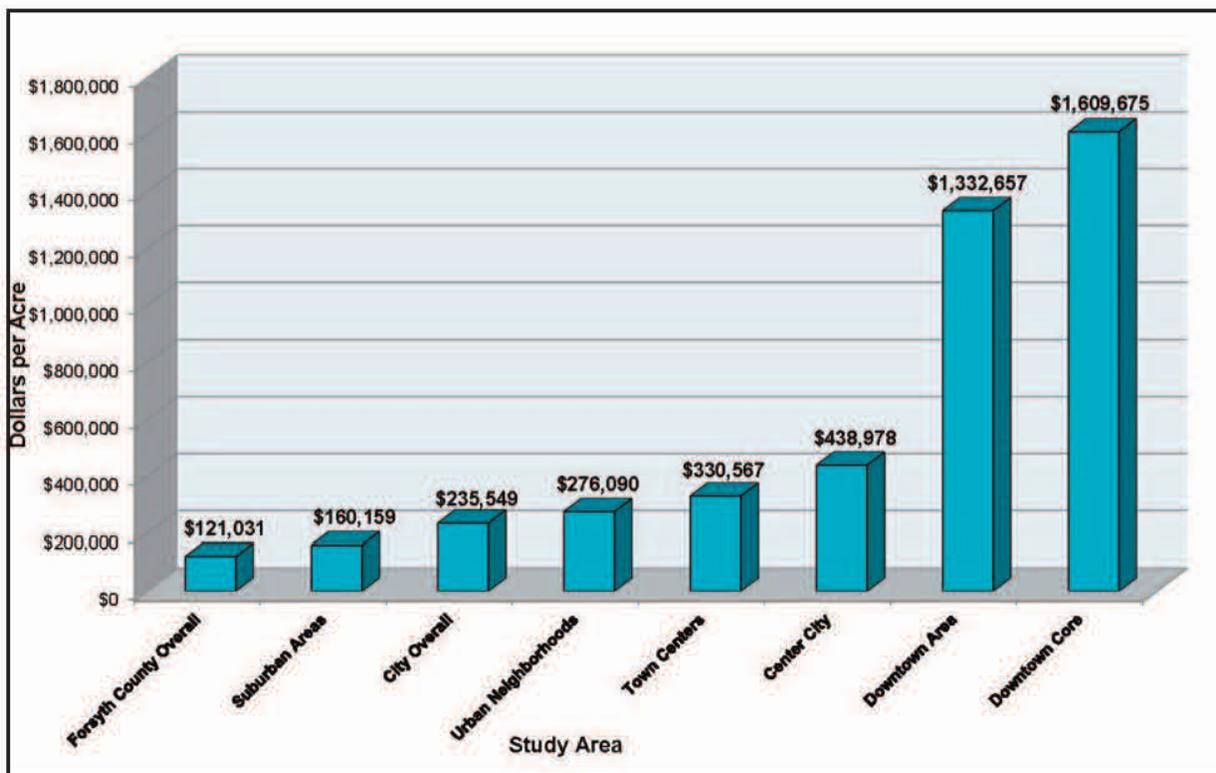


## Strategic Infrastructure Improvement Recommendations (excerpted from *Legacy 2030* and updated to reflect 2016 data)

It makes sense to think of a community's development pattern as one of its long-term investments. As seen in chart below showing net tax value per acre in different parts of Forsyth County, compact development yields a greater tax value than comparable development spread over a larger area. Tax base and tax revenue for development in the Downtown and Center City, as well as the Urban Neighborhoods (GMA 2), far exceeds the per-acre yield for development in the outlying Growth Management Areas. Given Forsyth County's limited amount of developable land, this is an even more compelling reason why at least some public investments should be strategically located to facilitate development that can return more revenues and reduce service costs.



### Net Tax Value Per Acre, 2011

An example of the difference in tax revenues generated between low-density and high-density development can be seen by comparing the Magnolia Building, a high-rise office building in Downtown Winston-Salem, with the Wal-Mart big-box retail center on Peters Creek Parkway. According to 2016 county tax bills, the Magnolia Building, situated on 2.28 acres, is proportionately valued at \$26.9 million per acre with a total tax value of \$61.32 million. The Wal-Mart retail center still has a relatively large total tax value at \$20.25 million, but the average per acre value spread over its 28 acres is only \$714,700. On a per-acre basis, the Magnolia Building is nearly thirty-eight times more valuable than the Wal-Mart retail center. There are many other individual examples showing how compact growth contributes proportionally greater tax revenues on a per-acre basis.

## Net Tax Value per Acre

Just as important are a development's long-term costs. For example, greater operational and maintenance costs must be spent on the greater lengths of roadway and utility lines constructed to serve less dense development. Ironically, much new public infrastructure is initially constructed and paid for by private development, but like a free puppy, it becomes the public's responsibility to operate and maintain virtually forever.

Annual operation/maintenance cost:
Pavement resurfacing: \$0.75/linear foot (25 year average service life)
<b>Sewer line: \$0.75 per linear foot</b>
Water line: \$0.75 per linear foot
Per mile operation/maintenance/ depreciation costs:
Police Cruiser: \$0.64 per mile
<b>Fire Truck (pumper): \$4.34 per mile</b>
Fire Truck (aerial): \$10.19 per mile

Particularly as infrastructure ages, additional operational and maintenance costs become even more apparent. For example, it costs approximately \$100,000 to resurface a mile of two-lane road regardless of whether it serves fifty or five hundred households. It is clear how investments in denser downtowns and activity centers will benefit the public through time in terms of maintenance and operating costs. Private investment in new development is largely a market-driven response to various economic factors that include consumer preferences, land costs, lending practices, tax laws, and local ordinances, policies, and regulations. Accordingly, development typically follows a path of least resistance, i.e., the greatest profit with the least risk or

### Sample Costs of Local Municipal Services

uncertainty. Over the last several decades, such economic drivers have favored more geographically dispersed patterns of development.

Even though national trends and other macro-economic factors operate independently, local governments can still play an important role in promoting more cost-efficient development. For example, major pedestrian improvements were constructed in Downtown Winston-Salem in the early 2000s, which included wider sidewalks, street trees, street furniture, as well as public incentives to help start the restaurant row concept. These improvements, which used federal, State and local revenue sources, totaled approximately \$2 million. Subsequently, Downtown Winston-Salem experienced an influx of 1,823 new housing units between 2005 and 2016, bringing the total of Downtown residential units to 3,122. This 140 percent increase in housing units within an 11-year period represents an estimated capital investment of nearly \$325 million and a 545 percent increase over the \$50 million total capital investment for housing units developed prior to 2005.

During this same 11-year period, the number of Downtown restaurants and pubs increased 78 percent from 49 to 87, and retail shops increased by 221 percent from 47 to 151 establishments based on community analyst data. Simultaneously, total Downtown office vacancy rates

decreased 70 percent from 36.5 percent vacant in 2005 to 10.9 percent vacant in 2012 according to Clapp and Associates office surveys. By 2012, vacancy rates for Downtown Class A offices stood at just 5.3 percent. In 2016, vacancy rates for all Downtown offices and Class A offices Downtown were 16.2 percent and 11.2 percent, respectively.

A much greater return can be attributed to such strategic pedestrian improvements when other private investments in office, service and commercial retail are considered. It is estimated that since 2000, private investment in downtown development has approached \$750 million in value. Downtown Winston-Salem is not the only area of Forsyth County that can catalyze private development through targeted infrastructure improvements. *Legacy 2030* also encourages compact growth in the larger Center City area, activity centers, along growth corridors, and in town centers.

The following are some examples of key public investments that can help shape development in a more compact pattern, which will result in a much greater tax base per acre and more efficiency in public service costs:

- Streetcar or similar people-mover system that could help focus significant growth in the Downtown and Center City;
- Parks, plazas, and streetscape improvements that create a higher level of livability in the Downtown, Center City, activity centers, and town centers;
- Historic preservation initiatives that encourage investments and adaptive reuse of historically significant structures; and
- Shared parking and transit facilities in activity centers.

Public investment in a modern people-mover system such as a streetcar in Winston-Salem's Center City would go a long way to maximize the synergistic benefits of our community's educational institutions, employment centers and entertainment venues surrounding Downtown. As evidenced by other communities where streetcar systems have been constructed over the last 10 years, private investment in development near streetcar routes has exceeded by 10 to 60 times the initial public investment. A development pattern shaped by this technology can also enhance other transportation options such as local and regional bus service, and eventually regional rail service. Such improvements can distinguish our community as an urban center that is ready for the new economy and associated growth that is emerging.

As the population of Forsyth County grows, similar opportunities await underutilized commercial locations elsewhere in the county where public investments could catalyze new private investment in compact, mixed-use development. As with Downtown Winston-Salem, many activity centers could benefit economically from a more efficient use of existing public infrastructure, provide convenient services for surrounding neighborhoods, and provide the economies of scale needed to support transportation alternatives.