

MABERLY PINES SUBDIVISION

Scenario:

If the Township institutes an area development charge for the cost of the roads and the Township proceeds with hard surfacing and assuming the roads within the subdivision in the same or a subsequent year, the following outlines the Township's return on investment.

Assumptions:

- 1 The value of land doubles with the completion of the roads and the water issues resolved, resulting in an automatic increase in revenue due to taxation
- 2 Two new homes are built each year with a value of \$250,000 (and 2% inflation factor) added to assessment.
- 3 Municipal Tax Rate increases by 1.5% per year.

Costs of Development:

\$372,000 estimate for the roads and \$20,000 estimate for hydrogeological study split between 48 lots would amount to \$8,167 per lot.

Suggestion:

Set a Special Area Development Charge (on top of the normal Township DC) of \$4,000
 This Special DC should increase each year (same as normal DC charge), estimate 3% per year.
 If two homes are built each year it would be 24 years before all lots contribute to this Special DC charge.

	Land Value Increase	Building Value Increase	Additional Assessment	Municipal Tax Rate	Additional Municipal Tax	Special Area DC Revenue	Total Revenue
Year 1	1,550,000	500,000	2,050,000	0.00455772	9,343	8,000	17,343
Year 2		510,000	2,560,000	0.00462609	11,843	8,240	20,083
Year 3		520,200	3,080,200	0.00469548	14,463	8,487	22,950
Year 4		530,604	3,610,804	0.00476591	17,209	8,742	25,951
Year 5		541,216	4,152,020	0.00483740	20,085	9,004	29,089
Year 6		552,040	4,704,060	0.00490996	23,097	9,274	32,371
Year 7		563,081	5,267,142	0.00498361	26,249	9,552	35,802
Year 8		574,343	5,841,485	0.00505836	29,548	9,839	39,387
Year 9		585,830	6,427,314	0.00513424	32,999	10,134	43,134
Year 10		597,546	7,024,860	0.00521125	36,608	10,438	47,047
Year 11		609,497	7,634,358	0.00528942	40,381	10,751	51,133
Year 12		621,687	8,256,045	0.00536876	44,325	11,074	55,399
Year 13		634,121	8,890,166	0.00544929	48,445	11,406	59,851
Year 14		646,803	9,536,969	0.00553103	52,749	11,748	64,498
Year 15		659,739	10,196,708	0.00561400	57,244	12,101	69,345
Year 16		672,934	10,869,643	0.00569821	61,937	12,464	74,401
Year 17		686,393	11,556,035	0.00578368	66,836	12,838	79,674
Year 18		700,121	12,256,156	0.00587044	71,949	13,223	85,172
Year 19		714,123	12,970,279	0.00595849	77,283	13,619	90,903
Year 20		728,406	13,698,685	0.00604787	82,848	14,028	96,876
Year 21		742,974	14,441,659	0.00613859	88,651	14,449	103,100
Year 22		757,833	15,199,492	0.00623067	94,703	14,882	109,585
Year 23		772,990	15,972,482	0.00632413	101,012	15,329	116,341
Year 24		788,450	16,760,931	0.00641899	107,588	15,789	123,377
					<u>1,217,398</u>	<u>275,412</u>	<u>1,492,810</u>

Note: At year 8, the roads would require a micro-surface treatment estimated at \$130,000 and at year 18 they would require a pavement preservation treatment estimated at \$260,000.

Summary:

At year 12 the Township's upfront costs of \$392,000 are paid back.