

**Wilderness Crossing
Municipal Revenue and Expenditure Projections
(2020-2050)
August 8, 2021**

At the request of Keg 3 and Associates LLC and the Orange County’s Planning Department, RKG Associates has updated the fiscal impact analysis to project municipal revenues and expenditures from 2020 to 2050. The original analysis covered the first 10 years of development (2020-2030) at Wilderness Crossing, but given the anticipated ramp-up period, the projections did not cover ten full years of development.

The projections contained in this memorandum are expressed in 2020 dollars and are not adjusted for inflation. The revenue and expenditure assumptions made in the original impact analysis were projected forward based on Wilderness Crossings estimated annual absorption or rate of development. The following summary captures the project’s details over the next 30 years.

1. Building Program (2020-2050)

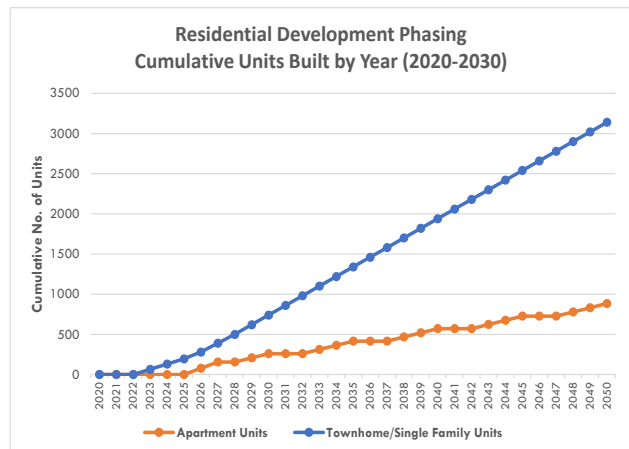
As shown in Table 1, the total number of residential units built includes 3,140 townhomes and various single-family products of different lot sizes and building square feet. The homes would range in value from \$280,000 to \$500,000 in 2020 dollars. Modest sized townhomes (1,650 SF) and 2,850 SF single family homes are projected to be the most popular homes built at Wilderness Crossing. Townhomes and single family will comprise 78% of the 4,024 residential units built by 2050. The remaining 884 units will be multi-family rental units, which will account for 22% of all units (Figure 1).

Table 1
**Wilderness Crossing Residential Summary
Townhouse/Single Family Units**

Product Type	Avg. SF	\$ per Unit	No. of Units
Townhome	1,650	\$ 280,500	785
Single Family (Starter)	2,000	\$ 310,000	314
Single Family	2,500	\$ 365,000	471
Single Family	2,850	\$ 387,600	785
Single Family	3,350	\$ 435,500	471
Estate Single Family	4,000	\$ 500,000	314
		Total Units	3140
Apartment Units			
Product Type	Avg. SF	\$ per SF	No. of Units
1-Bedroom Units	800	\$1,200	265
2-Bedroom Units	1,200	\$1,525	398
3-Bedroom Units	1,350	\$1,600	221
		Total Units	884
Commercial			
Retail			270,900
Services			39,000
Restaurants			66,000
Assisted Living Facility			
			30,000

Source: RKG Associates, Inc., 2021

Figure 1



2. Projected Assessed Value (2020-2050)

The real estate assessed value is projected to grow each year to close at \$1.36 billion by 2050 (Figure 2). Roughly 97% of this value will be generated by over 4,000 new residential units.

Commercial development is expected to exceed 405,000 SF in retail, service, and restaurant space, and will include a senior assisted living facility.

3. Municipal Revenues

Municipal revenues are derived from a variety of sources including real estate taxes, personal property taxes, local option sales taxes, local meals taxes and various other sources. Over the 30-year projection period, municipal revenues are projected to exceed \$218.5 million. The largest single revenue source is real estate taxes at \$125.5 million or 57% of the total (Figure 3). Other significant revenue sources include personal property taxes at \$40.5 million and County Fire/EMT District taxes at \$22.5 million (Table 2).

4. Municipal Expenditures

Municipal expenditures include those local government costs needed to support the proposed Wilderness Crossing development. While it is difficult to project such cost beyond 5 to 10 years, 30 years is particularly problematic. The county has requested that RKG provide these projections to judge the fiscal impacts beyond 10 years. The underlying assumptions that produced the original 10-year projections were used for this analysis. Future staffing needs for schools, Fire/EMT, Sheriff's Department, as well as their capital improvement needs have been included in this analysis.

The results of the 30-year projection indicate that the Wilderness Crossing could generate the demand for \$145.5 million in municipal service costs. The largest single departmental expense is for education at \$78.8 million or 54.7% of total costs (Table 2 and Figures 3 and 4). By 2050, the total number of school-age children from 4,024 new housing units could equal 1,417 students, resulting in the hiring of 70 new teachers, assuming the current student/teacher ratio of 20:1.

The second largest expense is projected to be general government services at \$31 million, followed by Fire/EMT (\$15.1 million) and Sheriff's Department (\$13.1 million). For Fire & EMT, new staffing was programmed into the projections for every 1,000 housing units built, and the Sheriff's Department staffing increased for every 1,500-person increase in population.

Figure 2

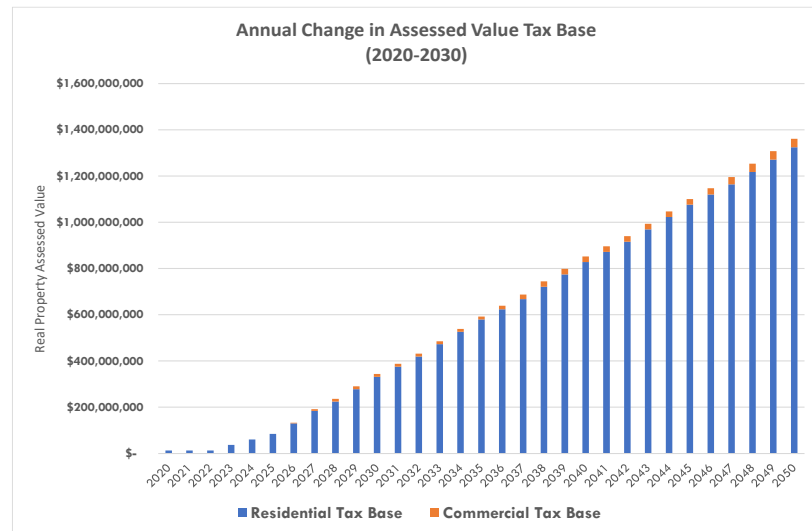


Table 2
Net Fiscal Impact Analysis
Wilderness Crossing
(2020-2050)

	Year										Cum. Rev./Exp (2020-2050)			
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		2030		
Revenues by Type														
Real Estate Taxes	\$ 80,566	\$ 80,566	\$ 80,566	\$ 225,554	\$ 370,542	\$ 603,495	\$ 898,016	\$ 1,184,672	\$ 1,530,157	\$ 1,860,464	\$ 2,128,010	\$ 9,042,607	\$ 47,255,363	\$ 124,521,528
Countywide Fire & EMT District Taxes	\$ 14,528	\$ 14,528	\$ 14,528	\$ 40,674	\$ 66,819	\$ 108,827	\$ 161,937	\$ 213,629	\$ 275,930	\$ 335,493	\$ 383,740	\$ 1,630,634	\$ 8,521,459	\$ 22,454,702
Real Estate Recordation Taxes	\$ -	\$ -	\$ -	\$ 19,859	\$ 19,859	\$ 19,859	\$ 43,257	\$ 55,509	\$ 45,220	\$ 52,848	\$ 54,113	\$ 310,525	\$ 930,677	\$ 1,734,143
Local Options Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,013	\$ 158,025	\$ 237,038	\$ 316,050	\$ 316,050	\$ 1,106,175	\$ 5,372,850	\$ 12,800,025
Construction Materials - Local Sales and Use Taxes (1%)	\$ -	\$ -	\$ -	\$ 8,033	\$ 8,033	\$ 8,033	\$ 16,745	\$ 20,772	\$ 15,645	\$ 19,362	\$ 18,248	\$ 114,872	\$ 288,140	\$ 461,408
Local Meals Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,000	\$ 198,000	\$ 297,000	\$ 396,000	\$ 396,000	\$ 1,386,000	\$ 6,732,000	\$ 16,038,000
Personal Property Taxes	\$ -	\$ -	\$ -	\$ 60,201	\$ 120,402	\$ 180,603	\$ 263,489	\$ 371,775	\$ 480,061	\$ 592,211	\$ 703,352	\$ 2,772,095	\$ 15,986,012	\$ 40,493,828
Total - Annual Tax Revenues	\$ 95,094	\$ 95,094	\$ 95,094	\$ 354,321	\$ 585,655	\$ 920,818	\$ 1,561,457	\$ 2,202,382	\$ 2,881,051	\$ 3,572,429	\$ 3,999,513	\$ 16,362,908	\$ 85,086,501	\$ 218,503,634
Expenditures by Type														
Education	\$ -	\$ -	\$ -	\$ 93,286	\$ 186,572	\$ 279,858	\$ 513,791	\$ 783,603	\$ 941,472	\$ 1,188,321	\$ 1,435,171	\$ 5,422,075	\$ 31,260,886	\$ 78,799,477
Fire & EMT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,645	\$ 712,220	\$ 610,574	\$ 1,425,439	\$ 7,132,148	\$ 15,060,735
County Sheriff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,615	\$ 132,972	\$ 132,972	\$ 503,559	\$ 5,035,586	\$ 13,101,196
Planning Department	\$ -	\$ 12,500	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 162,500	\$ 412,500	\$ 662,500
Other General Government Expenditures	\$ -	\$ -	\$ -	\$ 41,456	\$ 82,912	\$ 124,368	\$ 203,566	\$ 302,992	\$ 377,432	\$ 470,624	\$ 563,815	\$ 2,167,165	\$ 12,464,444	\$ 31,414,574
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,084	\$ 91,642	\$ 147,199	\$ 155,956	\$ 155,956	\$ 586,837	\$ 2,733,235	\$ 6,439,192
Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,190,737	\$ 1,818,863	\$ 2,672,593	\$ 10,267,575	\$ 59,038,798	\$ 145,477,674
Total - Annual Expenditures	\$ -	\$ 12,500	\$ 12,500	\$ 159,742	\$ 294,484	\$ 429,226	\$ 765,941	\$ 1,190,737	\$ 1,818,863	\$ 2,672,593	\$ 2,910,988	\$ 10,267,575	\$ 59,038,798	\$ 145,477,674
Net Fiscal Impact (Gap/Surplus)	\$ 95,094	\$ 82,594	\$ 82,594	\$ 194,579	\$ 291,171	\$ 491,592	\$ 795,516	\$ 1,011,645	\$ 1,062,188	\$ 899,835	\$ 1,088,526	\$ 6,095,333	\$ 26,047,703	\$ 73,025,960

Figure 3

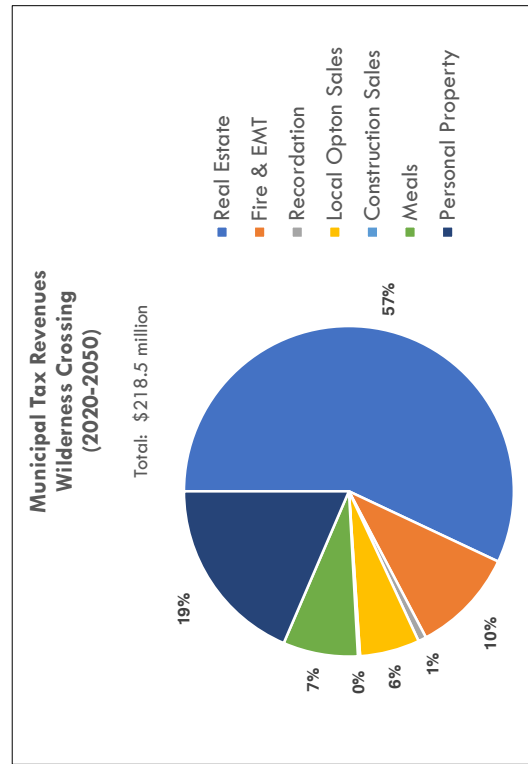
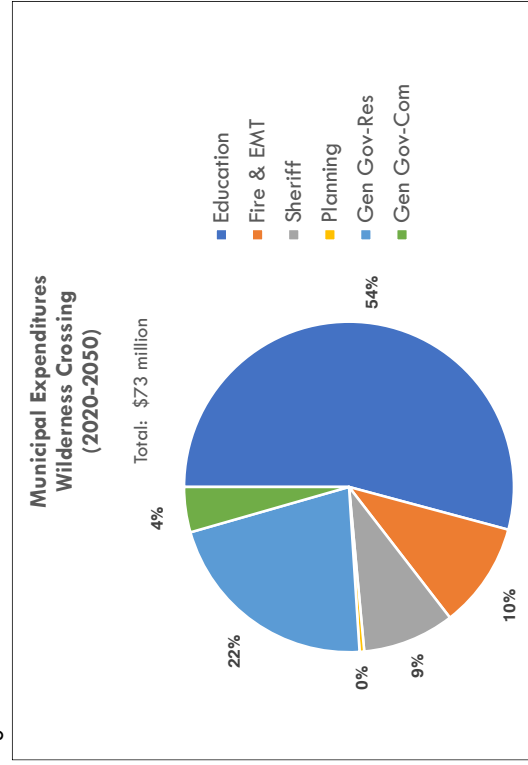


Figure 4



5. Net Fiscal Impacts (2020-2050)

The net fiscal impacts associated with the Wilderness Crossing development are a positive \$73 million over the 2020 to 2050 period (Table 2). As the project moves into its second decade, RKG projects that the annual sales absorption will increase to an average of 107 units per year over the next 20 years.