay more property taxes, and the higher income occupant households would pay higher local income taxes.

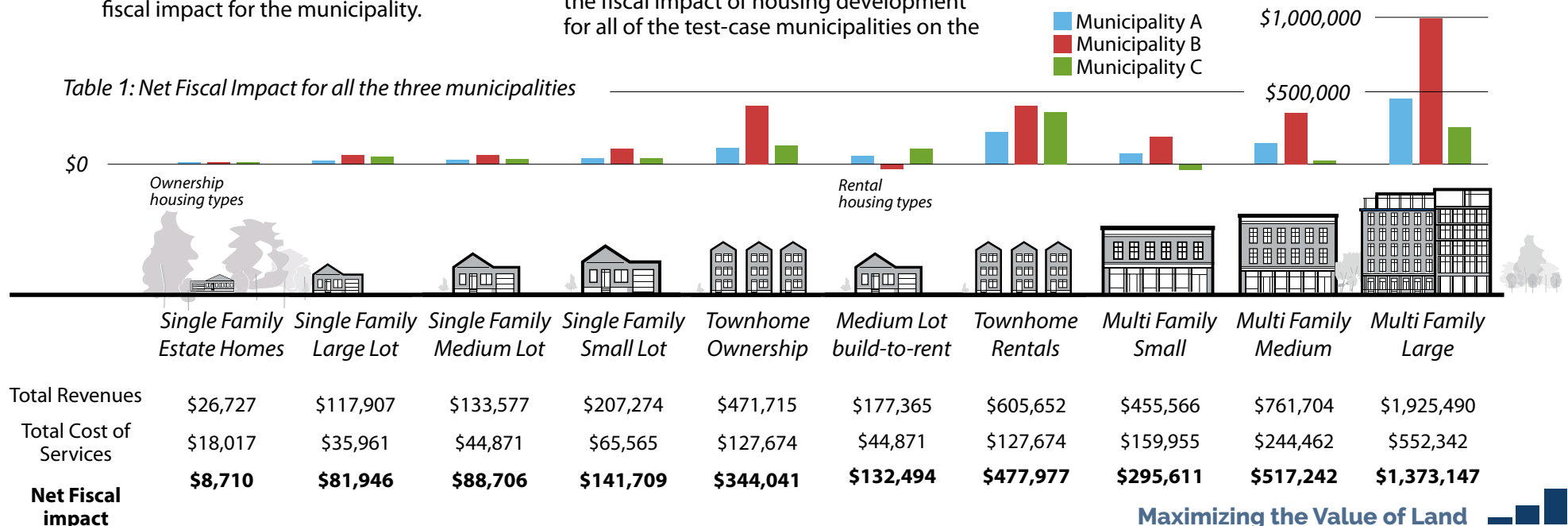
same bar chart. The chart shows that there are notable variations in the impact of new development on the budgets of the three municipalities. These differences are driven largely by variations in median household income, which influence the level of municipal revenues generated by new development. In addition, each municipality allocates its budget differently across departments, resulting in differing costs to serve new residents and therefore distinct net fiscal outcomes from housing growth. However, the key patterns discussed above generally hold true.

The application of the fiscal impact model to three different test-case budgets strengthens the findings and suggests they are robust in a range of municipal settings. It indicates that the types of housing development that are most fiscally beneficial in these municipalities are likely to be most fiscally beneficial for other municipalities across the region.

Analysis of Three Municipalities

The preceding section detailed the fiscal impact analysis for Municipality A. Now we combine the analytical findings for Municipality A with those of the other two test-case municipalities. The chart below shows the fiscal impact of housing development for all of the test-case municipalities on the

Table 1: Net Fiscal Impact for all the three municipalities



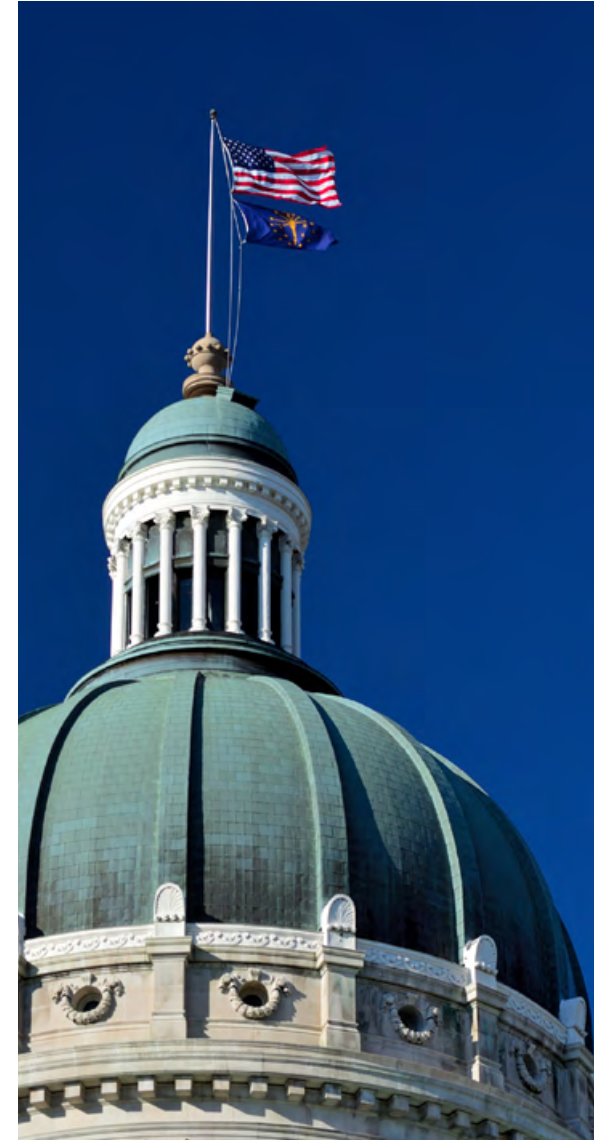
Senate Enrollment Act – 1

The 2025 budget context was the basis for the fiscal impact analysis discussed above. But that budget context is experiencing significant changes. 2025 SEA – 1 (Senate Enrollment Act – 1) was adopted by the Indiana state legislature in 2025 and signed into law. The Act significantly modifies the parameters that govern local government revenues. It places new constraints on property taxation, resulting in property tax relief for homeowners and reduced property tax revenues for municipalities. To make up the revenue deficit, municipalities will need to look at revenue increases in other areas, such as local income taxes, and/or targeted reductions in municipal services.

The following are specific provisions of SEA – 1 that impact municipal budgets.

- **Homestead property deductions.** 2025 SEA – 1 phases out the Homestead Standard Deduction (currently owner-occupied properties received a Standard Homestead Deduction equal to the lesser of 60% of the assessed value or \$48,000) by 2031 for owner-occupied properties. It increases the supplemental homestead deduction from 35% to 66.7% by 2031. This would decrease the taxable assessed value of a property.
- **Homestead property credits.** 2025 SEA – 1 adds a new property tax credit of 10% or \$300 for homesteaded properties.
- **Rental property deductions.** 2025 SEA – 1 adds a new property tax deduction for rental properties, increasing the deduction on non-homestead residential properties to 33.3% in 2031.
- **Increases in property taxes.** 2025 SEA – 1 limits the increase in total property taxes a municipality can collect to 4% annually—presenting a particular challenge to rapidly growing cities and towns.
- **Increased local income tax capacity.** 2025 SEA – 1 allows for greater capacity to raise local income taxes. Cities and towns with at least 3,500 residents gain the ability to establish their own local income tax rates. Local income taxes are capped, but the cap is well above the current tax rate for most municipalities.

The impact of these changes was integrated into the fiscal impact model to understand the change in total revenues that will result from the new statute. The chart on the following page shows the current municipal revenues generated by each housing development type, and the municipal revenue that would be generated in 2031 when the new provisions are fully phased in, before any adjustments are made.



Fiscal Impact of Housing Development on Municipalities

The analysis estimates a 30% reduction in total revenues for ownership housing types, and a 23% reduction in total revenues for rental housing.

Municipalities have multiple responses to these anticipated property tax reductions. They can consider:

- **Adjusting the local property tax rate**, within the constraints of the overall property tax growth cap.
- **Increasing the local income tax.**
- **Exploring alternative revenue sources**, including user fees and service charges.
- **Make targeted service reductions.**

General Fund Analysis and Forecast (Summary)

A general fund analysis and forecast was undertaken to deepen findings relative to the impacts of SEA – 1, and how new housing development can be part of the municipal response to those impacts. The analysis was structured using Stantec’s proprietary FAMS (Financial Analysis and Management System) model. It evaluates both the revenue and expenditure components of a city’s general fund, incorporating projections for property tax revenues, local income tax revenues, and major general fund expenditure categories. These inputs allow for multi-year fiscal projections that help assess structural balance, sustainability, and potential financial risks. The analysis was applied to the general funds of two of the test-case municipalities.

Revenue Forecasting Methodology

General Fund revenues were forecasted utilizing several years of historical revenue collections to establish trends and apply known legal or policy constraints such as property tax levy limits or scheduled changes in fees. The model incorporates economic assumptions like inflation, interest rates, and population changes to estimate how each revenue source will grow over time. The model also incorporates considerations relative to new housing growth and legislative changes, including the expected impacts of 2025 SEA – 1. It generates multi-year scenarios to help understand the range of possible revenue outcomes.

Table 2: Net Fiscal Impact for Municipality A



	Single Family Estate Homes	Single Family Large Lot	Single Family Medium Lot	Single Family Small Lot	Townhome Ownership	Medium Lot build-to-rent	Townhome Rentals	Multi Family Small	Multi Family Medium	Multi Family Large
2025	\$11,484	\$45,655	\$49,786	\$71,044	\$167,556	\$99,571	\$335,113	\$140,920	\$251,819	\$659,477
2031	\$7,933	\$31,536	\$34,389	\$49,074	\$115,739	\$76,421	\$257,198	\$108,156	\$193,271	\$506,147



Fiscal Impact of Housing Development on Municipalities

Property tax scenarios. The model examines establishes three property tax scenarios. The baseline scenario projects an annual 2% decrease in property tax revenues over the coming five year period. The neutral and optimistic scenarios project property tax growth of 0% and 2% annually.

Local income tax revenues were projected using recent income growth trends, tempered by anticipated adjustments due to 2025 SEA-1. Under SEA-1, property taxes revenues from individual properties will be reduced through increased deductions and new property tax credits. Those revenue reductions can be offset through increasing the property tax rate and/or increasing local income taxes. The baseline scenario reflects assumes the reductions in property tax collections are not fully offset by increases to the property tax rate—hence a 2% reduction in property tax collections—and that reduction is partly made up through a modest

increase in local income taxes. (See table below.) Because the baseline scenario doesn't result in a balanced budget, the neutral and optimistic scenarios provide budget forecasts with more assertive increases to the property tax rate and local income taxes.

Expenditure Forecasting Methodology

General Fund expenditures grow for two main reasons: inflation and growth. Inflation makes it more expensive for governments to provide the same level of service each year. The cost of fuel, construction materials, and equipment increase annually, and employees receive cost-of-living salary increases and merit increases. At the same time, as a city grows in population and geographic size, the government must expand the services it provides.

The expenditure projections in the forecasting model consider historical spending patterns to inform escalation rates for key expense categories. The baseline expenditure forecast assumes increases in municipal expenditures by type—that is, salaries, benefits, operations & maintenance—based on the recent trends observed in each city's budget:

- Salaries are projected based on historical wage growth and anticipated staffing adjustments.
- Benefits are increased using recent health insurance and pension cost trends.
- Operations & Maintenance (O&M) are escalated using average annual increases from prior years.

Table 3: Comparison of Property Tax Payment for Municipality A (for 10 acre)

	Property Tax	Local Income Tax
Baseline	-2%	2%
Neutral	0%	5%
Optimistic	2%	8%



Fiscal Impact of Housing Development on Municipalities

Scenarios

Baseline forecast. Given the parameters described above, the baseline forecasts for two test-case municipalities was derived.

The chart to the right shows that Municipality A starts with a strong fund balance in excess of the minimum reserve requirement set by the City (which is shown as the black line on the chart). Expense growth averages 4.7% per year. Annual budget deficits occur, and the fund balance is tapped accordingly. The City is unable to maintain stable reserves throughout the forecast period.

Municipality B also starts with a strong fund balance and experiences a similar budget trajectory.

Neutral and optimistic forecasts. The neutral and optimistic forecasts make the same expenditure assumptions at the baseline forecast, but they incorporate successively optimistic revenue assumptions.

Note the projected fund balances in the charts.

Figure 9: Baseline, Neutral and Optimistic fund balances for Municipality A

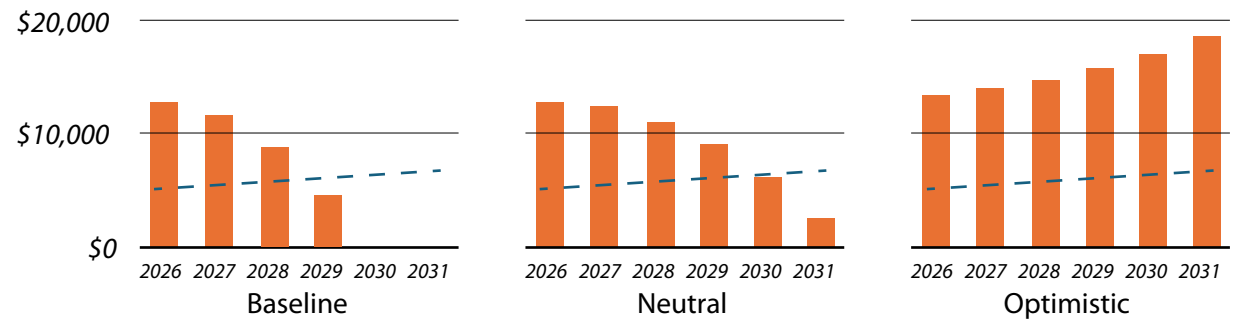
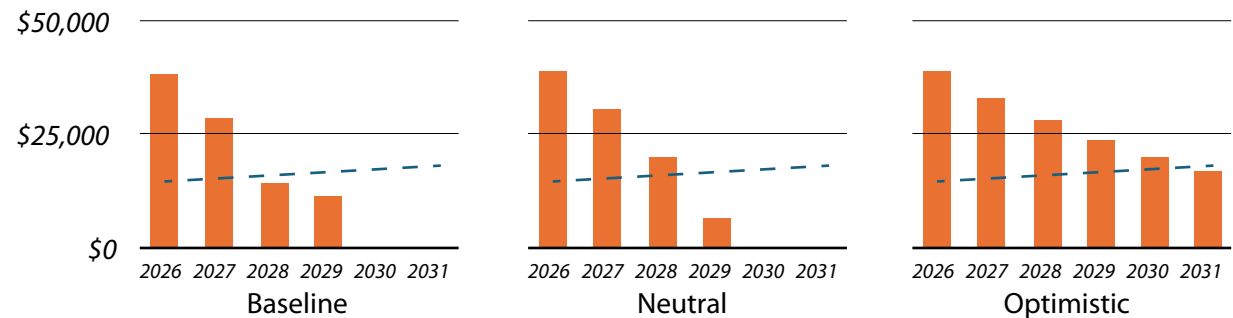


Figure 10: Baseline, Neutral and Optimistic fund balances for Municipality B



■ Current Plan — Minimum Fund Balance



Key Findings from Forecasted Scenarios

The analysis shows that both test-case municipalities have surplus fund balances at the present time, which provides short-term flexibility to operate at a slight deficit over the next several years. However, relying on fund balance to offset ongoing deficits is not a sustainable strategy. Over the long run, ongoing revenues will have to be aligned with recurring expenditures.

In the absence of budget cuts, the optimistic scenario is the only one to show a viable path forward for both test-case municipalities, allowing them to maintain sufficient fund balance for the projection period. For that reason, municipalities will need to consider taking assertive action to maintain revenue

levels within the statutory requirements. This may entail increasing municipal revenues from local income taxes or other revenue sources, and/or reducing municipal services.

Note that a key finding of this project is that housing development can make a positive contribution to municipal budgets, so over the long run, pursuing growth patterns that include revenue-generating types of housing development can be part of the solution for maintaining balanced municipal budgets. Based on this project's fiscal analysis, a 100-unit midrise apartment building is estimated to make a net budget contribution of around \$70,000 per year. Contributions from such developments can play a role in mitigating budget challenges.

Life Cycle Costs

When new housing extends into undeveloped locations, it requires new street and utility infrastructure. That infrastructure may be paid for by the developer/builder, the municipality, or both. Regardless of who pays the initial infrastructure costs, it typically falls to the municipality to shoulder the long-term cost of maintaining the infrastructure over its life span, and of replacing it when that is ultimately needed.

These long-term costs are somewhat opaque to decision makers when they approve new development, since the costs associated with maintaining and reconditioning infrastructure land on capital and operational budgets some decades in the future. But it is possible to make these long-term service obligations more explicit, and demonstrate their impact on the net fiscal benefits of housing development.



Fiscal Impact of Housing Development on Municipalities

Methodology

Utilizing the fiscal impact model described above for ten common development types, the long-term costs associated with maintaining and replacing local street and utility infrastructure was analyzed and integrated into fiscal outcomes. This high level analysis utilized the following assumptions.

- Local streets serving housing development are 30 feet wide and utilize asphalt pavement.
- Street reconditioning (mill and overlay) are recurrent on a 20-year cycle. The cost of reconditioning streets is five dollars per square foot.
- Complete reconstruction of street and utility infrastructure occurs after a hundred years. The cost of complete reconstruction is \$150 per square foot.

- Future costs to the municipalities are valued the same as present costs. No discount rate is applied.
- The recurrent cost of street reconditioning is represented in the analysis by spreading that cost across a 20-year time frame. The more significant cost of eventual street reconstruction is represented by spreading that cost across a 100-year time frame.

Findings

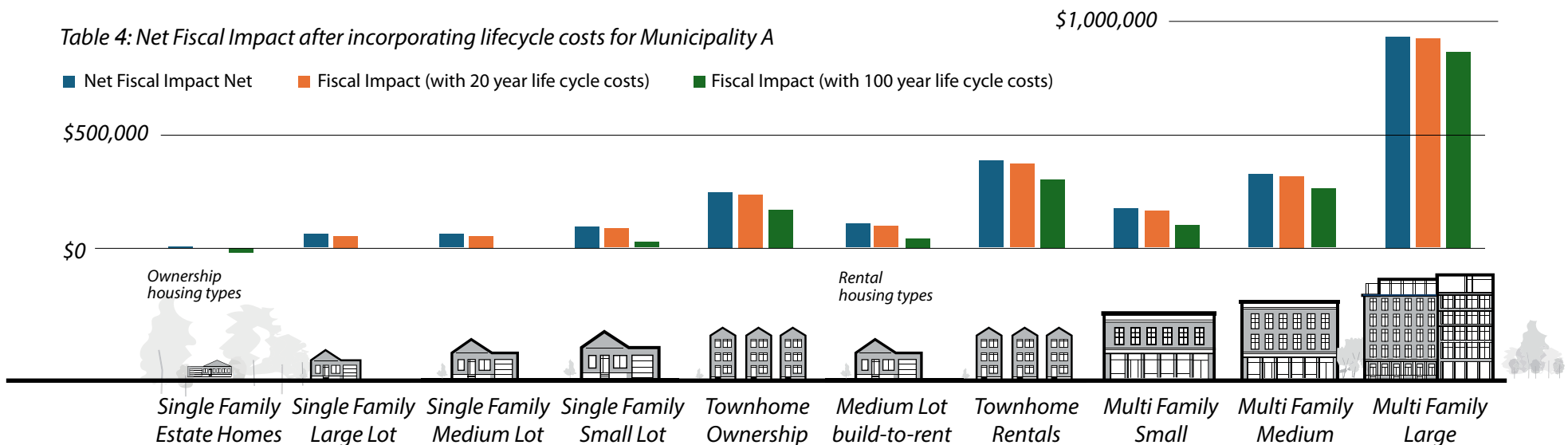
The chart below introduces life cycle infrastructure costs into the fiscal analysis of one test-case municipality. These cost impacts would be similar for other municipalities.

The chart shows a reduction in fiscal benefit for all housing types when life cycle infrastructure costs are taken into consideration.

For this municipality the modest fiscal benefits of new single family development largely disappears when life cycle costs are factored in. Multifamily and rental housing formats remain fiscally positive.

Note that the fiscal benefits of *infill* housing development—that is, development in locations where street and utility infrastructure is already present—aren't reduced by life cycle cost infrastructure considerations. In these situations the infrastructure is preexisting, so no new long-term service obligations are shouldered by the municipality.

Table 4: Net Fiscal Impact after incorporating lifecycle costs for Municipality A



Fiscal Impact of Housing Development on a School District



Housing development has numerous impacts on a local school district. Most importantly, new housing development generates revenues for the district through property taxes, and it brings children which require school district services. School district budgets are entirely different from municipal budgets, relying on a different set of revenue sources, and offering entirely different services.

School District Revenues and Expenses

Revenue Structure

Indiana public schools are supported by a combination of state, local, and federal funding sources. The state provides a significant portion of school district funding. State tuition support is allocated based on student enrollment. Any changes in enrollment directly affect school budgets. Property taxes also make a major contribution to school district budgets.

Voter-approved referenda generate revenues through additional property tax collections. They support specified school district expenditures such as teacher compensation, class size reduction, or capital improvements. A broad range of additional revenue sources can contribute to school district budgets, including federal grants, Title I and special education support, and school nutrition funding.

Expenditure Structure

School district expenditure can be divided into instructional and non-instructional categories.

- **The Education Fund** is dedicated to instructional spending, including teacher salaries, classroom aides, instructional materials, academic programs, and specialized services such as special education and English learner instruction.
- **The Operations Fund** covers non-instructional costs such as transportation, building maintenance, utilities, technology, school safety, and administration.
- **The Debt Service Fund** makes debt payments on major investments such as school construction and renovation.



Fiscal Impact Model

School District Revenue Analysis

The fiscal impact analyzes three categories of school district revenues—property tax, state funding, and other revenues.



Property Tax

Property tax revenue analysis is generally subject to the same adjustments as municipal property taxes. Values are determined as described previously, and they are subject to deductions and caps that were previously described. Any reduction in taxes due to the property tax caps are applied to school district taxes in the same way they were applied to municipal taxes. However, any additional school district property taxes, as approved by referendum, are not subject to property tax caps.

State Aid Funding

State aid represents a set amount of funding per enrolled student, but the number of students per household varies greatly for different types of housing. For that reason, it was important to estimate the number of school age children that typically live in the different housing types. We analyzed this by using PUMA data to associate housing types with family characteristics, and multiplied the expected number of school age children by the state's per-pupil allocation.

Other Revenues

The remainder of school funding is received from a broad range of other sources. Proceeds from those additional revenue categories will generally increase with new development. The increase in other revenues was correlated with both property tax and school attendance increases for each of the development types.

School District Expenditure Analysis

The expenditure analysis for school districts is more straightforward than for municipalities. It applies a direct proportionate increase in school district costs for each expected student that attends—which as previously discussed, varies by housing type.



Fiscal Impact of Housing Development on a School District

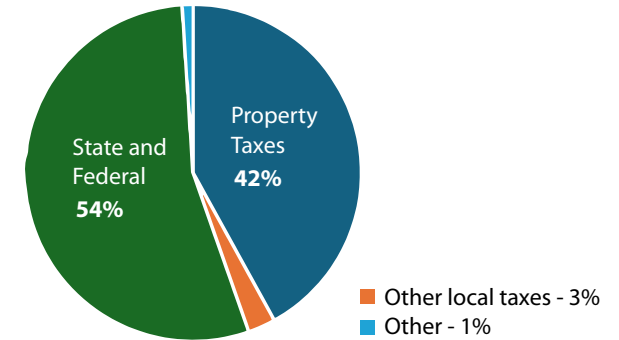
Fiscal Impact Analysis

The fiscal impact model was applied to the budget of the Municipality B's school district, utilizing public available budget documents. The goal was to estimate the net fiscal impact of the ten housing types on the district's budget.

Revenue Analysis

School district revenues from new development comes from two primary sources: property taxes and state aid funds—and a range of smaller revenue sources. The chart above illustrates the revenue sources that go into funding the school district budget.

Figure 11: Revenue Sources for School District of Municipality B

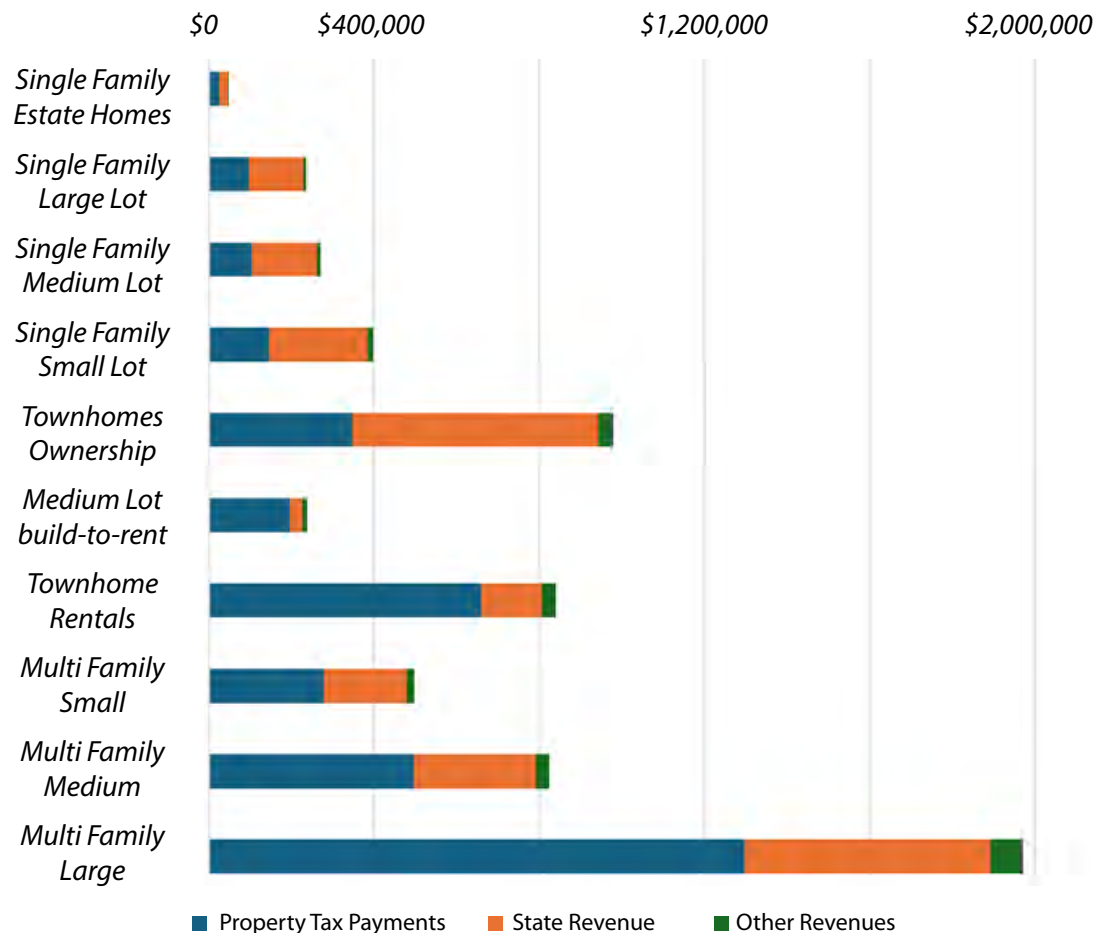


The chart to the left shows the total revenues that are generated by ten acres of each development type.

The following are some clear observations from the analysis:

- **Density.** Higher density development types generate more revenues than lower density development types, simply because more real estate value is generated on an equivalent area of land. Note that these higher revenues will be partly or completely offset by higher service costs, as discussed in the next section.
- **Ownership vs rental.** Renter-occupied housing types produce somewhat higher revenues than equivalent owner-occupied housing because of the property tax preferences afforded to owner occupied housing.

Figure 10: Revenue Distribution across Residential Types for School District of Municipality B



Fiscal Impact of Housing Development on a School District

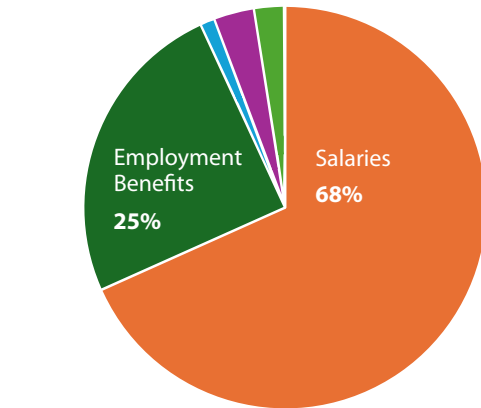
Cost of Service Analysis

School district expenses are heavily focused on educational services, but they also encompass a range of additional expenses such as transportation operations and maintenance, and support services. Exhibit xx illustrates the distribution of expenses in the municipality's budget. Exhibit xx shows the total cost of municipal services that are required to support ten acres of each development type.

The following observations can be seen from the analysis.

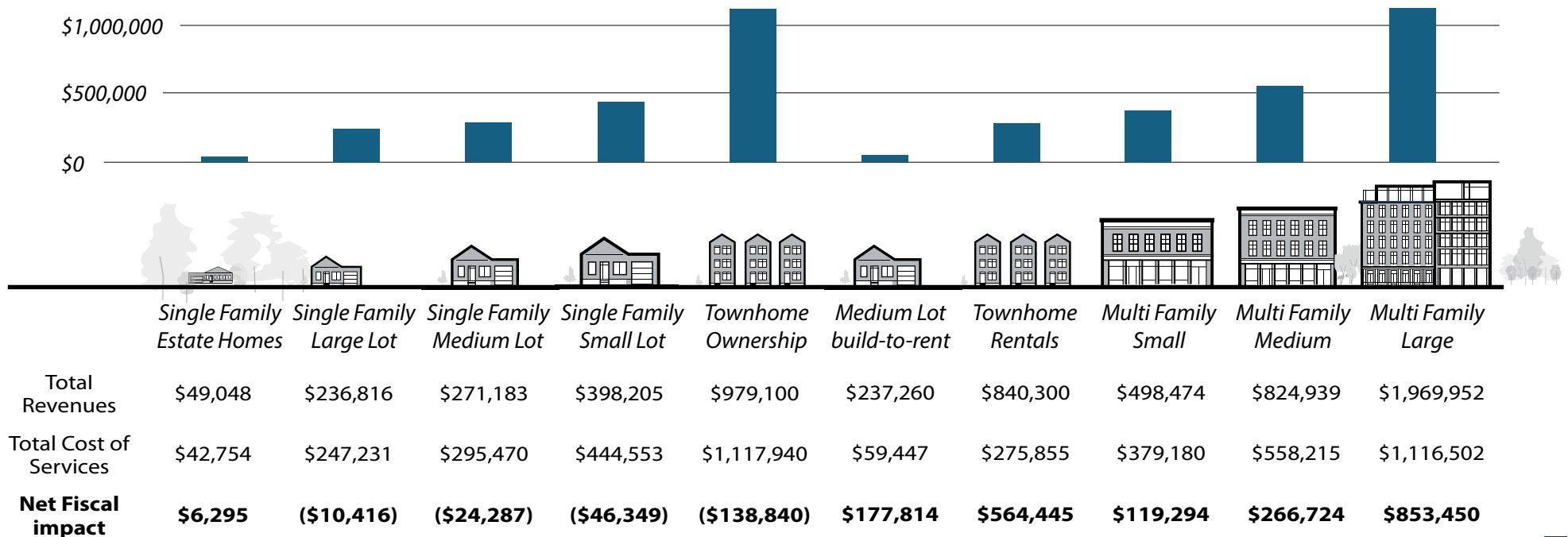
- **Density.** Higher density development types require more school district service costs due to the greater number of households in such developments.
- **Ownership vs Rental.** Ownership housing places a greater expense burden on school districts because, on the average, they have a greater number of school age children per household.

Figure 13: Expenditure Distribution for School District of Municipality B



Purchased Services - 1%
Travel/Tuition - 3%
Supplies and Materials - 3%

Figure 12: Expenditure across Residential Types for School District of Municipality B



Net Fiscal Impact

The net fiscal impact to the school district is the revenues generated by the development minus the cost of providing services to it. For Municipality B's school district, it is clear that the net fiscal impact of new housing development varies by housing type. Table xx shows the net fiscal impact of ten acres of development, by housing type. Key findings include:

- Ownership housing is estimated to generate more school district costs than revenues, due to greater numbers of school age children per household.
- Higher density ownership housing is more fiscally costly for school districts than lower density ownership housing types.
- All renter occupied housing types are fiscally positive—that is, they produce more revenues than costs for the school district—due to their lower school age children population
- Larger and higher density apartment buildings are the most fiscally positive for the school district, because of their higher property tax payments and small presence of school age children

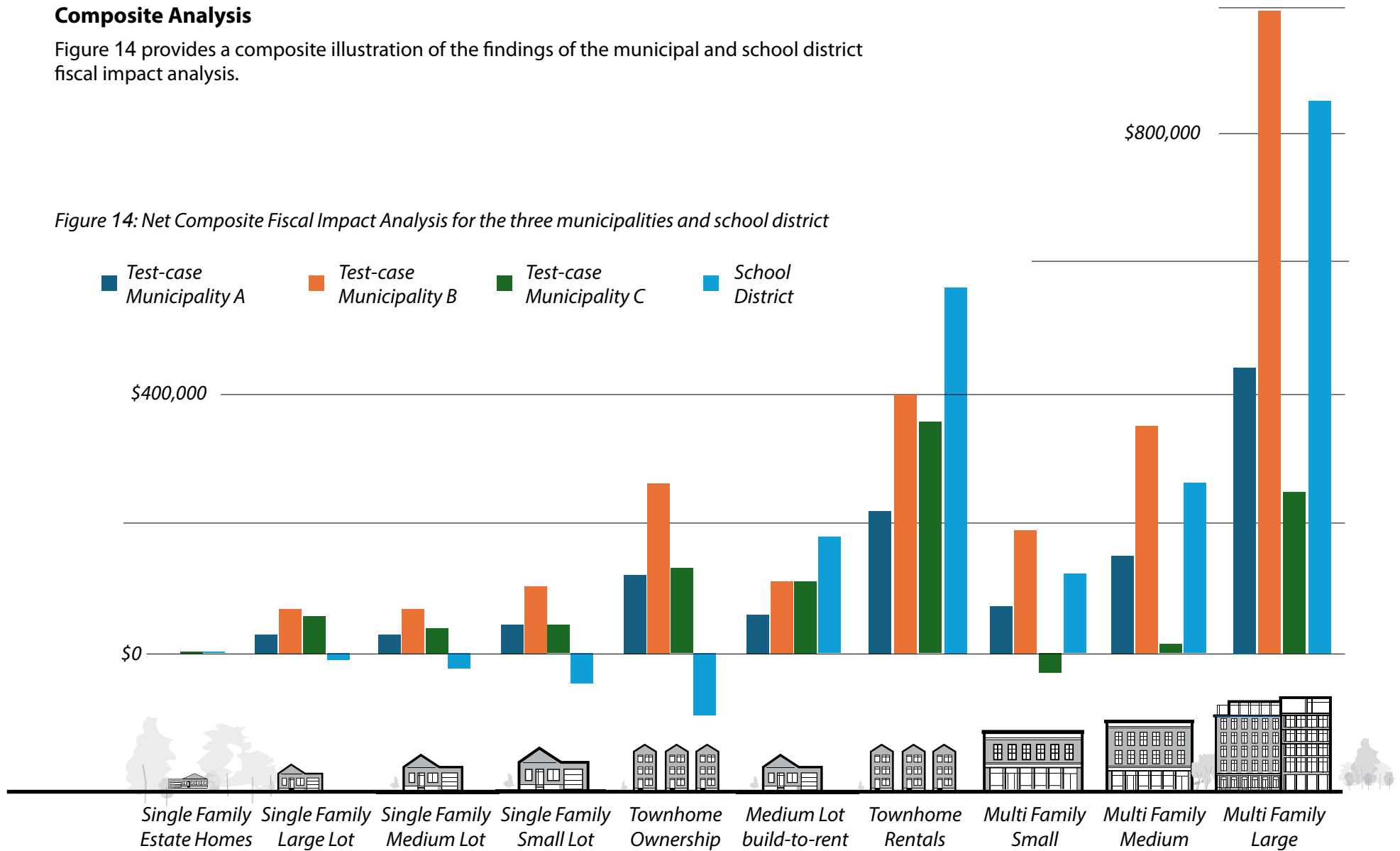


Fiscal Impact of Housing Development on a School District

Composite Analysis

Figure 14 provides a composite illustration of the findings of the municipal and school district fiscal impact analysis.

Figure 14: Net Composite Fiscal Impact Analysis for the three municipalities and school district



Fiscal Impact of Housing Development on a School District



Charter Schools

Indiana charter schools are publicly funded institutions that receive revenue from state appropriations, federal funds, private grants, and local property-taxes beginning in 2028. Funding levels vary by enrollment, student characteristics, and eligibility for competitive grants.

Indiana charter schools are funded primarily through state tuition support, which provides per-pupil operating dollars based on enrollment and student characteristics, supplemented by the Charter and Innovation Network School Grant that adds \$1,400 per student. Beginning in 2028, charter schools will also receive a share of local property-tax revenues from districts that lose 100 or more resident students to brick-and-mortar charters. Additional revenue comes from

federal programs such as Title I, IDEA, child nutrition funding, and competitive Charter Schools Program grants, along with private and philanthropic contributions that vary by school and help support operations, facilities, and program enhancements.

Charter school expenditures generally fall into three broad categories: instructional, operational, and facility-related costs. Instructional expenditures include teacher and instructional staff salaries, classroom aides, curriculum materials, academic programs, and specialized services such as special education and English learner instruction. Operational and administrative expenditures cover school leadership, back-office functions, technology, transportation, school safety, and day-to-day building operations. Facility and capital expenditures include building leases or mortgage payments, utilities, maintenance, and debt service associated with school construction, renovation, or expansion.

While this summary provides a high-level overview of charter school spending patterns, a detailed financial review of charter schools is beyond the scope of this project.



Case Studies

The fiscal impact models that were developed for the test-case municipalities and one of their school districts were subsequently used to estimate the fiscal impact of three real world, site-specific development projects. They differ in size and locational context, offering different lessons for future development.



Case Study #1 – Development of a Greenfield



A “greenfield” is a piece of land that has never been previously developed. It is typically farmland or open space before development. From a fiscal impact perspective, the transformation of undeveloped land to a dense, high-value apartment development generates substantial new tax base while producing relatively modest service demands compared to lower density suburban growth.

Redevelopment Context

Flats at Stones Crossing is a mid-rise apartment community in Greenwood, Indiana. It comprises 292 apartment units, and was built on a 20-acre site in 2022. The site was previously undeveloped fields.

Municipal Fiscal Impact

When the Flats at Stones Crossing was developed, the change from raw land to a mid-rise upscale apartment complex produced a large, immediate increase in taxable value, and a corresponding increase in property tax revenues for the City of Greenwood. Because of its development density, it requires less municipal infrastructure per housing unit (in the form of roads, water and sewer mains) in comparison with single-family subdivisions. The density also keeps the service area more compact for police and fire services.

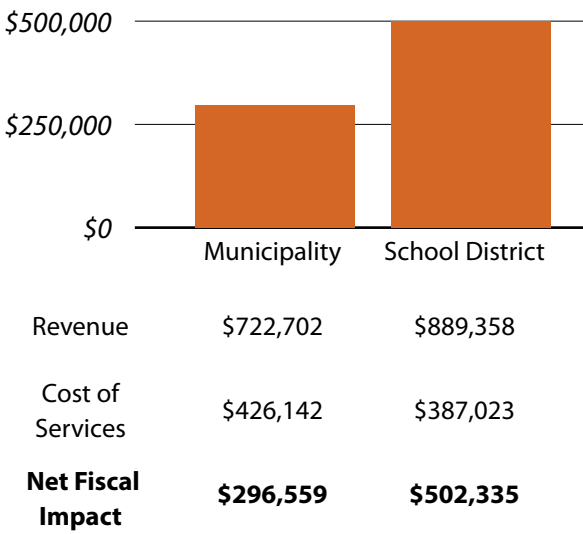
The City of Greenwood receives an estimated \$297,000 in annual net revenues from Flats at Stones Crossing.

School District Fiscal Impact

The Flats at Stones Crossing generates significant property tax revenues for the local school district as well. Moreover, because midrise developments in Central Indiana have an average of 0.12 school age children per household, the development is estimated to impose a very light service burden on the local school district. The combination of high assessed value and low student generation yields a positive long-term fiscal contribution.

The local school district receives an estimated \$502,000 annually from Flats at Stones Crossing.

Figure 15: Net Fiscal Impact Analysis for the municipality and school district



Key takeaways

- Mid-rise multifamily on greenfield land creates strongly positive net revenues for the municipality within a compact, efficient footprint that reduces service costs.
- The school district benefits from added taxable value with minimal new students, keeping cost impacts low.
- High value paired with low service demand makes this greenfield development project a fiscally positive use of the site.

Case Study #2 – Infill Development



Infill development occurs in developed areas of a community on land that is underdeveloped or vacant. The new development is served by existing street, utilities, and other infrastructure. Infill development is often pursued to eliminate blighted conditions, leverage existing infrastructure, reduce sprawl, revitalize older neighborhoods, and strengthen the local tax base. From a fiscal standpoint it generates new tax base, while reducing per-unit service costs due to the preexisting infrastructure that is present.

Redevelopment Context

The Townes at Kennedy-King is a 36-unit community of ownership townhomes in a central Indianapolis neighborhood, which were

built in phases from 2022 through 2024. The building that had previously stood on the site had been dilapidated and unused for a long time, contributing little to the tax base and reflecting poorly on neighborhood conditions. The demolition of the building opened the door to redevelopment.

Fiscal Impact on the Municipality

A key fiscal benefit of this infill development is the estimated 26% reduction in the cost of providing municipal services compared to development on the urban fringe. Police, fire, snow removal, parks, and public works can serve infill areas using existing routes and facilities, reducing marginal operating costs. This efficiency significantly improves the fiscal balance of new development.

Ownership townhome projects generate high assessed value per acre, and in this case replaced formerly low-value and vacant parcels. Both the townhome density and the infill character of this project reduce the service burden of the project, contributing to its positive fiscal benefits for the City of Indianapolis—which is roughly double what it would be in a greenfield setting.

The combination of higher taxable value and lower service costs results in a net fiscal impact that is nearly double what it would be

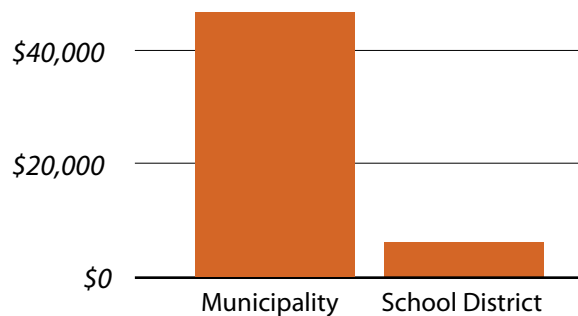
Figure 16: Comparison of Net Fiscal Impact between Infill Development and Non-infill Development



without the 26% service-cost savings. Infill development therefore represents one of the strongest long-term revenue generators for municipalities.

The City of Indianapolis receives an estimated \$48,000 in annual net revenues from The Townes at Kennedy-King.

Figure 17: Net Fiscal Impact Analysis for the municipality and school district



Revenue	\$114,142	\$246,059
Cost of Services	\$66,492	\$239,700
Net Fiscal Impact	\$47,650	\$6,359

Fiscal Impact on the School District

The Townes at Kennedy King is essentially fiscally neutral with respect to the local school district. Property tax revenues from ownership townhomes are greater than for lower density for-sale single family homes, but are reduced a bit compared with rental townhomes. The service burden shouldered by the school district is an average of 0.55 school age children per household, which is similar to that of single family homes but much lower than rental townhomes. Those factors contribute to school district service costs that roughly balance the revenues they receive from the development.

Key Takeaways

- Redevelopment of vacant or underutilized parcels results in significant revenue increases for the local municipality and school district.
- Infill development in areas with preexisting infrastructure results in significant savings in municipal service costs. The school district may benefit more modestly in savings to its transportation program.
- Taken together, this infill ownership townhome development has a net positive fiscal impact. It is a net contributor to the Indianapolis's budget, and breaks even for the local school district budget.



Case Study #3 – Tax Increment Financing



Tax Increment Financing (TIF) is a redevelopment tool that leverages future property tax revenues to finance initial project-related costs. It is often essential in addressing challenging site conditions or improving the development context for the development.

Projects that receive TIF financing need to show that they would not be viable in the absence of TIF funding.

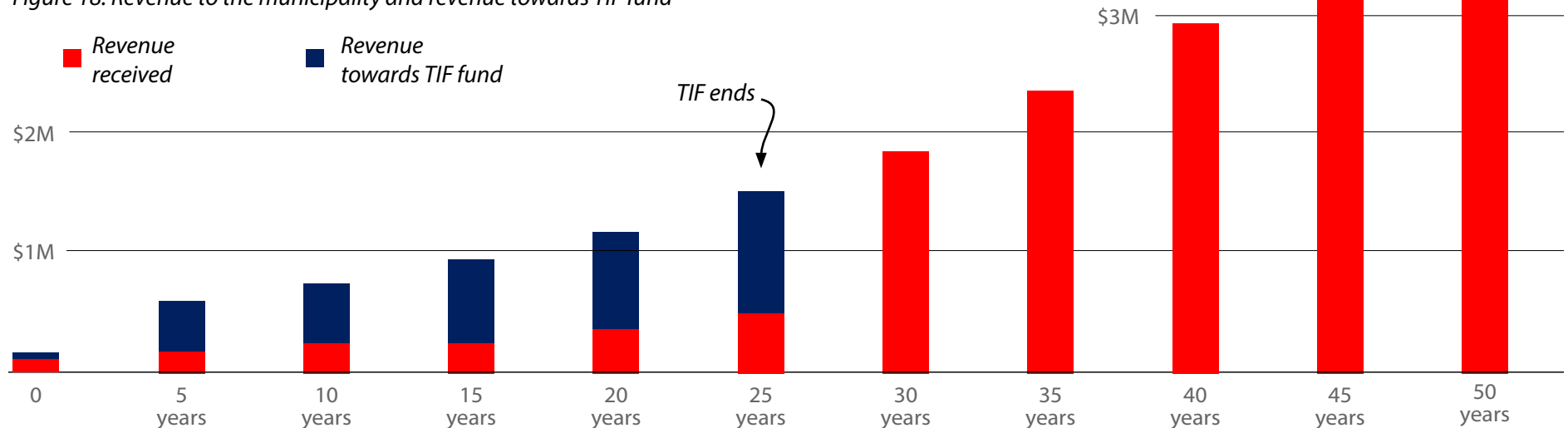
When a TIF district is established, the assessed value of all parcels within its boundaries is set as the base value. This base value remains fixed for the duration of the district, and the property taxes that are generated from the base value continue to be directed to local governments such as the county, school district, and municipality.

The portion of property taxes that are due to the increased value of the property (post-development) is called the tax increment. Those property tax receipts are directed to repaying the bond or loan that supported

initial project-related costs, until those obligations are satisfied. After the TIF-backed costs are repaid, the TIF obligation expires and all property taxes go to the local jurisdictions thereafter.

TIF is widely used to make important projects viable that would not be viable without it. It is an advantageous source of development support because TIF funding doesn't require a local government budget allocation that would compete with other local priorities.

Figure 18: Revenue to the municipality and revenue towards TIF fund



Redevelopment Context

Nexus Noblesville is a 287-unit luxury apartment development with 36,000 square feet of ground floor commercial space. It was completed in 2024 at an infill site that was previously a grocery store. Its demolition and replacement with a mid-rise apartment building significantly increases the assessed value of the property, but the resulting property tax increase (tax increment) is obligated to repaying development costs for 25 years. Noblesville will still benefit in the short run from local income taxes paid by the households that move into the development.

Fiscal Impact for the Municipality

The fiscal effects of a TIF-funded project change over time. During the life of the TIF district, the municipality receives:

- The base level of property tax revenues (while the increased value is directed toward repaying the TIF obligation)
- Local income taxes from the new residents
- Increases to the other revenue sources

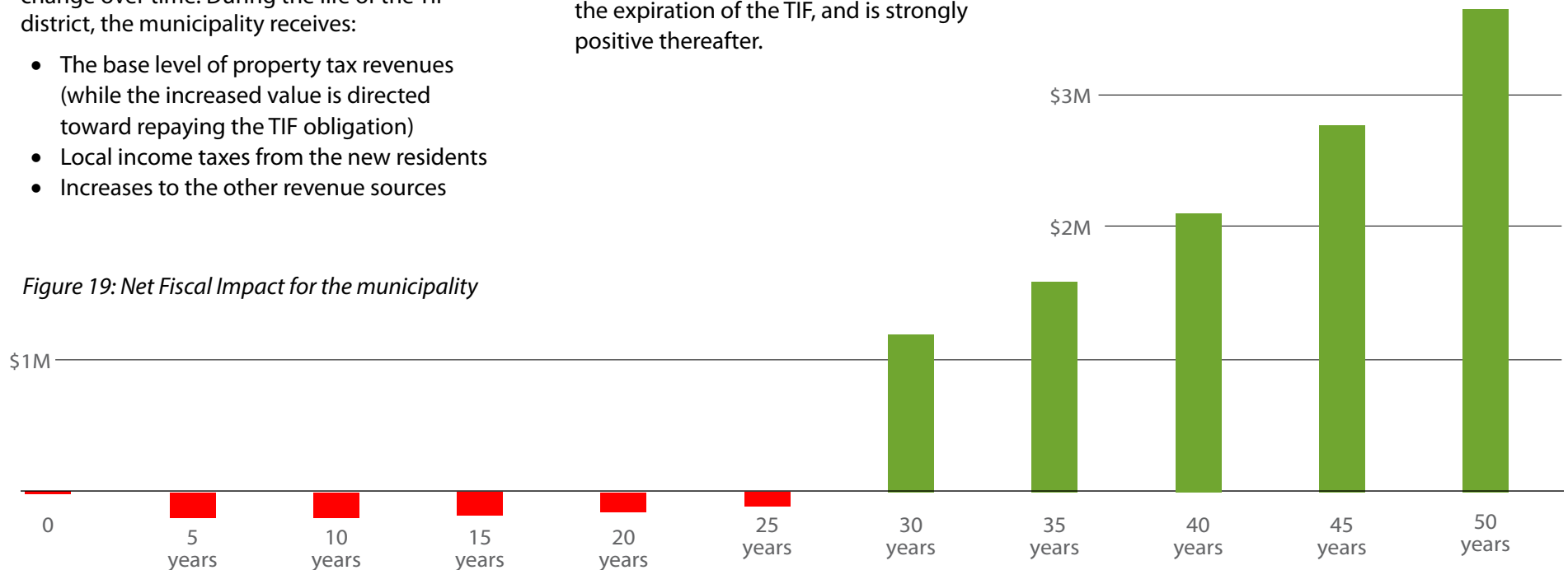
In 25 years, when the TIF expires, the municipality captures the remainder of the property tax revenues. The cost of providing municipal services to the new development does not change over the life of the TIF. Combining the revenue trajectory with service costs, the net impact is the following:

- During the 25-year life of the TIF, the sum of all revenue sources is projected to fall slightly short of paying all of the City's costs of providing services to the new development.
- Following the 25-year life of the TIF, the project generates strongly positive net revenues for Noblesville.
- From a municipal finance perspective, the project breaks even two to three years after the expiration of the TIF, and is strongly positive thereafter.

School Fiscal Effects

The fiscal effects of a TIF-funded project also change over time for the school district. During the life of the TIF district, the school district receives the base level of property tax revenues, and additional state funding associated with the school age children in the new development.

In 25 years, when the TIF expires, the municipality captures the remainder of the property tax revenues.



The cost of providing school district services to the new development does not change over the life of the TIF. However, the population of school age children in a midrise apartment building is quite low, so the service burden on the school district associated with Nexus Noblesville is quite low.

Combining the revenue trajectory with the school district's estimated service costs, the net impact is the following:

- During the 25-year life of the TIF, the sum of all revenue sources is projected to fall slightly short of paying the costs associated with providing education services to children in the new development.
- Following the 25-year life of the TIF, the project generates strongly positive net revenues for the school district.
- From a long-term school district finance perspective, the project breaks even only two to three years after the expiration of the TIF, and is strongly positive thereafter.

Key Takeaways:

The revenues received by the City of Noblesville and Noblesville Schools are significantly reduced for twenty-five years by the tax increment financing obligation that supported Nexus Noblesville.

For Noblesville:

- The cost of providing municipal services to Nexus Noblesville is somewhat reduced by its infill location.
- During the life of the TIF, the local income taxes and other revenues generated by the new development are nearly sufficient to cover the cost of providing municipal services to the development.
- Following the life of the TIF, net revenues to the municipality are strongly positive.

For Noblesville schools:

- The cost of providing services to the upscale apartment development is mitigated by its relatively low population of school age children.
- During the life of the TIF, Nexus Noblesville imposes a modest net cost on the school district.
- Following the life of the TIF, net revenues to the school district are strongly positive.

Over the long term, Nexus Noblesville has a strongly positive fiscal impact for both the City of Noblesville and Noblesville Schools, breaking even just two to three years after expiration of the TIF, and being strongly positive thereafter.

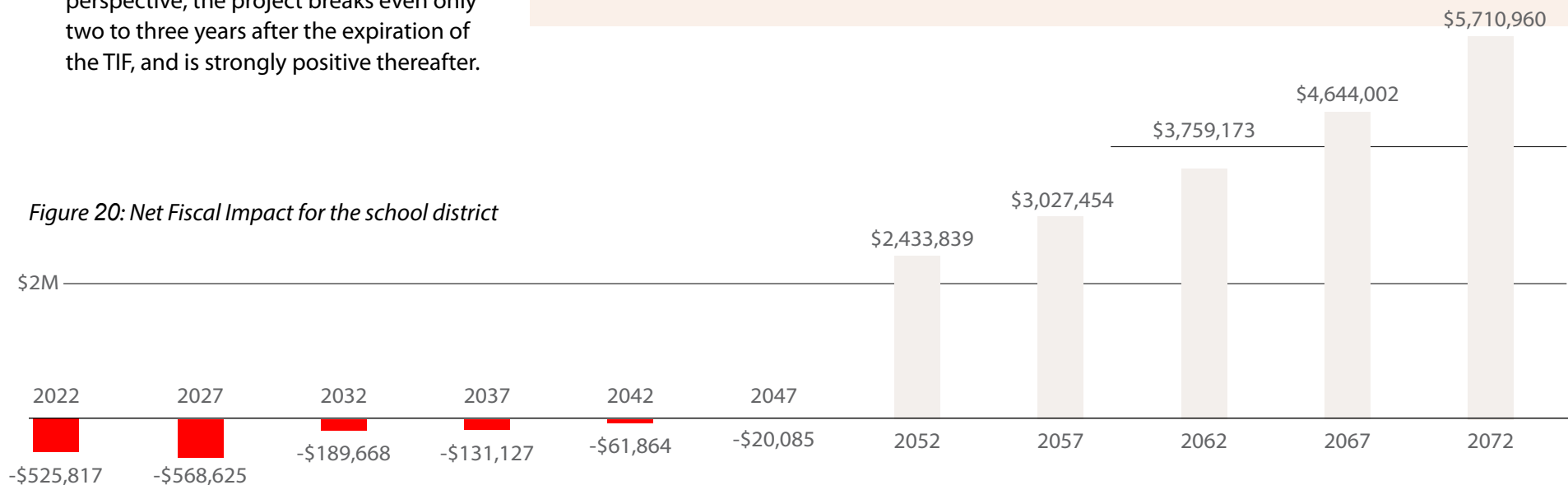


Figure 20: Net Fiscal Impact for the school district

Mixed Use Districts



High quality mixed-use districts require good urban design, an interesting mix of amenity-oriented businesses, and a strong residential customer base.

Case study research shows that successful mixed-use districts contain three or more significant land use elements that maximizes synergy between each. Nearly all contain both retail and multifamily residential development, with office as the next most common real estate type, followed by hotel. Additional land uses can include arts centers, museums, theaters, sports facilities and other amenities conducive to a walkable environment.

Essential Urban Design Features

Urban design features that support vibrancy and walkability include short to medium length blocks, strong road and transit access, continuous walkways that are appropriately scaled, safe crossings, appropriate buffers from traffic and incompatible land uses, street-oriented buildings, and comfortable and safe places to sit.

Case Study Context

This case study research examined a variety of mixed-use, walkable town centers in Central Indiana, as well as Kansas City and Minneapolis. All are surrounded by mature suburban neighborhoods. Most have significant completed square footage of development with a variety of development types. The mixed use districts typically are supported by between 3,500 to 7,000 housing units within a one-mile radius, and are thus in a relatively dense setting. Households in this area are an important submarket for the mixed use district, providing a base level of demand for the retail, services and restaurant businesses in the district.

Retail Dynamics and Customer Base

Retail development in these districts must attract a dual customer base—those who live nearby, and those who see the business district as an attractive destination. Adding housing in and near such districts contributes business customers directly, and it contributes to a baseline of pedestrian traffic and vibrancy in

the area, which has a ripple effect of attracting additional destination customers. Residents of newer suburban apartment buildings tend to be higher income, and their tastes are compatible with the types of businesses that do well in such districts.

Housing Density and Retail Demand

Based on total U.S. households divided by total retail inventory, the average housing unit generates demand for between 120 and 150 square feet of retail space. A share of this purchasing power goes to businesses that are not a good fit for mixed use districts—such as big box stores and automobile-oriented businesses. Mixed use districts are more likely to include retail amenities such as restaurants, personal services, and more distinctive retail stores. These business categories account for up to 40% of overall retail spending.

Mixed-use districts benefit disproportionately from nearby housing because the type of retail that thrives in such environments align with the retail spending categories most influenced by proximity and convenience.

Table 5: Key Development Metrics Associated with Strong Neighborhood-Serving Mixed-Use Centers

Metric	Typical Range	Implication
Housing units within 1-mile radius	3,500 to 7,000 units	Provides baseline demand for retail and services
Surrounding context	Mature suburban neighborhoods	Ensures stable customer base
Development mix	Retail, multifamily, office, hotel	Creates all-day activity cycle
Walkability	Medium to high	Supports local trips and reduces auto dependence

Table 6: Retail Spending Categories Suited to Mixed-Use Districts.

Category	Typical share of household retail spending	Fit for mixed-use district
Restaurants and Cafes	20 to 25%	Strong fit
Personal Services	5 to 10%	Strong fit
Specialty retail	10 to 15%	Strong fit
Big-box/general merchandise	25 to 35%	Not a good fit
Auto-oriented retail	10 to 15%	Not a good fit

The Role of Housing in District Success

Because of the varied forms of vibrant mixed use districts, there's no universal numerical threshold of housing units that are needed to support the district. Having said that, the following are some rules of thumb that prominent urban analysts have suggested for the relationship between housing and business district vibrancy.

What is universally understood is adding housing density in and near a mixed use district provides an unambiguous boost to the district through both direct patronage and by contributing to its vibrancy and attractiveness for others.

Although no single metric determines how much nearby housing a walkable business district needs, a consistent set of ranges and benchmarks emerges across planning literature, national datasets, and case study research. These insights help in understanding the relationship between residential density and the economic performance of mixed-use districts.

- **Neighborhood-serving retail viability (12–20 dwelling units per acre)**
Research suggests that densities in this range can support cafés, small grocers, personal services, and other daily-needs retail within walking distance. These environments typically include 2–4 story multifamily buildings, townhomes, triplexes, and courtyard apartments.
- **Mixed-use “main street” districts (25–40+ dwelling units per acre)** Districts with densities in this range are more likely to sustain a broader mix of restaurants, specialty retail, and professional services. These areas often include a combination of residential, office, and institutional uses that generate consistent foot traffic throughout the day.
- **Transit-anchored or regional centers (40–100+ dwelling units per acre)**
Higher densities of this magnitude are associated with transit-oriented development (TOD), downtowns, and major corridors. These districts can support both daily-needs retail and destination-oriented businesses, and they typically exhibit lower parking ratios and higher tolerance for storefront turnover.

In addition to density, the total number of households within a walkable catchment is a critical determinant of district performance. National research aligns closely with the case study findings:

- ULI’s analysis of suburban town centers identifies 4,000–8,000 households within a 1–1.5-mile radius as a common support base for successful mixed-use districts¹.
- Smart Growth America suggests that 2,000–3,000 households within a 10–15-minute walk are needed to sustain a small main street with limited retail offerings².
- According to Oklahoma’s City Retail Plan, larger mixed-use districts typically require 5,000–10,000 households to support a full range of restaurants, services, and specialty retail³.

1) Housing in the Evolving American Suburb. (n.d.). Retrieved July 16, 2026, from <https://uli.org/wp-content/uploads/ULI-Documents/Housing-in-the-Evolving-American-Suburb.pdf>
2) Irarrázaval, P. (2026). 2.CNU best practices. pdf. Scribd. <https://www.scribd.com/document/357114763/2-cnu-best-practices-pdf>
3) Economic & Planning Systems, Inc. (2014). Oklahoma City Retail Plan.

These findings reinforce that household concentration, not simply density, is a key predictor of district viability.

- Each household generates demand for approximately **120 to 150 square feet of retail space**.
- Only **30 to 40 percent** of this demand aligns with the types of businesses typically found in walkable mixed-use districts (e.g., restaurants, personal services, specialty retail).

Thus, a district with 5,000 nearby households may reasonably support 180,000–300,000 square feet of walkable-district-appropriate retail demand. Districts with fewer households often struggle to maintain a diverse and stable retail mix.

Research consistently shows that **proximity matters more than raw density**. Two areas with identical densities can produce very different outcomes depending on:

- Whether housing fronts the corridor is separated by parking
- The continuity of storefront frontage
- Block length and intersection frequency
- The presence of curb cuts, driveways, and other pedestrian barriers
- The overall quality and safety of the walking environment

A corridor with 15 dwelling units per acre directly on the street often outperforms one with 30 dwelling units per acre located behind large setbacks or disconnected street networks.



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Summary of Taxation Policy

Introduction

This memorandum describes the sources of municipal revenue in the State of Indiana—of which property taxes and Local Income Tax (LIT) are the most important, accounting for the majority of total municipal revenues. Other common revenue sources include vehicle excise tax, motor vehicle highway (MVH) tax, food & beverage tax, and local fees.

The memorandum also describes the revenue structures of local school districts, and the impact of tax increment financing on both municipalities and school districts.

Property Tax

Property taxes are a cornerstone revenue source for municipalities in Central Indiana. But only around a quarter of Indiana property taxes go to municipalities—i.e. cities and towns. Property taxes are also a primary source of revenues for counties, school districts, townships, libraries, and special districts such as fire districts.

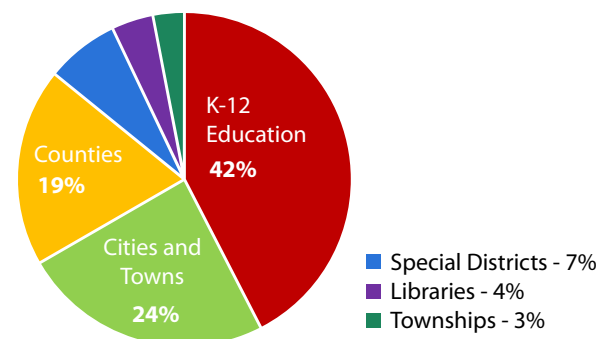
Property taxes are collected by county treasurers and distributed to each of the recipient local governmental units and special taxing districts. Property taxes provide flexible revenues to each of these governmental units. They can be utilized to support the breadth of programs and actions undertaken by the recipient entities.

According to the Indiana Department of Local Government Finance, on the average a dollar

of property tax received by county treasurers in Indiana is distributed as follows:

- **42 cents** goes to public school districts to fund teacher salaries, classroom materials, student transportation, and building maintenance.
- **24 cents** goes to cities and towns for municipal services such as police and fire protection, street maintenance and utility infrastructure, and local parks.
- **19 cents** goes to counties to support functions such as courts and jails, public health, elections, and major roads.
- **4 cents** goes to libraries for staffing, collections, and programming.
- **3 cents** goes to townships for functions such as emergency assistance, cemetery maintenance, and road maintenance.
- **7 cents** goes to a wide variety of special districts, including Soil and Water Districts, Conservancy Districts, Solid Waste Management Districts, Regional Districts, Fire Protection Districts, Public Transportation Corporations, Port Authorities, Airport Authorities, Flood Control Districts, Military Reuse Authorities, Regional Planning Commissions, and Redevelopment Authorities.

Figure 28: Revenue Distribution in Indiana



There are several steps in the determination of property tax payments.

- **Assessed value.** The value of properties must be estimated by the County Assessor, yielding an “assessed value” for each property.
- **Deductions.** Some properties are eligible for deductions to the assessed value, yielding a lower “net assessed value” that is the basis of their property tax payments. Deductions to assessed value are prescribed by state statute.
- **Property tax rates.** A property tax rate is applied to the net assessed value of the property to yield the gross property tax. Property tax rates are determined by local governments, subject to state statutory limits.
- **Property tax caps.** Property taxes are capped by state statute at a certain percentage of the property’s original assessed value. The net property tax is the lower of the gross property tax or the capped property tax level.

The determination of property taxes for a given property is heavily shaped by parameters adopted by the Indiana state legislature. These parameters are established by state legislation and are subject to change by state legislation. New legislation was adopted in 2025 that made significant changes to local property taxation in Indiana. Senate Enrolled Act 1 (or SEA 1) was adopted in April, 2025, and will govern local property taxation in 2025 and beyond. It set new parameters for deductions, property tax rates, and property tax caps, as discussed below.

Assessment of Property Value

As an “ad valorem tax”, property taxes are based on the value of the property, as determined by the county assessor. The county assessor determines assessed property values using mass appraisal techniques and annual market-based adjustments. The assessments are reviewed and certified by the Indiana Department of Local Government Finance (DLGF), which also calculates tax rates based on approved local budgets. Tax bills are issued by county officials, who notify taxpayers of their property’s assessed value, offering the right to appeal if the valuation is believed to be inaccurate. The DLGF ensures the fairness and accuracy of assessments and provides resources to assist taxpayers in navigating the system.

Property Valuation

Property assessments are government estimates of the value of properties. An assessed value must be determined for each tax-paying property in a jurisdiction every single year. Mass appraisal methods

are utilized to derive and update assessed values in a jurisdiction. The State Board of Tax Commissioners (SBTC) has issued guidance for conducting real property mass appraisals. When properly applied, it ensures consistent and accurate property valuations across all property classes within a jurisdiction.

The mass appraisal is primarily based on what properties have sold for. This approach is called the sales comparison approach to property valuation. Using this approach, the value of a property is estimated based on the property characteristics and sale price data from actual property sales. If peer property sales data are insufficient or unavailable, county assessors may also incorporate the cost and/or income approach.

In the cost approach to property valuation, the value of properties are estimated based on the current cost to replace or reproduce an existing structure, depreciated to account for age, wear, and functional or economic obsolescence. This approach is particularly effective for valuing newer or special-purpose properties where comparable sales data may be limited.

The income approach is used primarily for income-generating properties such as commercial buildings, rental housing, or industrial facilities. It estimates property value based on the property’s ability to produce income over time. Income is relevant to property value because the net operating income (NOI)—i.e. rent revenues minus operating costs—of an income-generating property has a consistent relationship to the value of the property. (The ratio of the NOI to the property value is called the capitalization rate or cap rate.)

Property values are subject to annual adjustments to account for changes in the marketplace. Changes in the sale prices of properties from one year to the next are important signals for estimating value changes to other properties. Taxpayers may see an increase or decrease in their assessments after the annual adjustment of their assessment.

Through the combination of appraisal techniques and annual adjustments, county assessors update the assessed value of every tax-paying property in the county on an annual basis.

Deductions to Assessed Values

In 2025, owner occupied residential properties are subject to two deductions to their gross assessed value. The Standard Deduction reduces the assessed value by the lesser of 60% or \$45,000. The Supplemental Deduction is applied to the remaining assessed value after the Standard Deduction. The supplemental deduction is 35% of the first \$600,000 of remaining value, and 25% of the remaining property value above \$600,000. These deductions are established in state statute, and pertain to owner occupant residential properties across Indiana.

For the standard deduction and supplemental deduction to be applicable, the property must be owner occupied and the homeowner’s principal residence. The deduction applies to up to one acre of land immediately surrounding the dwelling. The following table shows how property value deductions apply to a set of properties.



Table 13: Assessed Value Calculations

	Single Family Residential 1	Single Family Residential 2	Rental Apartments	Office or Retail Development
Gross Assessed Value	\$250,000	\$500,000	\$10,000,000	\$10,000,000
Standard Deduction	\$45,000	\$45,000		
Supplemental Deduction	\$71,750	\$159,250		
Net Assessed Value	\$133,250	\$295,750	\$10,000,000	\$10,000,000

SEA 1, adopted during the 2025 legislative session, modified the deductions that will pertain to residential properties.

- For homesteaded properties, the Standard Deduction will be reduced from \$48,000 in 2025 (for property taxes paid in 2026) to \$0 in 2030, while the supplemental deduction will increase from 37.5% in 2025 (for property taxes paid in 2026) to 66.7% in 2030.
- Non-homesteaded residential properties will be newly eligible for a deduction to assessed values, starting at 6% of assessed value in 2025 (for property taxes paid in 2026) and increasing to 33.4% of assessed value in 2030.

Determination of Property Tax

The net assessed value of a property is the basis for calculating property taxes. Each taxing jurisdiction adopts a levy rate (within limits defined by state statute), and that levy rate is applied to the net assessed value to derive the gross property tax.

The gross property tax for a given property is subject to a set of limits and reductions, as described in this section.

Property Tax Caps

Property taxes are capped by state statute in Indiana. The “Circuit Breaker Credit System” sets a maximum limit on the property tax a given property will pay. Property taxes are capped at a set percentage of the property’s gross assessed value, which varies according to the type of property, as follows:

- 1% cap for homestead properties (owner occupied residences)
- 2% cap for other residential property, agricultural land, and long-term care facilities
- 3% cap for commercial, industrial, and nonresidential personal property

Table 14 builds on Table 13. It assumes a hypothetical total property tax rate of 2.3%, and shows how the application of the pertinent property tax cap affects the net property tax liability.



Table 14: Property Tax Calculations

	Single Family Residential 1	Single Family Residential 2	Rental Apartments	Office or Retail Development
Assessed Value	\$250,000	\$500,000	\$10,000,000	\$10,000,000
Standard Deduction	\$45,000	\$45,000		
Supplemental Deduction	\$71,750	\$159,250		
Net Assessed Value	\$133,250	\$295,750	\$10,000,000	\$10,000,000
Tax Levy	2.3%	2.3%	2.3%	2.3%
Gross Property Tax Liability	\$3,065	\$6,802	\$230,000	\$230,000
Property Tax Cap	\$2,500	\$5,000	\$200,000	\$300,000
Net Property Tax Liability	\$2,500	\$5,000	\$200,000	\$230,000

In Table 14 above, the property tax cap reduces the net property tax for each of the example properties except for the office/retail development.

Other Property Tax Considerations

Additional deductions to assessed property value, and credits to property taxes, are available to households meeting specific eligibility requirements based on age (over-65), income, disability, and veteran status. Some of these deductions and credits are available state-wide. Others have been adopted at the county level and are available to residents of those counties.

SEA 1 modified the property tax credits that are applied to a property's gross tax liability.

- Starting in tax year 2026, homestead properties will receive a credit of 10% of property taxes owed.
- Credits will also be available to households meeting specific eligibility requirements—including those with householders age 65+ earning under \$60,000 or \$70,000, individuals who are blind or disabled, and disabled veterans.

Through the mechanisms outlined in this section, SEA 1 will reduce local property taxes on most properties, conferring a financial benefit to local property owners but reducing a core revenue stream for local municipalities.

SEA 1 also limits the annual increase in total municipal property tax revenues to 4%.

Local Income Tax

Local income tax (LIT) plays a significant role in funding local government services. Local income taxes are paid by residents as a percentage of their Indiana adjusted gross income. If an individual resides out of state but has their principal place of work or business in an Indiana county, they are subject to LIT as well.

Local income taxes are collected by the Indiana Department of Revenue on behalf of each county through employer withholding, estimated payments, and annual tax filings. Those revenues are distributed to the counties which in turn distribute to local governmental entities. Local governments that receive a share of local income tax revenues include counties, cities, towns, townships, library systems and other special districts.

Prior to the adoption of SEA 1, Indiana counties set local income tax rates for all local jurisdictions in the county, with input from those jurisdictions. SEA 1 will change the structure of local income taxes starting in 2028, giving cities more autonomy in setting their own local income tax rate.



County expenditure rate. Counties are authorized to collect several types of local income taxes that comprise the county expenditure rate. The primary types of local income taxes are noted below, along with the local governmental entities that are recipients of the funds, and the purposes to which they can be put:

- **Certified shares.** These are distributed to counties, cities, towns, townships, libraries and other districts for general operations.
- **Public safety.** These are distributed to counties, cities, towns, townships, fire departments, and fire territories for public safety services.
- **Economic development.** These are distributed to counties, cities and towns for economic initiatives.
- **Special purposes,** such as for correctional facilities, emergency medical services, judicial services, and acute care hospitals. These income taxes are retained by the county for the designated purposes.

All of these local income tax types make up the “county expenditure rate.” The county expenditure rate is currently capped by statute at 2.5% of a household’s adjusted gross income.

Property tax relief. Counties may collect an additional local income tax specifically to fund property tax relief for residents. This tax

is separate from and levied in addition to the local income taxes included in the county expenditure rate. Revenue generated through the property tax relief tax is used to reduce property tax burdens for eligible households, either through deductions to assessed value or credits applied to property tax bills.

Total local income tax. The total local income tax is the sum of the county expenditure tax rate and the property tax relief tax rate. Total local income tax is capped by state statute at 3.75%, but no county in Indiana is taxing at the maximum rate. Total local income tax rates range from a low of 0.1% in Vermillion County to a high of 3.13% in Pulaski County.

Following the adoption of SEA 1, the caps on county expenditure rates and on total local income tax will remain constant (at 2.5% and 3.75% respectively) through 2028. Beginning in 2029 a cap of 2.9% on total local income tax will take effect. Within that total, municipalities will be able to set their own local income tax rate of up to 1.2% of household income.

Notwithstanding the lower cap on the total local income tax rate, overall these changes are expected to expand the ability of municipalities to collect local income taxes, which may partially offset the expected reductions they face in property tax collections.

Taken together, SEA 1 is expected to reduce property tax collections, which may be partially recouped through increased LIT revenues.

The overall impact will be new constraints on municipal budgets. Municipalities will need to address the revenue decline through identifying new revenue sources and reducing municipal expenditures.

There are also implications to the shift in municipal revenues away from property taxes and toward local income taxes. This shift is likely to impact differently situated municipalities in different ways. Specifically, counties and cities with higher income households will be able to generate more revenue from local income tax than those with lower income households. For that reason, lower income communities—such as rural counties, post-industrial communities, and areas characterized by aging populations or elevated poverty rates—are likely to face more fiscal challenges than higher income communities.



Other Sources of Revenue

User Fees

Central Indiana municipalities typically fund certain municipal services through user fees. Households that receive municipal water and sewer services, or solid waste pickup, are charged user fees that are utilized exclusively to fund those services.

Other user fee revenues may be collected for the use of facilities or equipment. For example, a rental fee may be charged for renting a paddle board, or reserving a park pavilion for an event.

Regulatory and Impact Fees

Regulatory fees may be charged for obtaining a business license or applying for a zoning or land use permit. Such regulatory fees need to be justified by the departmental expense associated with providing the regulatory service.

Impact fees are a one-time fee that are designed to ensure new development contributes towards the cost of public infrastructure improvements. The fees help local governments fund infrastructure such as roads, parks, water systems and other public amenities needed to support growth. The purpose behind imposing impact fee is to prevent existing residents from bearing the full financial burden of expanding services to accommodate new development.

Vehicle Excise Tax

Vehicle excise taxes are taxes paid by vehicle owners during the registration or annual renewal of the vehicle. Counties and

municipalities can each adopt a vehicle excise tax, and receive the proceeds from the tax. The Indiana Bureau of Motor Vehicles collects the tax and distributes it to the taxing entities. Revenues can be directed to a range of purposes related to building and maintaining local streets and roads.

Motor Vehicle Highway Tax

Motor Vehicle Highway (MVH) taxes are paid by vehicle owners as a surcharge on fuel when putting fuel in a vehicle, and during the registration of a vehicle. Additionally, there is an annual electric and hybrid vehicle fee imposed on applicable vehicles to compensate for the reduced fuel taxes received from those vehicles. The fees are established and collected by the state of Indiana, and then allocated to the Indiana Department of Transportation and local governments (counties, cities, and towns).

Around 40% of all MVH tax revenues are distributed to local governments. Under current law, of the revenues allocated to local governments, roughly half are restricted to capital improvements such as construction, reconstruction and preservation of roads and highways. Starting in 2026, the House Enrolled Act 1461 reduces this requirement to 40%, provided local municipalities are able to meet specific road condition benchmarks.

The other half of MVH tax revenues are “unrestricted” funds that can be utilized for a broad range of operations and maintenance purposes related to the local transportation infrastructure (streets, alleys, traffic signals, snow removal, etc).

Food and Beverage Tax

Counties and municipalities may impose a Food and Beverage Tax under Indiana Code 6-9. This local option tax applies to the sale of food and beverages prepared for immediate consumption, such as those sold by restaurants, bars, and catering services. The tax is typically set at 1%, though some jurisdictions impose a combined rate of 2% through both county and municipal levies.

The tax is collected in addition to the state’s 7% sales tax and is administered by the Indiana Department of Revenue. Businesses must register, collect the tax at the point of sale, and remit the tax monthly via the INTIME portal. Local government revenues derived from the Food and Beverage Tax is earmarked for local projects including tourism promotion, infrastructure improvements, convention centers, and economic development initiatives. Each jurisdiction must pass a local ordinance specifying the rate and intended use of the funds, following public hearings to ensure transparency and community input.

School District Revenues

School district revenues come from a wide range of sources, but two revenue sources are most important—tuition support and local property taxes.

State Education Fund (Tuition Support)

In the 2024 – 2025 school year, the state of Indiana allocated around \$8,400 to Indiana school districts for each student in public



and charter schools in the districts. Most private school students are also eligible to receive tuition payments in the form of vouchers worth 90% of the state tuition support provided for public and charter school students. Eligible private school students are from households earning less than 400% of the household income of those who are eligible for the Free and Reduced Lunch program. Starting in 2026, the state plans to remove these income limits, making all private school students eligible for vouchers.

Property Taxes

Property taxes are an important revenue source for school districts. They are collected by the county treasurer and distributed to each of the constituent local governments and special taxing districts—including school districts. They are flexible revenues for the school district, available to support any district expenditure. An average of 42% of property tax revenues are allocated to local school districts.

Referendum-Supported Levies

Referendum supported levies are an additional property tax proposed and authorized by a school district and approved by the public through a referendum. School district referendums must be targeted toward either supporting operating costs, or funding capital improvements.

Other Funding Sources

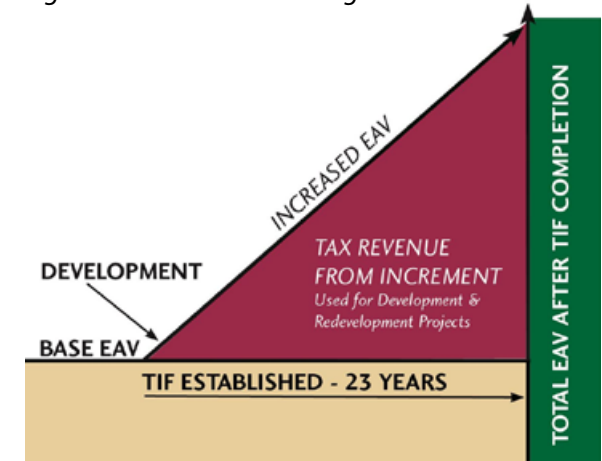
School districts receive funds through a broad variety of additional sources including:

- **Other State Funds, including:** Special Education Grant, Career and Technical Education Grant, Non-English Speaking Program Grant, Teacher Appreciation Grant, Summer School Funding, Common School Fund, School Technology Advancement Account, School Building Construction Program
- **License Excise Tax:** Paid during vehicle registration; distributed to school districts based on local tax rates.
- **Commercial Vehicle Excise Tax (CVET):** Replaces assessed value of commercial vehicles; distributed to schools via county auditors.
- **Financial Institutions Tax (FIT):** Distributed to schools to offset lost property tax revenue from financial institutions.
- **Additional miscellaneous sources, including:** textbook rental fees, food service revenues, investment earnings, other grants, transportation fees

Tax Increment Financing

Tax increment financing (TIF) is a tool for generating revenues to fund development or redevelopment projects within a designated redevelopment area (TIF District).

Figure 29: Revenue to Taxing Districts



A TIF district is a taxing district that is established for a specified period of time.

During that time span, all property taxes that accrue from increases to property values in the district are directed to a TIF Fund. TIF Fund resources are used for the purposes defined with the establishment of the TIF District. They may repay public debt used to provide financial support to development in the district, or to improve the public infrastructure around the development. Or they may be obligated to reimburse the developer for development costs.

In a TIF District, the base assessed value is the value of all properties at the time the TIF District is established. Property taxes that flow from the base assessed value will continue to be paid to all local taxing entities—county, school district, cities, towns, etc—through the life of the TIF District. The tax revenues that



flow from increases in the assessed value—i.e., the “tax increment”—are directed into the TIF fund to be utilized for purposes such as those described above.

TIF financing has an impact on local government and school district budgets. When TIF is used to finance a development project, the new development imposes a service burden on local governments and school districts from the time of project completion, but the project’s property tax revenues are not available to the local governments and school district until the TIF District expires. For that reason, TIF-funded development projects are typically fiscally negative for the duration of the TIF District—at which point they will often be net contributors to the municipal budget.

TIF-funded projects generally have benefits to local communities beyond their mixed impacts on local budgets. They can advance important community goals such as meeting local housing needs or contributing to neighborhood revitalization.



General Fund Analysis and Forecast

This section outlines the process used to develop forecasting models for the participating municipalities’ general funds. The purpose of these models was to establish a baseline for understanding future fiscal impacts under current economic conditions and the changes to the fiscal context introduced by 2025 SEA – 1.

Overview of Forecasting Approach

The forecasting model was built on detailed General Fund account information for two of the three test-case municipalities. It evaluates both revenue and expenditure components of each of their general fund accounts. The model incorporates projections for property tax revenues, local income tax revenues, and major general fund expenditure categories. These inputs allow for multi-year fiscal projections that help assess structural balance, sustainability, and potential financial risks.

Revenue Forecasting Methodology

General Fund revenues were forecasted utilizing several years of historical revenue collections to establish trends and applying known legal or policy constraints such as property tax levy limits or scheduled changes in fees. The model also layers in economic assumptions like inflation, interest rates, and population changes to estimate how each revenue source will grow over time. Each major revenue category, property taxes, income taxes, charges for services, permits,

and intergovernmental revenue is projected separately. Finally, the model incorporates growth such as new housing, commercial growth, or legislative changes, and generates multi-year scenarios to help understand the range of possible revenue outcomes. Local income tax revenues were projected using recent income growth trends, tempered by anticipated adjustments due to 2025 SEA-1.

Property Tax Revenue Projections

Property tax revenues were forecasted based on assessed value trends, statutory limitations, and the expected impacts of the state’s recent changes under 2025 SEA-1. These changes introduce new caps and exemptions that are projected to reduce property tax revenues in the near term. The model incorporates these reductions by applying estimated annual decreases to net property tax collections.

Table 7: Annual Growth Rate for Property Tax Scenarios

Property Tax Scenario	Annual Growth Rate %
Baseline	-2.0%
Neutral	0.0%
Optimistic	2.0%

The baseline scenario reflects assumes the reductions in property tax collections are not fully offset by increases to the property tax rate—hence a 2% reduction in property tax collections—and that reduction is partly made

up through a modest increase in local income taxes. (See table below.) Because the baseline scenario doesn’t result in a balanced budget, the neutral and optimistic scenarios provide budget forecasts with more assertive increases to the property tax rate and local income taxes.

For participating Municipality A, 1% growth in property tax generates around \$385 thousand in additional annual property tax revenues—which is equivalent to the revenues that derive from around 11.3 acres of single-family, medium-lot homes. For participating Municipality B, 1% growth in property tax generates around \$101 thousand in additional annual property tax revenues—which is equivalent to the revenues that derive from around 3 acres of single-family, medium-lot homes.

Table 8: Annual Growth Rate for Local Income tax Scenarios

Local Income Tax Scenario	Annual Growth Rate %
Baseline	2.0%
Neutral	5.0%
Optimistic	8.0%

Local Income Tax (LIT) Revenue

Projections

Local income tax revenues were projected using recent income growth trends and adjustments expected due to 2025 SEA-1. (SEA – 1 authorizes municipalities to adopt LIT tax rates up to 1.2%.) In the baseline scenario, LIT revenues are projected to increase modestly, and partially offset the property tax reductions due to 2025 SEA-1. The Neutral and Optimistic scenarios anticipated greater increases in LIT tax rates.

For participating Municipality A, 1% growth in local income tax means about an additional \$364 thousand in income tax collections—which is equivalent to the revenues that derive from around 11 acres of single-family, medium-lot homes. For participating Municipality B, 1% growth in local income tax means about an additional \$122 thousand in income tax collections—which is equivalent to the revenues that derive from around 3.7 acres of single-family medium-lot homes.

Property Tax Revenue Translated to Local Income Tax

Legislators included the municipal LIT authority explicitly to help local governments offset 2025 SEA-1's property-tax cuts. The 2025 SEA-1 overview notes that the new municipal LIT option is "in part to help cities and towns make up for property tax revenue losses."

Previously, LIT could only be levied countywide. 2025 SEA-1 now allows cities and towns with at least 3,500 residents to adopt their own municipal LIT rates, up to 1.2%, as part of the statewide LIT system overhaul.

Beginning in 2028, municipalities may choose their own rates rather than relying solely on county decisions. This is a critical mechanism for revenue replacement because it gives each city/town a new, direct tax base independent of property assessments.

The adjustment to local income tax that is needed to offset property tax limitations or reductions will vary between municipalities based on the relative share of total municipal revenues that each of the two revenue sources represent. For most Central Indiana municipalities, LIT taxes generate less revenue than property taxes. In that case, a x% reduction in property tax revenues will need to be offset by a greater-than-x% increase in local income tax revenues to keep the budget whole.

Supporting the development of fiscally positive housing types can also play a role in offsetting new limitations on property tax revenues. The table below shows the area of new development that offsets the loss of property taxes for the three property tax scenarios over the 5-year period.

Expenditure Forecasting Methodology

General Fund expenditures grow for two main reasons: inflation and growth. Inflation makes it more expensive for governments to provide the same level of service each year. The cost of fuel, construction materials, and equipment increase annually, and employees receive cost-of-living salary increases and merit increases. At the same time, as a city grows in population and geographic size, the government must expand the amount of service it provides.

Table 9: Higher Density Apartment Development to Offset Property Tax Loss

Property Tax Scenario	Annual Growth Rate %	5-Year Property Tax Loss	5-Year Local Income Tax Adjustment
Baseline	-2.0%	-25.7%	+29.7%
Neutral	0.0%	-21.1%	+24.4%
Optimistic	2.0%	-16.2%	+18.8%

Property Tax Scenario	5-Year Property Tax Loss	Higher Density Apartments (acres)	Net Fiscal Impact of Higher Density Apartments
Baseline	-25.7%	45.8	+\$62.8M
Neutral	-21.1%	37.5	+\$51.5M
Optimistic	-16.2%	28.9	+\$39.6M



Our forecasting model's General Fund expenditure projections incorporate major departmental budgets including public safety, public works, and community services. Historical spending patterns were evaluated to derive escalation rates for key expense types.

Expense Inflation Escalation Factors

For a baseline in the forecasting models, the expenditures were initially escalated by type (Salaries, Benefits, Operations & Maintenance) based on the recent trends observed in each city's budget:

- Salaries: projected based on historical wage growth and anticipated staffing adjustments.
- Benefits: increased using recent health insurance and pension cost trends.
- Operations & Maintenance (O&M): escalated using average annual increases from prior years.

Municipality A

Municipality A has experienced rapid and sustained growth, expanding from about 30,000 residents in 2000 to more than 75,000 today, more than doubling its population and growing faster than most similarly sized U.S. cities. For the forecasting model, we've added an additional 1.5% annual growth factor to departments like public works and public safety to account for the additional cost increases attributed to projected population growth.

Municipality B

Municipality B has also experienced substantial growth in recent years, increasing its population by roughly 30,000 people over the past two decades, with steady annual growth and no signs of slowing. For the forecasting model, we've added an additional 1.0% annual growth factor to departments like public works and public safety to account for the additional cost increases attributed to projected population growth.

Creating the Forecast

The revenue and expenditure projections were combined to create a multi-year forecast for baseline, neutral, and optimistic scenarios. The baseline reflects the most conservative interpretation of projected revenue conditions which reflect reduced property taxes and slightly positive income tax projections. The neutral scenario maintains property taxes at current levels and shows sustained local income tax revenue growth. The optimistic scenario shows continued property tax growth capped at 4% and stronger local income tax revenue growth due to the changes made by 2025 SEA-1.

In the charts below, the three forecasts are applied to the General fund for each of the municipalities. Projected General Fund unassigned fund balance is widely recognized in municipal finance as a strong indicator of fiscal sustainability because it shows whether a city has the financial flexibility to absorb shocks, manage volatility, and maintain core services over time.



Baseline Forecast

The following charts are from the forecasting models that were developed and show the projected fund balance over the next five years for Municipality A and Municipality B. As explained in earlier sections, the following key revenue assumptions are active in the baseline forecast.

The baseline forecast for Municipality A starts with a strong fund balance in excess of the minimum reserve requirement set by the City which is shown as the black line on the chart. The City's total General Fund expense growth is on average 4.7% per year. The result of forecasting revenues and expenses shows a deficit persists throughout the forecasting period and results in a continued use of fund balance. The forecast shows the City is unable to maintain stable reserves throughout the forecast period.

The baseline forecast for Municipality B also starts with a strong fund balance in excess of the minimum reserve requirement set by the City. Additionally, a rapid deficit occurs throughout the forecasting period and results in a use of fund balance on an annual basis. The forecast shows the City is unable to maintain reserves above the 2-month minimum throughout the forecasting period.

Table 10: Tax Increase by Year - Baseline

Baseline	FY 2026	2027	2028	2029	2030	2031
Property Tax Increase		-2%	-2%	-2%	-2%	-2%
Local Income Tax Increase		2%	2%	2%	2%	2%

Figure 21: Municipality A Projected Fund Balance - Baseline

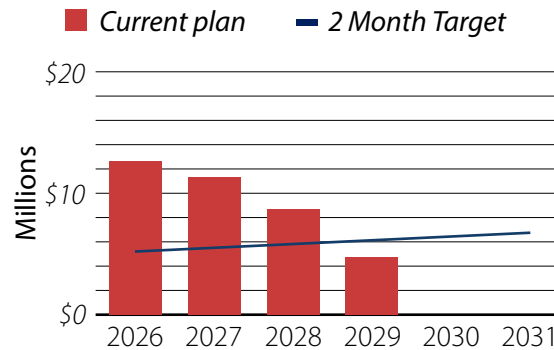
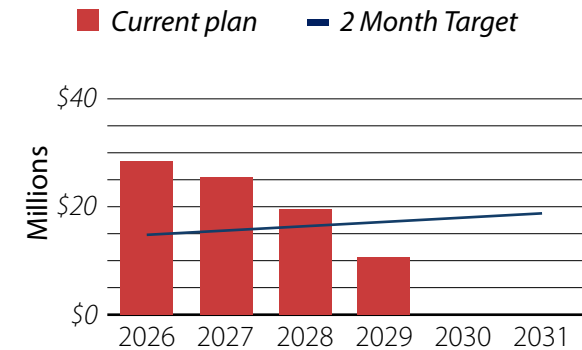


Figure 22: Municipality B Projected Fund Balance - Baseline



Neutral Forecast

The following charts are from the forecasting models that were developed and show the projected fund balance over the next five years for Municipality A and Municipality B. As explained in earlier sections, the following key revenue assumptions are active in the neutral forecast.

The neutral forecast for Municipality A starts with a strong fund balance and shows an average annual deficit of about \$1.5 million throughout the forecasting period. The forecast shows the City is able to maintain reserves for almost the entire forecast period.

The neutral forecast for Municipality B starts with a strong fund balance and shows an average annual deficit of about \$12 million throughout the forecasting period. The forecast shows the City is able to maintain reserves for slightly longer, but not throughout the entire forecast period. The projected fund balance is shown falling below the 2 month target in FY 2029.

Table 11: Tax Increase by Year - Neutral

Neutral	FY 2026	2027	2028	2029	2030	2031
Property Tax Increase		0	0	0	0	0
Local Income Tax Increase		5%	5%	5%	5%	5%

Figure 23: Municipality A Projected Fund Balance - Neutral

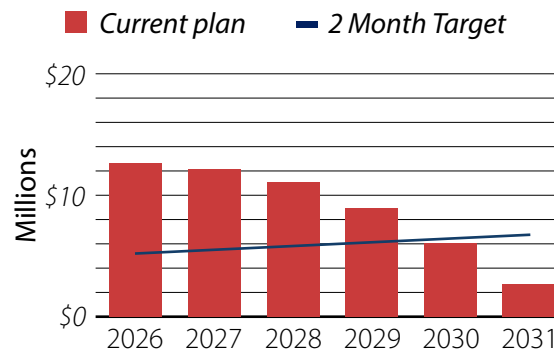
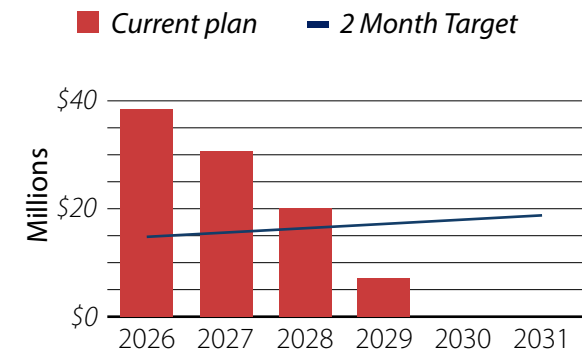


Figure 24: Municipality B Projected Fund Balance - Neutral



Optimistic Forecast

The following charts are from the forecasting models that were developed and show the projected fund balance over the next five years for Municipality A and Municipality B. As explained in earlier sections, the following key revenue assumptions are active in the optimistic forecast.

The optimistic forecast for Municipality A starts with a strong fund balance and shows an average annual surplus of about \$1 million throughout the forecasting period. The forecast shows the City is able to maintain reserves for the entire forecast period and has room to dedicated resources to projects or expanded services.

The optimistic forecast for Municipality B starts with a strong fund balance and shows an average annual deficit of about \$5 million throughout the forecasting period. The forecast shows the City is able to maintain reserves for almost the entire forecast period. The projected fund balance in FY 2031 is about \$1 million short of the 2-month target.

Table 12: Tax Increase by Year - Optimistic

Neutral	FY 2026	2027	2028	2029	2030	2031
Property Tax Increase		4%	4%	4%	4%	4%
Local Income Tax Increase		8%	8%	8%	8%	8%

Figure 25: Municipality A Projected Fund Balance - Optimistic

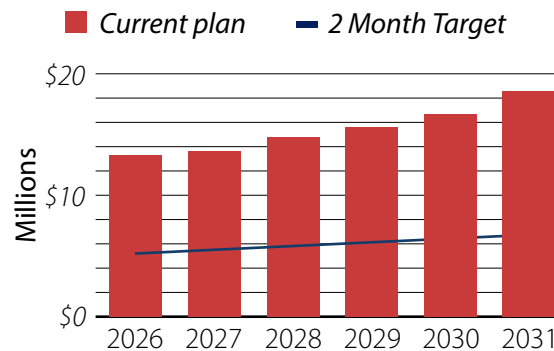
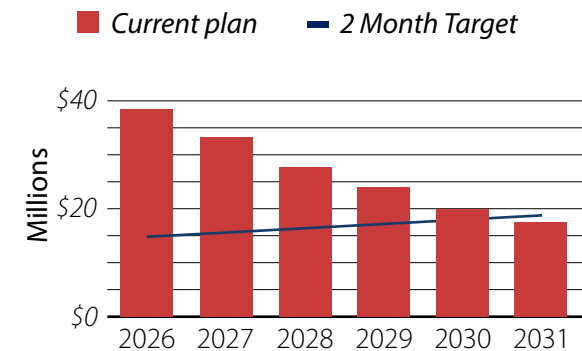


Figure 26: Municipality B Projected Fund Balance - Optimistic



Key Findings from the Forecasts

The General Fund forecasts indicate that both participating cities currently maintain surplus fund balance, which provides short-term flexibility to operate at a slight deficit over the next several years. However, relying on fund balance to offset recurring deficits is not a sustainable long-term strategy. Because fund balance is a finite resource, continued drawdowns will eventually deplete reserves and compromise fiscal stability.

These findings underscore the importance of aligning ongoing revenues with recurring expenditures and highlight the inherent risks of using reserves to support operational costs. The optimistic scenario is the only one to show a viable path forward for both test case cities, allowing them to maintain sufficient fund balance for the projection period. To maintain current expenditure levels, municipalities

would likely need to make assertive adjustments to the tax rates pertaining to both property taxes and local income taxes.

Alternatively, spending adjustments can be made to absorb revenue limitations. And thoughtful growth planning that integrates fiscally positive housing development can be part of the solution over the long run.

Community Engagement Activities

Online Quiz

An engaging and informational online quiz was developed to assess public perceptions and understanding of municipal budgeting. The quiz was designed to explore how residents interpreted revenue sources, service costs, tradeoffs, and the role of local government in allocating limited resources. It was intentionally crafted to avoid technical terminology while still introducing core concepts relevant to municipal finance.

The quiz was adapted for multiple social media platforms to broaden reach and encourage participation. Platform-specific formats, short-form question structures, and visual elements were used to increase engagement. Distribution was targeted to the Central Indiana community to ensure that responses reflected local perspectives and lived experiences.

Insights gathered from the quiz provided an additional layer of understanding to complement other engagement activities. The results helped illuminate areas of strong public awareness, common misconceptions, and topics where further communication or education may be valuable. These findings directly informed the themes summarized in the following section on what we heard from the community.

133 people took the online quiz and spent 4 minutes on an average to complete the quiz.

Interpreting Public Perceptions of City Budgeting

Participants showed strong intuition about where cities spend money, solid awareness of core municipal services, and more varied understanding of how cities generate revenue. The responses point to opportunities for continued public education around revenue structures, while also highlighting areas where residents already have a well-formed sense of municipal operations.

Understanding of Municipal Revenue Sources

Responses to the first question showed that participants had a strong grasp of the two primary revenue sources for Indiana municipalities—**property taxes** and **local income taxes**.

- Property tax was selected by 82% of respondents, reflecting broad awareness of its central role.
- Local income tax was selected by 59%, indicating that many participants recognized it as a key funding source.

Selections such as sales tax (24%), federal grants (13%), and user fees (12%) suggest that some residents associate these sources with local budgets, even though they play a more limited or variable role in municipal operations. Very few respondents chose parking fees (3%), aligning with their relatively small contribution to city revenues.

Overall, the responses highlighted both areas of strong understanding and areas where revenue structures may benefit from clearer public communication.

Awareness of Municipal Responsibilities

The second question revealed that participants were highly familiar with several core municipal responsibilities.

- Police and fire services (90%) and street and pothole maintenance (81%) were widely recognized as city functions.
- Water and sewer services (44%) received more mixed responses, which is consistent with the fact that utility responsibilities differ across Indiana communities.
- Lower selections for schools (31%) and powering homes (13%) indicate that many residents understood these services are typically managed by other entities.

These patterns suggest that while residents are confident about the most visible municipal services, the boundaries of local authority can be less clear for functions that vary by jurisdiction.



Perceptions of Major Municipal Expenditures

Participants demonstrated strong awareness of the major cost drivers in municipal budgets.

- Police and fire protection (93%) and road maintenance (84%) were widely identified as significant expenditures.
- Very few respondents selected parks (2%), neighborhood design (1%), or business attraction (7%), reflecting an understanding that these areas represent a smaller share of overall spending.

With 90% of respondents selecting the primary cost centers, this question showed the highest level of alignment between public perception and actual municipal spending patterns.

Housing Perceptions and Community Priorities

Across all housing-related questions, participants expressed support for greater housing diversity, recognized the value of well-planned apartments, and demonstrated awareness of the fiscal advantages of redevelopment and multifamily housing. These perspectives align with broader regional conversations about affordability, neighborhood vitality, and sustainable growth.

What Kind of Homes Central Indiana Needs

- Responses showed broad support for a diverse mix of housing types, reflecting the region's varied household needs and life stages.
- Starter homes (84%) received the strongest support, signaling a clear desire for more attainable entry-level ownership options.
- Townhomes (64%) and senior-friendly housing (58%) also ranked highly, suggesting strong interest in flexible, lower-maintenance living arrangements.
- Apartments and duplexes (45%) were selected by nearly half of participants, indicating openness to more compact, urban-style housing.
- Larger single-family homes (35%) still held appeal but were less frequently selected than more affordable or flexible formats.
- Overall, participants expressed a preference for housing variety, with an emphasis on affordability, downsizing options, and formats that support different stages of life.

Perceptions of Apartments

- When asked about apartments more broadly, most participants viewed them as a positive community asset when well-planned.
- 84% selected the option emphasizing good planning and design.
- Smaller shares associated apartments with concerns such as property values (8%), crime (5%), or traffic (3%).
- These responses suggest that while some reservations persist, the majority of participants see apartments as a constructive part of a balanced housing ecosystem—especially when integrated thoughtfully into neighborhoods.

Fiscal Perceptions of Apartments

- Participants also showed strong awareness of the fiscal benefits associated with multifamily housing.
- 87% selected the option noting that apartments generally generate more tax revenue than they require in city services.
- Only small shares associated apartments with higher infrastructure or service costs.
- This indicates a growing public understanding that multifamily housing can support municipal budgets and help sustain long-term service delivery.



Awareness of Senate Enrolled Act 1 (2025 SEA-1)

The quiz also asked participants whether they had heard of **2025 SEA-1**, Indiana's 2025 tax-structure reform law. Responses showed that awareness was **evenly split** across the community.

- 55% indicated they were already familiar with the law.
- 45% reported that this was their first time hearing about it.

This balance suggests that while 2025 SEA-1 has gained traction among some residents—likely those more engaged in local policy or municipal finance—nearly half of participants were encountering the topic for the first time. This highlights an opportunity for continued public communication about how the law affects local revenues, services, and long-term budgeting.

Open House

As part of the public engagement process, the Indianapolis Metropolitan Planning Organization hosted an open house in conjunction with the **2026 Speaker Series**, a four-part regional conversation exploring how planning decisions shape housing, mobility, safety, and access across Central Indiana. The Speaker Series brought together regional and national voices to connect policy with lived experience, offering practical insight into the challenges and opportunities facing communities across the region.

The first session called **Increasing Housing Diversity: Breaking Down Barriers**, focused on how local ordinances can better support a wider range of housing types, including accessory dwelling units (ADUs), family compounds, and small-scale multifamily homes. The featured speaker, **Tim Corcoran**, Director of Planning for the City of South Bend, shared lessons from South Bend's nationally recognized zoning overhaul. Drawing on more than two decades of experience in urban design and planning, he discussed how policy reforms, pre-approved house plans, and a collaborative approach to development helped expand housing options and support neighborhood revitalization.

The talk highlighted how South Bend confronted decades of population loss and disinvestment by taking a proactive, incremental approach to rebuilding its housing market. The approach emphasized the need for cities to address challenges directly through land control, code reform, neighborhood planning, and partnerships that support small scale development. Results showed how enabling missing middle housing, reducing regulatory barriers, and aligning zoning with local conditions helped South Bend create more diverse, financially productive, and community-oriented neighborhoods. The core takeaway was that practical, steady reforms can make it possible to deliver the kinds of homes residents need while strengthening long term fiscal and neighborhood health.

Together, the open house and Speaker Series session created a space for residents, practitioners, and local leaders to learn, ask questions, and share perspectives.



Fiscal Impact Model

The following methodology is used to estimate the increase in municipal revenues and expenditures associated with the proposed residential development. As discussed before, a hypothetical 10-acre parcel is used to model the projected increase in revenue and cost of services.

Revenue Methodology

For most cities and towns in Central Indiana, property taxes and incomes taxes are the primary sources of revenue. Other sources of revenue include vehicle excise tax, user fees and intergovernmental revenues.

Estimation of Gross Assessed Value for Various Housing Development Types

The various housing development types are defined by their lot size, frontage, and associated right-of-way (ROW) width. The gross lot area is calculated as the product of the lot's frontage and its total depth, where total depth includes the lot depth plus half of the ROW width.

The gross building area is the total building floor area. For single family homes and townhomes this was estimated using data from Redfin on recently constructed homes. For multifamily properties, the data was available on Costar, a data source that provides property specific data on commercial and multifamily properties across the country.

Density is measured as the number of dwelling units per acre of land. For net density, the land measure is calculated from net lot area. For gross density uses the land measure utilizes

the gross lot area. Because we are comparing the impacts of developing a ten acre area of raw land, which will need rights of way (including streets) to be constructed in that area, the gross density is the more relevant density measure.

Property values are estimated from similar properties across the region in each category, based on sale prices data for single family and townhome properties (using Redfin data), and assessor-based property valuations, as reported in Costar, for multifamily properties.

Homestead Deduction Analysis for Ownership Development Types

The homestead deduction is available to homeowners who occupy the property as their primary residence. The deduction is applied to the assessed value of the property, reducing its value for property tax purposes, thereby lowering the homeowner's property tax liability.

The homestead deduction is calculated as follows.

- The Standard Homestead Deduction reduces the assessed value by \$45,000.
- The Supplemental Homestead Deduction is applied to the remaining assessed value after the standard deduction:
 - 35% deduction on the first \$600,000.
 - 25% deduction on any amount exceeding \$600,000.

The assessed value after the homestead deduction is applied is called the "net assessed value."

The net assessed value of low-rise multifamily and mid-rise multifamily development types is not different than their initial assessed value, since rental properties do not benefit from homestead deductions.

Property Tax Cap Analysis

Local property tax is calculated based on the net assessed value. However, per state law the total property tax is subject to a property tax cap based on the property value before homestead deductions are applied. That cap is 1% of assessed value for owner occupied properties, and 2% for renter occupied properties. The school referendum portion of property taxes is not subject to the property tax cap.

The total property tax rate is then applied to the net assessed value. That tax rate is applied to the net assessed value to derive the gross property tax. For purposes of evaluating the property tax cap, the school referenda rate is subtracted from the total tax rate, which yields the Property Tax Payment Subject to Cap.

This is compared to the maximum property tax allowed by the cap, and the property tax is reduced to the capped amount where applicable. The property tax after caps are applied is termed the Net Property Tax Payment (not counting school referenda). The final step in the analysis is to apply that reduction to the municipality's share of the total property tax. That yields the Municipality's Property Tax Payment.



Income Tax Analysis

Local income tax (LIT) is another very important revenue source for Indiana municipalities. Households pay LIT taxes on their adjusted gross income, so LIT payments are higher for higher income households.

The revenues vary across housing developments for two reasons—1) because the average household income varies for different housing types, and 2) because the number of households varies with the density of the development type.

The typical income of a household in a municipality is estimated by considering the housing types by using the crosstabulation in PUMA (Public Use Microdata Areas) data. For ownership households, each housing type has an estimated average value, and the PUMA data is queried for households that reside in homes of that value within a range of plus or minus \$50,000. The median household income of those households is calculated from that sample.

For rental households, the estimated average rent is estimated for each rental housing type using peer property data in Costar. The PUMA data allows for selection of households in the region that pay rents in those amounts, and the determination of their median incomes.

The estimated household income for each housing type is converted to adjusted gross income by applying a standardized tax deduction of 10 percent across all development types. The LIT rate is set by the county and is applied to the adjusted gross income.

Income tax proceeds are paid to the county and redistributed to local governments. A

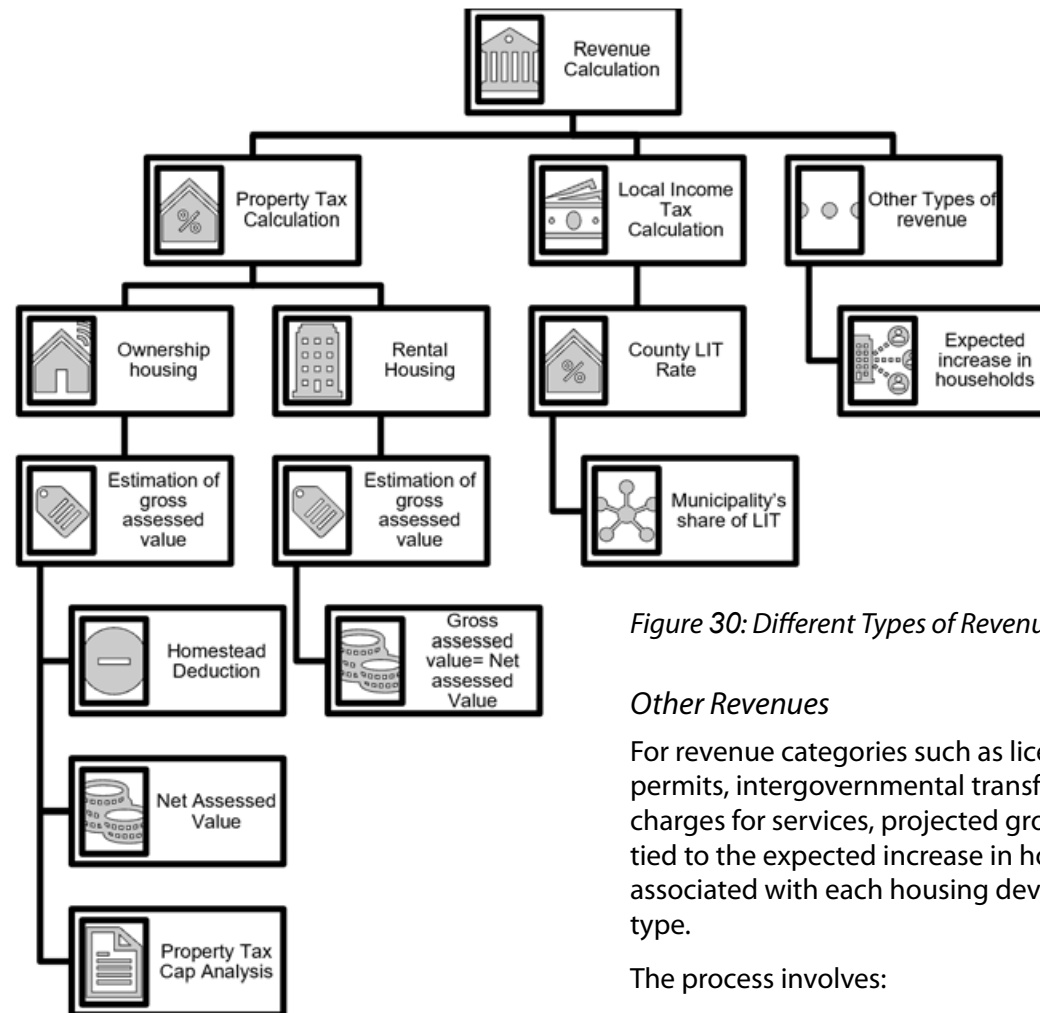


Figure 30: Different Types of Revenue Collection

Other Revenues

For revenue categories such as licenses and permits, intergovernmental transfers, and charges for services, projected growth is tied to the expected increase in households associated with each housing development type.

The process involves:

- Estimating baseline number of households currently generating these revenues.
- Estimating how much revenue will rise as the number of households increases.

redistribution factor is applied to the LIT payments that residents pay, based on public reports on LIT redistribution. A redistribution factor represents the share of LIT revenue from households in a municipality that is ultimately returned to the municipality after the county collects and distributes LIT proceeds among all eligible local government units.

This method provides a proportional and consistent approach to forecasting ancillary revenue growth alongside core tax revenues.

Cost of Service Analysis

A baseline for estimating the service burden that new development places on a city is understanding its total existing service burden. That includes services to its residential population and commercial businesses. New development increases the base of households and businesses that needs to be supported by the municipality. The study also estimates the municipality’s developed land area, as new residential development increases the service area for municipal infrastructure and services.

Percentage Increase in Land Area

The total developed land area within the municipality is estimated by classifying parcels into commercial and residential categories. This classification provides a baseline for understanding existing land use distribution.

When evaluating a proposed development—such as a 10-acre parcel—the percentage increase in land area is calculated for each

Table 15: Sample Calculation to estimate the percentage increase in land area

Total Developed Land area	xx,xxx acres
Increase in Land Area (acres)	10
Percentage increase in land area	10/xx,xxx

development type. This is done by comparing the new land area to the total existing developed land area, segmented by use type. The resulting percentage increase informs projections of additional service demand and associated costs.

Percentage Increase in Service Units

The number of households is estimated using the most recent five-year census data. This total is then converted into existing residential service units, which serve as a baseline for evaluating service demand.

For commercial developments, including retail, office, and industrial uses—the existing floor area is obtained from CoStar, a commercial real

estate data platform. These floor areas are then converted into commercial service units using internally developed conversion rates provided by Stantec.

Each development type has an associated density of development, which represents the projected increase in service units. The percentage increase in service units is calculated as:

Percentage Increase = Projected Density / Total Existing Service Units

This percentage is used in subsequent calculations to estimate the additional expenditure required to support growth in service demand across departments.

Table 16: Sample Calculation to estimate the percentage increase in service units

Development Type	Single family households	Multi-family dwelling units	Retail	Office	Industrial
Metric used	Number of households	Number of households	Existing Development (Floor Area) in s.f.	Existing Development (Floor Area) in s.f.	Existing Development (Floor Area) in s.f.
Conversion to service units	Multiply by 1	Multiply by 0.74	Multiply by 0.85	Multiply by 0.65	Multiply by 0.14
Existing service units	Sum of service units for single family households, multi-family dwelling units, retail office and industrial				
Percentage increase in service units	Density/ Existing Service Units	Density/ Existing Service Units	Density/ Existing Service Units	Density/ Existing Service Units	Density/ Existing Service Units

Cost of Service Calculation Appendix

For each department, the percentage share of the total budget is first determined. This budget is then divided into two components:

- **Fixed Costs:** Expenses that remain constant regardless of changes in service demand or land area.
- **Variable Costs:** Expenses that are subject to change and are estimated based on projected growth.

Each department is assigned two weighting factors:

- **Service Units Weight** – representing the department’s sensitivity to changes in service demand.
- **Land Area Weight** – representing the department’s sensitivity to changes in geographic coverage.

To estimate future budgetary needs, the following steps are taken:

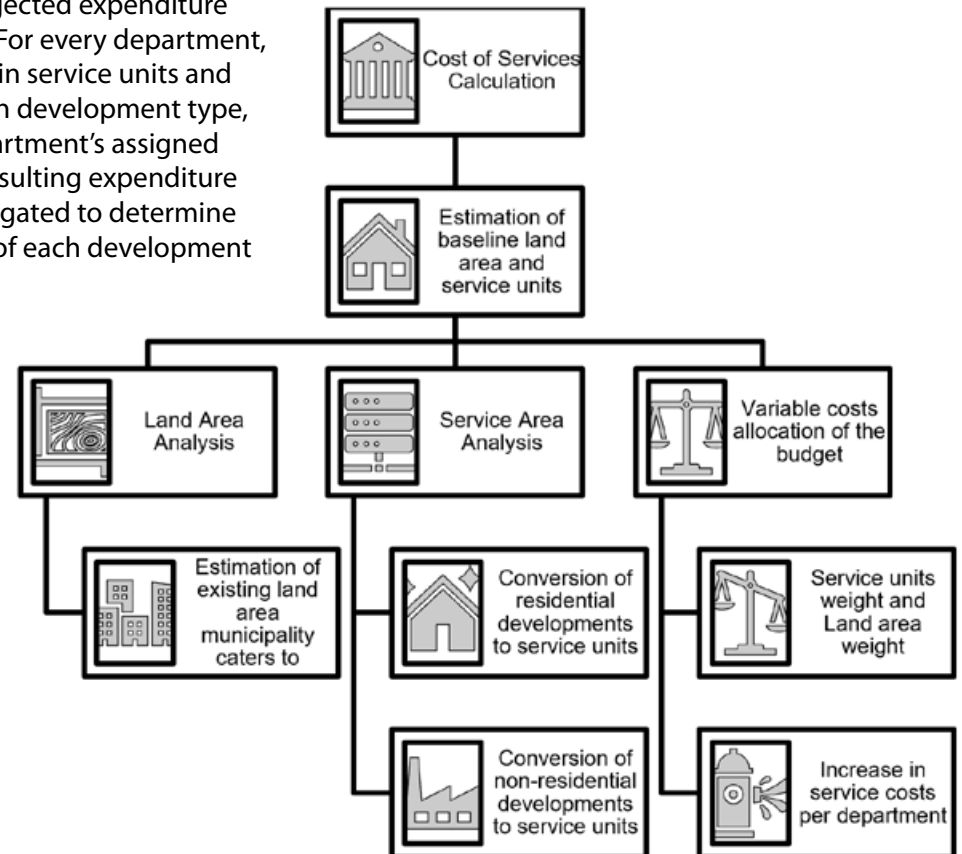
- Calculate the percentage increase in service units and percentage increase in land area.
- Multiply each increase by its respective departmental weight.
- The additional expenditure is then calculated as the sum of the weighted increases in service units and land area, applied to the variable portion of the department’s budget.

This approach allows for a structured and scalable method to forecast budget impacts due to growth in population, services, or geographic expansion.

A sample methodology is shown below for one department.

This process is repeated across all city departments and for each development type to calculate the total projected expenditure associated with growth. For every department, the percentage increase in service units and land area, specific to each development type, is applied using the department’s assigned weighting factors. The resulting expenditure estimates are then aggregated to determine the overall fiscal impact of each development type.

Figure 31: Cost of Services Calculation



The following tables show the detailed methodology for four selected housing development types and illustrate, step by step, how revenues and service costs are calculated.

Detailed Revenue Calculation					
Detailed Property Tax Calculation					
Development Types	Single Family Medium Lot	Ownership Townhomes	Build-to-Rent Single Family Medium Lot	Rental Townhomes	Notes
Development Prototype	Redfin Sales - 2025, Single Family Homes	Redfin Sales - 2024 to 2025, Townhomes	Redfin Sales - 2025, Single Family Homes	Redfin Sales - 2024 to 2025, Townhomes	Redfin sales are pulled for the selected years and split by product type to match prototype size, style, location, and value.
Number of Dwelling Units	1	1	1	1	Calculation for 1 dwelling unit
Lot Size (s.f.)	8,500	2,200	8,500	2,200	Lot area of the land
Frontage (feet)	60	25	60	25	Width of the lot along the public street
Depth	142	88	142	88	Distance from the front property line to the rear property line
Right of Way Width	60	50	60	50	Public land dedicated for streets, sidewalks and utilities
Gross Lot Area (s.f.)	10,300	2,825	10,300	2,825	Total square footage considering rights-of-way
Gross Lot Area per Dwelling Unit	10,300	2,825	10,300	2,825	Total square footage considering rights-of-way in square feet
Gross Building Area	2,550	1,900	2,550	1,900	Total floor area of the building in square feet per unit
Net Density (DUs per acre)	5.1	19.8	5.1	19.8	Number of dwelling units per acre of land that is actually usable for residential development
Gross Density (DUs per acre)	4.2	15.4	4.2	15.4	Gross density per acre is the number of units divided by the site's total land area, including all streets and open space.
Property Value	\$390,000	\$360,000	\$390,000	\$360,000	Property value from recent Redfin sales data in the area
Value (per unit)	\$390,000	\$360,000	\$390,000	\$360,000	Gross property value per unit
Property Value per acre	\$1,649,359	\$5,551,009	\$1,649,359	\$5,551,009	Gross property value for number of units in 1 acres
Land Area (acres)	10	10	10	10	Land area in acres under consideration
Total Units (10 acres)	42	154	42	154	Number of units in 10 acres
Total Value (10 acres)	\$16,493,592	\$55,510,088	\$16,493,592	\$55,510,088	Total Property values in 10 acres of development
Homestead Deduction Analysis					
Property value per dwelling unit	\$390,000	\$360,000	\$390,000	\$360,000	Property value from recent Redfin sales data in the area
Homestead Deduction	\$45,000	\$45,000			Primary tax deduction for owner-occupied homes only
Remaining Assessed Value	\$345,000	\$315,000			Property value after deducting home deduction for owner-occupied homes
Portion of Remaining under \$600,0000	\$345,000	\$315,000			Portion of the Property value that is below \$600,000
Portion of Remaining above \$600,000	\$0	\$0			Portion of the Property value that isabove \$600,000
Supplemental Homestead Deduction 1	\$120,750	\$110,250			The supplemental deduction reduces the remaining assessed value by 35% up to \$600k and 25% above that.
Supplemental Homestead Deduction 2	\$0	\$0			The supplemental deduction reduces the remaining assessed value by 35% up to \$600k and 25% above that.
Total Deduction	\$165,750	\$155,250			Total deduction after applying homestead and supplemental deductions
Net Assessed Value (per dwelling unit, after deductions)	\$224,250	\$204,750	\$390,000	\$360,000	Net assessed value per unit after applying the deductions
Net Assessed Value (10 acres)	\$9,483,816	\$31,571,363	\$16,493,592	\$55,510,088	Total net assessed value for all the units in 10 acres of land
Property Tax Cap Analysis					
Total property tax rate	2.394%	2.394%	2.394%	2.394%	Full combined tax rate applied to the property by the county
Gross Property Tax Payment per dwelling unit	\$5,368	\$4,901	\$9,335	\$8,617	Tax owed before applying caps or deductions
School referenda rate	0.089%	0.089%	0.089%	0.089%	Voter approved school tax rate added on top of ase rate
Total Property Tax Rate Minus Referenda	2.305%	2.305%	2.305%	2.305%	Tax rate excluding school referendum portions
Property Tax Payment Subject to Cap	\$5,169	\$4,719	\$8,989	\$8,297	Property tax estimation after removing school referendum portions
Tax payment cap (1% of assessed value for owner occupied, 2% for renter occupied)	\$3,900	\$3,600	\$7,800	\$7,200	The maximum tax allowed (1% for owner-occupied, 2% for rentals).
Net Property Tax Payment	\$3,900	\$3,600	\$7,800	\$7,200	Actual tax owed after applying the cap
Cap impact	75%	76%	87%	87%	Resulting percentage reduction in taxes caused by the property tax cap
Municipal Tax Rate for test case municipality	0.696%	0.696%	0.696%	0.696%	The real property tax share distributed to the municipality by the county
Effective (Cap Impacted) Tax Rate - for test case municiplity	0.525%	0.531%	0.604%	0.604%	The actual property tax levied by the municipality on the properties
Tax Payments					
Property Tax payment per unit	\$1,177	\$1,087	\$2,354	\$2,173	Estimation of property taxes per unit
Property Tax payment for 10 acres	\$49,786	\$167,556	\$99,571	\$335,113	Estimation of property taxes for 10 acres of land

Detailed income tax methodology					
Development Types	Single Family Medium Lot	Ownership Townhomes	Build-to-Rent Single Family Medium Lot	Rental Townhomes	Notes
Land Area (acres)	10	10	10	10	Land area in acres under consideration
Density (DUs per Acre)	4.23	15.42	4.23	15.42	Number of units per acre

# Housing Units	42	154	42	154	Total number of units for 10 acres
Vacancy Rate	98%	98%	98%	98%	Share of units vacant, pulled from CoStar reflecting recent development
# Households	41	151	41	151	Total households resulting due to 10 acres of development
Per Household Analysis					
Household Income	\$150,817	\$149,133	\$123,470	\$107,091	Average income of households by development types estimated using cross tabulation between household value and income
Average Tax Deduction	10%	10%	10%	10%	Typical deductions that reduce taxable income
Adjusted Gross Income	\$135,735	\$134,220	\$111,123	\$96,382	Household income after deduction
Local Income Tax Rate (County)	1.4%	1.4%	1.4%	1.4%	County LIT applied
Local Income Tax Payments	\$1,900	\$1,879	\$1,556	\$1,349	LIT paid per household
City and Town Share of LIT	42%	42%	42%	42%	Portion of LIT revenue distributed to the municipalities
Local Income Tax Revenues	\$798	\$789	\$653	\$567	Total LIT revenue generated per unit
Aggregate (10 acres)					
Aggregate Local Income Tax Revenues	\$33,079	\$119,258	\$27,081	\$85,638	Total LIT revenue generated for all households in 10 acres of development
Other types of revenue					
Development Types	Single Family Medium Lot	Ownership Townhomes	Build-to-Rent Single Family Medium Lot	Rental Townhomes	Notes
Other types of revenue	\$50,713	\$184,901	\$50,713	\$184,901	Generated per household and multiplied by the total number of households in 10 acres of development

Total developed land area in acres	11,559
Households data from Census	
Number of households	25,773
Single family homes	19,124
2 or more unit structures	6,211
Mobile homes and other types	438

Total Existing Service Units			
Residential	Service Units per Dwelling Unit	Existing Dwelling Units	Existing Service Units
Single Family	1	19,124	19,124
Multifamily	0.74	6,211	4,596
Commercial	Service Units per 1,000 s.f. Floor Area	Existing Development (Floor Area) in s.f	Existing Service Units
Retail	0.85	7,400,000	6,290
Office	0.65	3,100,000	2,015
Industrial	0.14	14,800,000	2,072
Total		Total	34,097

Increase in Service Obligation by Service Unit and Land Area					
Increase in Service Obligation by Service Unit and Land Area	Single Family Medium Lot	Townhomes	Build-to-rent Single family medium lot	Rental townhomes	Notes
Increase in Service Units	42	154	42	154	Increase in service units is the number of households added due to 10 acres of development
Increase in Land Area (acres)	10	10	10	10	10 acres of land area is discovered
% Increase in Service Units	0.124%	0.452%	0.124%	0.452%	Percentage increase in service units estimated
% Increase in Land Area (acres)	0.087%	0.087%	0.087%	0.087%	Percentage increase in land area is estimated

Expenses by Department	2025 Budget	Percentage of the budget	Fixed Cost	Variable Cost	Budget Variable cost (Subject to growth)	Weight on Service Units	Weight on Land Area
Notes	Actual numbers pulled from the budget	Estimation of percentage of the department with respect to budget	Costs that do not change with service levels	Costs that change with households change and land area change	Portion of costs expected to grow with service demand	Share of variable cost allocated based on service usage.	Share of variable cost allocated based on land area served
Fire Department	\$13,351,000	19.6%	10%	90%	\$12,015,900	90%	10%
Police Department	\$10,589,000	15.6%	10%	90%	\$9,530,100	90%	10%
Board of public works and safety	\$16,693,000	24.5%	15%	85%	\$14,189,050	40%	60%
Parks and Recreation	\$4,617,000	6.8%	5%	95%	\$4,386,150	95%	5%
Roads and Streets	\$6,313,000	9.3%	10%	90%	\$5,681,700	40%	60%
Administration	\$3,416,000	5.0%	5%	95%	\$3,245,200	95%	5%
Community Development Services	\$1,510,000	2.2%	5%	95%	\$1,434,500	95%	5%
Court and Probation	\$1,070,000	1.6%	5%	95%	\$1,016,500	100%	0%
No Department	\$10,533,000	15.5%	10%	90%	\$9,479,700	65%	35%
Total	\$68,092,000						

For each department, multiply its variable cost by the weighted growth factors, combining the weight on service units with the increase in service units and the weight on land area with the increase in land area.

	Single Family Medium Lot	Build-to-rent Single family Medium lot	Ownership Townhomes	Rental Townhomes
Fire Department	\$14,453	\$14,453	\$49,945	\$49,945
Police Department	\$11,463	\$11,463	\$39,612	\$39,612
Board of public works and safety	\$14,405	\$14,405	\$33,032	\$33,032
Parks and Recreation	\$5,358	\$5,358	\$19,033	\$19,033
Roads and Streets	\$5,768	\$5,768	\$13,227	\$13,227
Administration	\$3,964	\$3,964	\$14,082	\$14,082
Community Development Services	\$1,752	\$1,752	\$6,225	\$6,225
Court and Probation	\$1,261	\$1,261	\$4,597	\$4,597
No Department	\$10,513	\$10,513	\$30,736	\$30,736
Total	\$68,937	\$68,937	\$210,488	\$210,488

Development Types	Single Family Medium Lot	Ownership Townhomes	Build-to-rent Single family Medium lot	Rental Townhomes	Notes
Total Revenues	\$133,577	\$471,715	\$177,365	\$605,652	Total Revenues is estimated by adding property tax revenues, income tax revenues and other types of revenues
Total Cost of Services	-\$68,937	-\$210,488	-\$68,937	-\$210,488	Total Cost of Services is estimated by adding the cost of services for all departments
Fiscal impact	\$64,640	\$261,227	\$108,428	\$395,163	Difference between the revenues and cost of services