

- DRAFT -  
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# FIA–PHASE 3

## FISCAL AND FINANCIAL ANALYSIS

**New Jersey Highlands Water Protection and Planning Council**  
**July 21, 2016**

# AGENDA

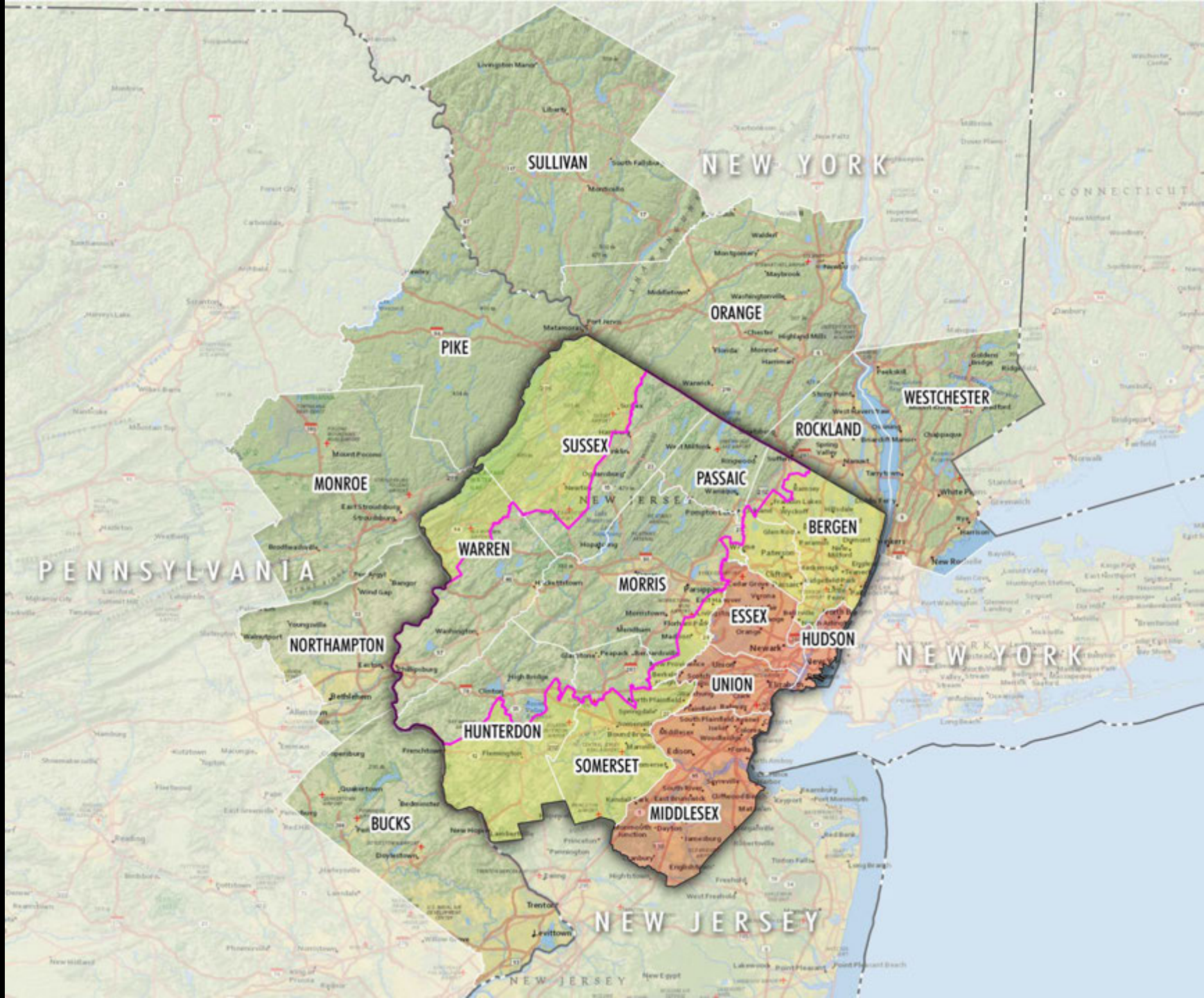
- **Statistical Significance**
  - + What does statistically significant mean?
- **Phase 1 and 2 Recap**
  - + What did previous phases conclude?

## Phase 3

- **Municipal Revenues**
  - + Equalized property values, assessed property values, and municipal property tax revenues
- **10-Year Cash Flow**

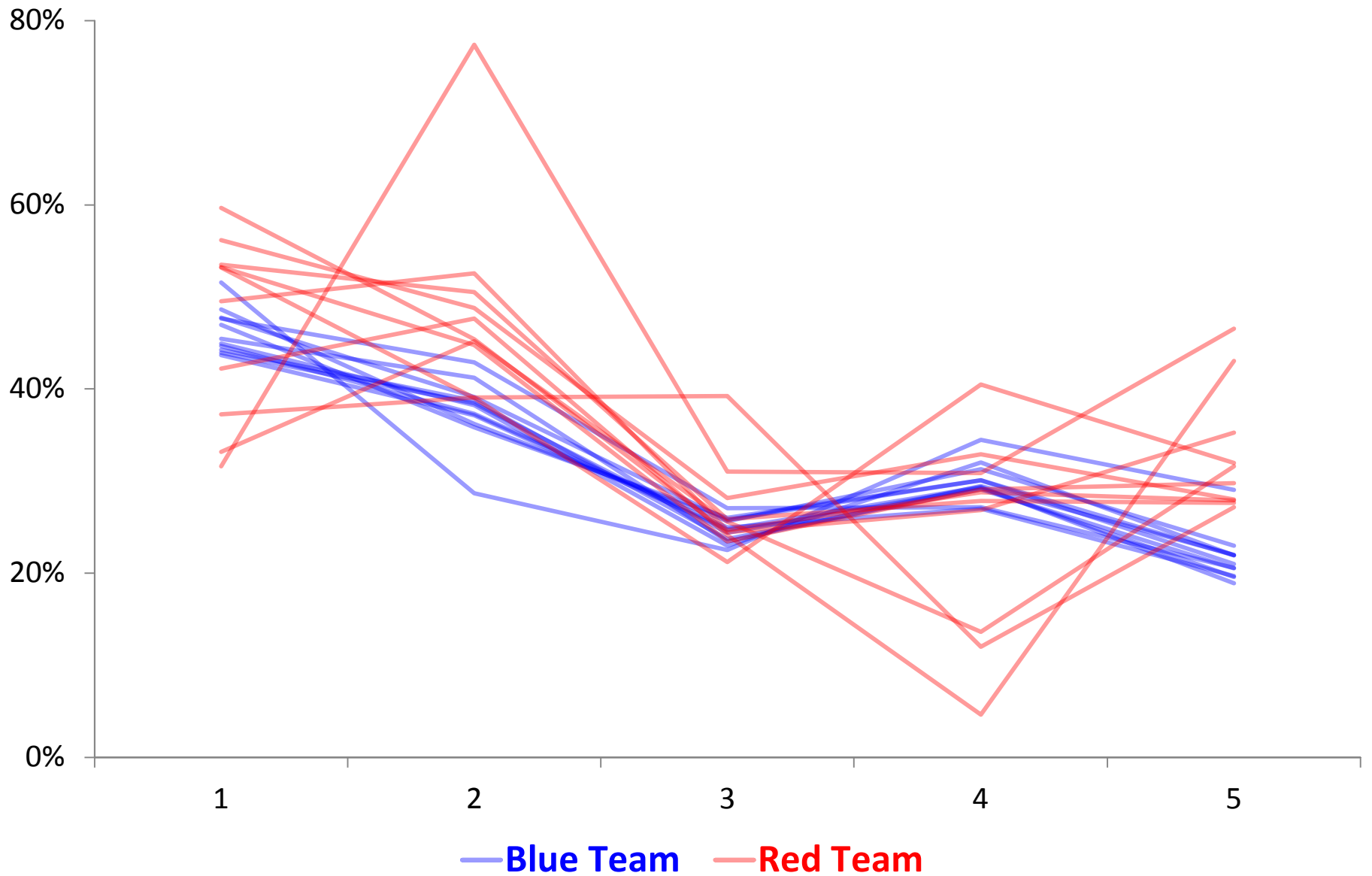
# FISCAL IMPACT ASSESSMENT

- **Phase 1: Regional Economic Evaluation**
- **Phase 2: Demographic and Real Estate Analysis**
- **Phase 3: Fiscal and Financial Analysis**
- **Final Fiscal Impact Assessment Report**

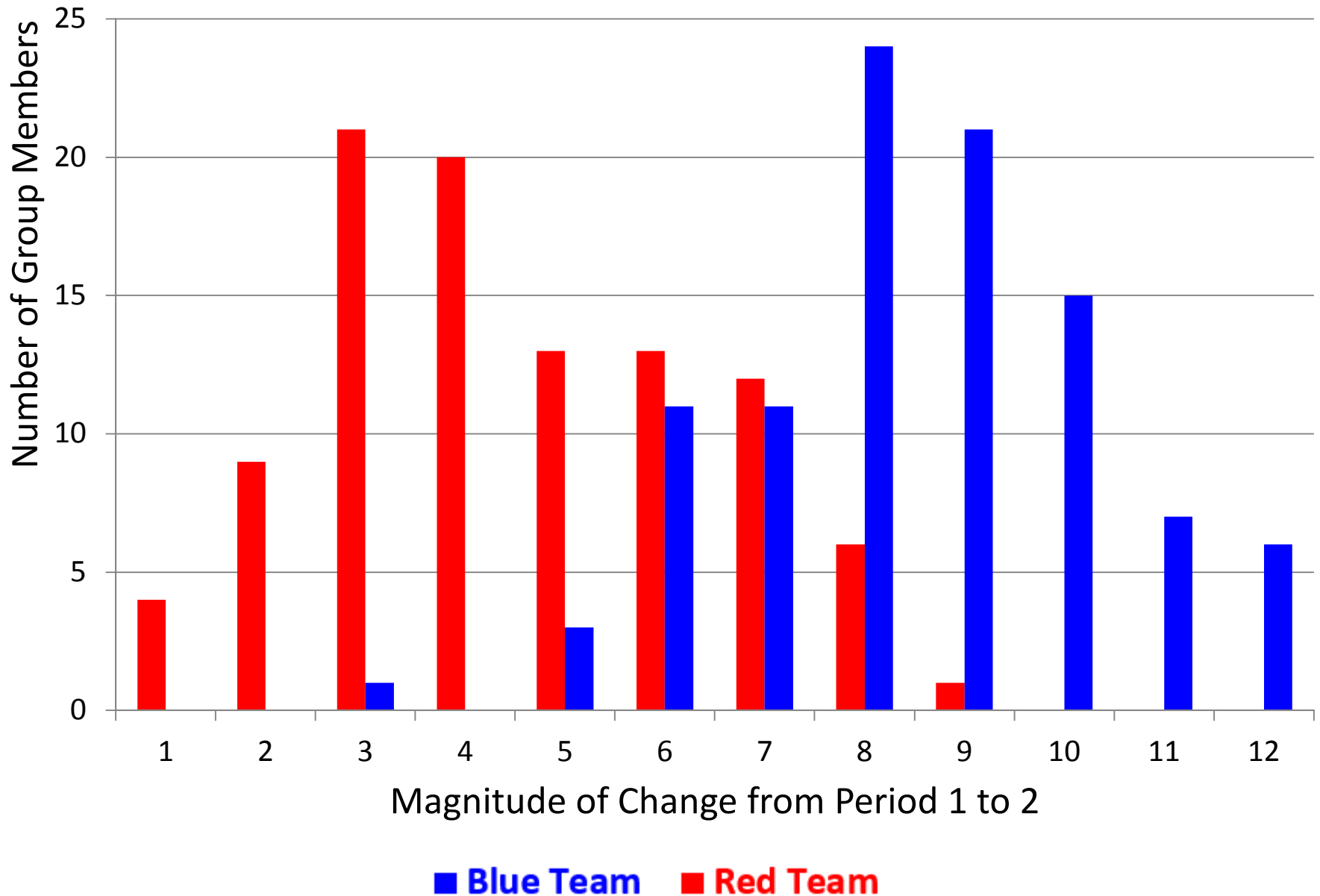


# STATISTICAL SIGNIFICANCE

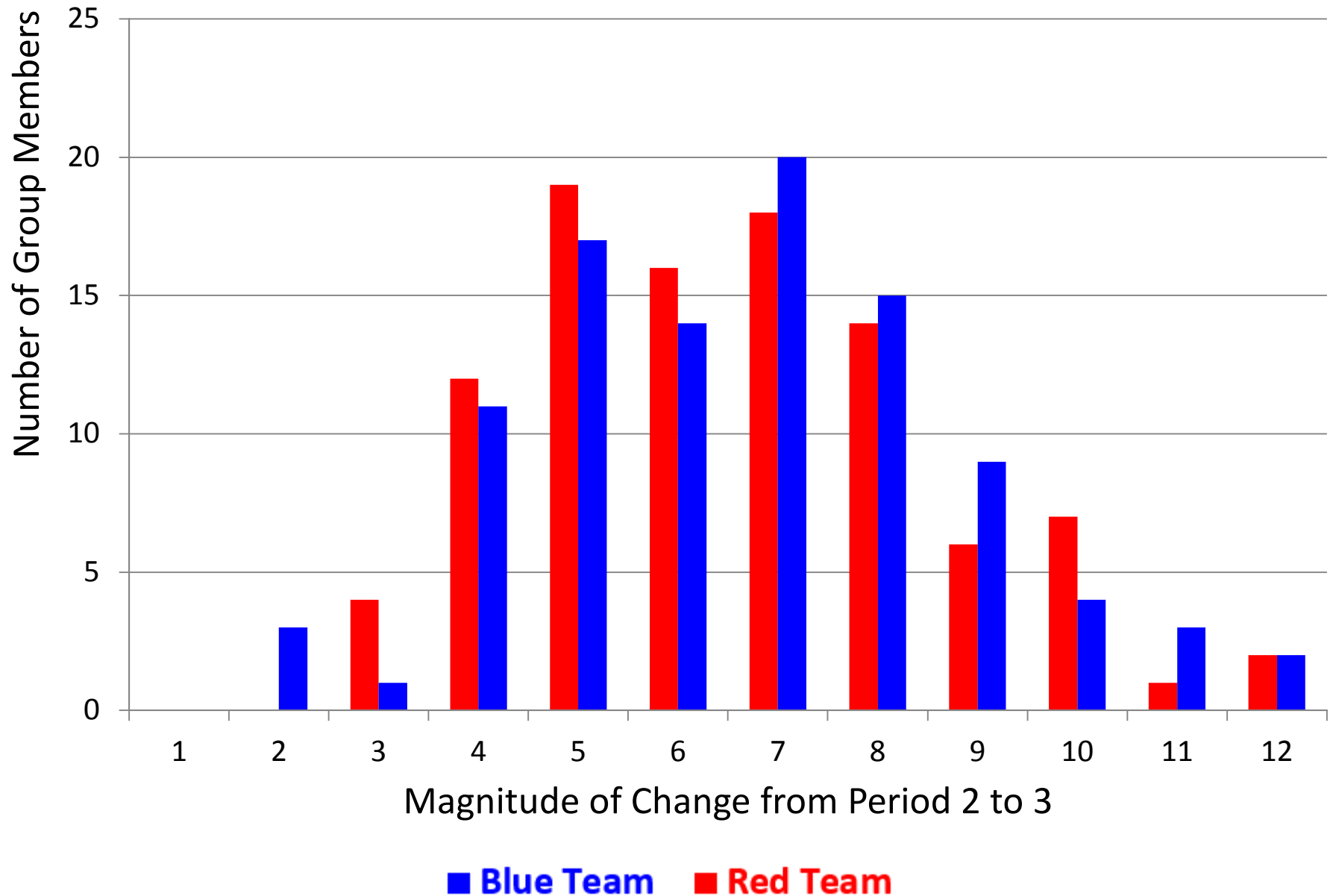
# EXAMPLE OF VARIABILITY IN THE DATA



# FREQUENCY OF DATA

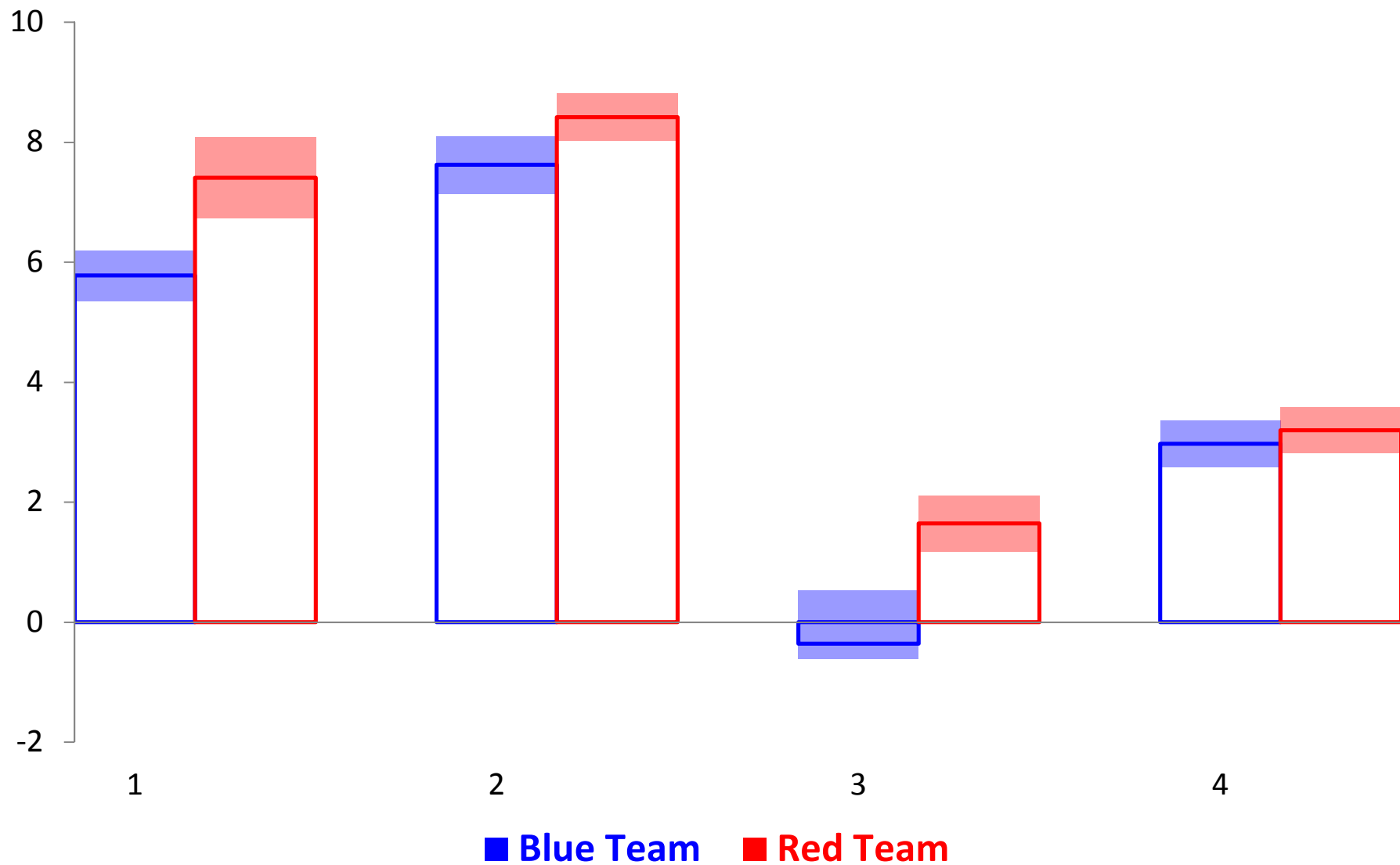


# FREQUENCY OF DATA





# 95% CONFIDENCE INTERVAL

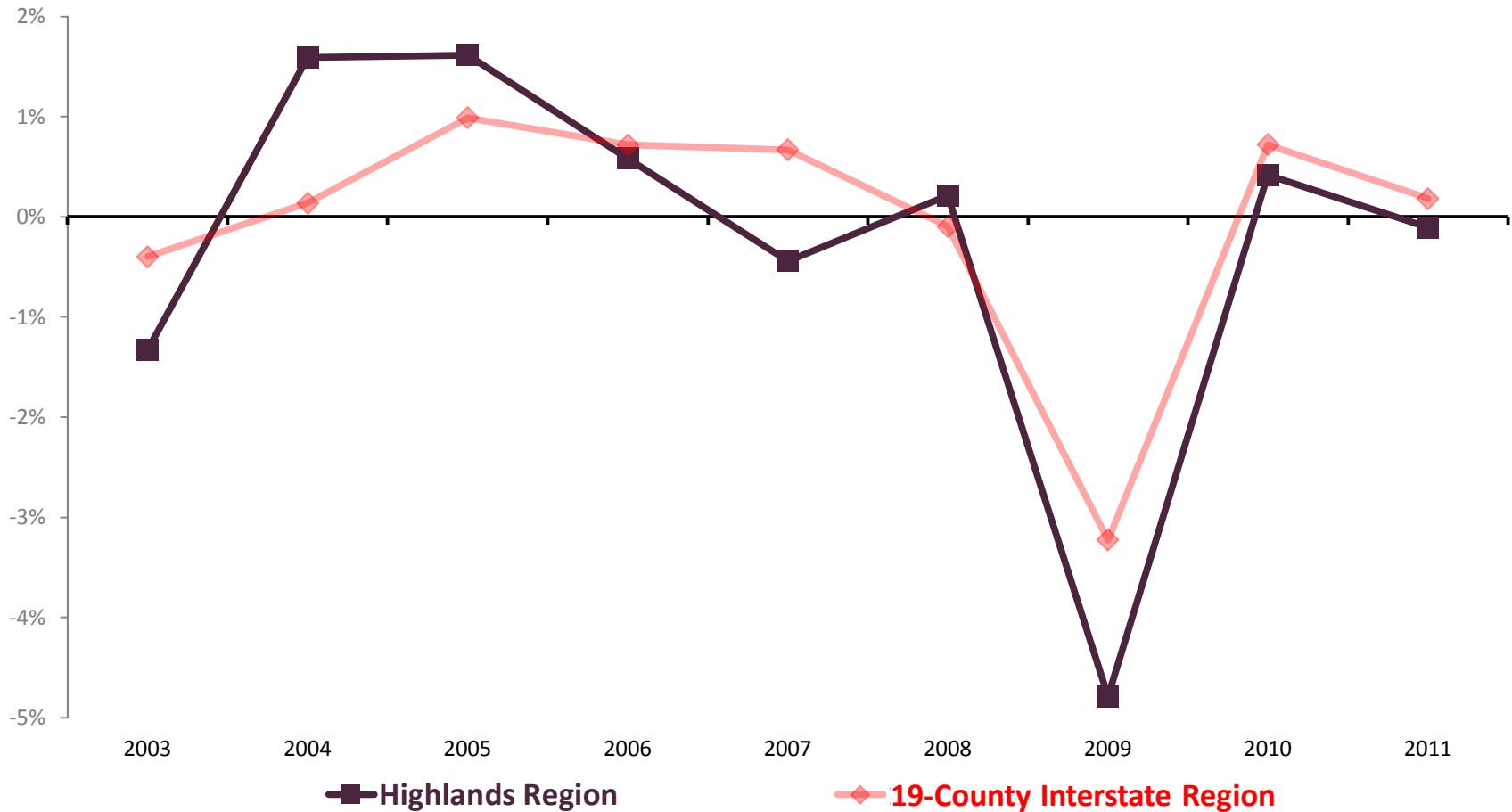


# PHASE 1 AND 2 RECAP

# NEW JERSEY AREA FINDINGS

- **The Highlands Region had a higher employment growth rate from 2004 to 2008, and less job loss from 2008 to 2013.**
- **Within the Highlands Region, the Preservation Area was the only area with negative job growth rate from 2004 to 2008; It also had the highest job loss rate from 2008 to 2013. The conforming Highlands Centers generated the highest employment growth rates from 2004 to 2008 and from 2008 to 2013.**

# ANNUAL RATE OF EMPLOYMENT CHANGE



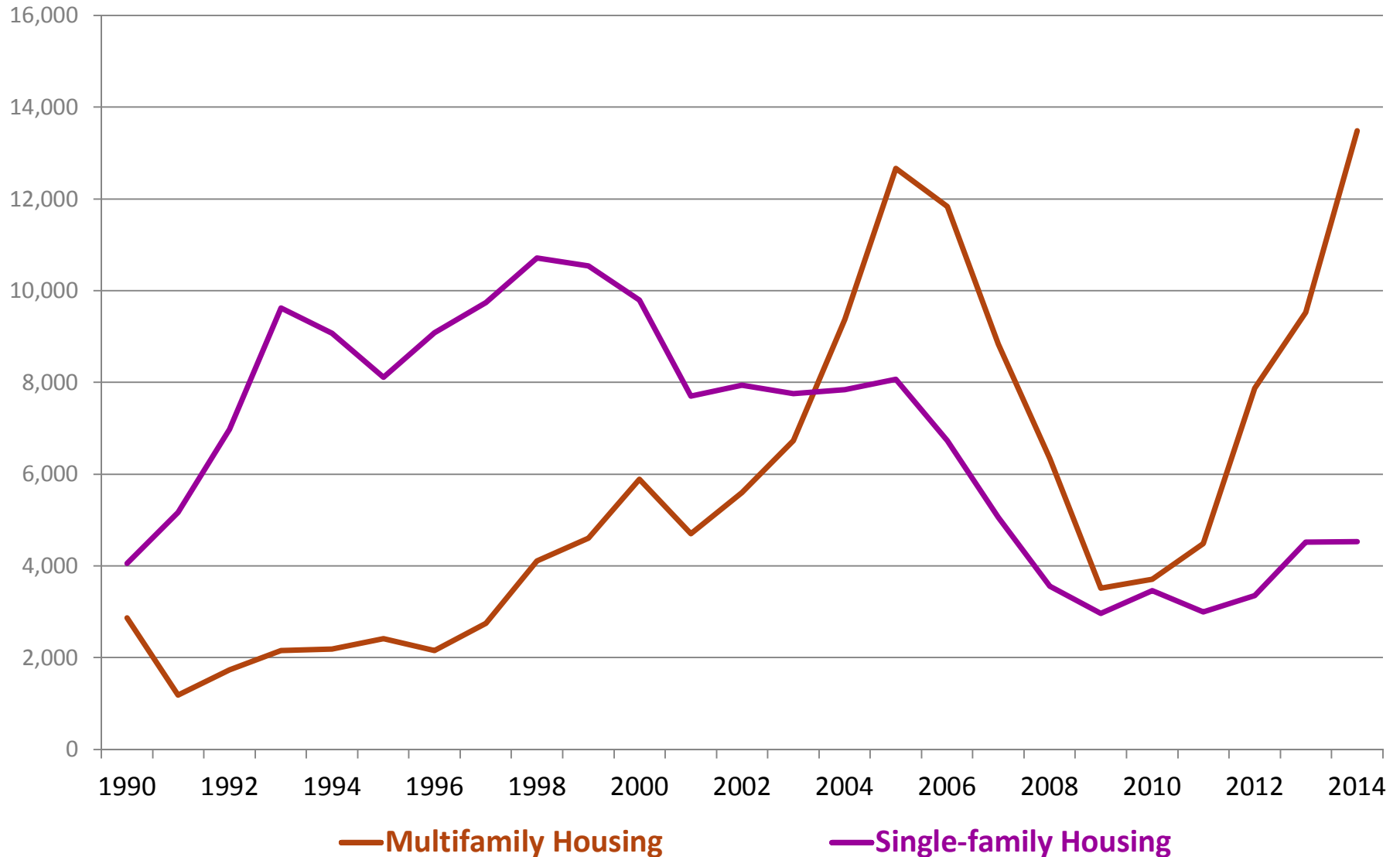
Data Source: These findings were based on analysis of employment data from the US Census Bureau's LEHD Program.

## OVERALL PHASE 1 FINDINGS

**Based on the data available at this point in time, the employment analysis revealed no statistically significant basis to conclude that the Act or the RMP had a positive or negative impact on economic growth in the Highlands Region.**

# RESIDENTIAL BUILDING PERMITS

## Building Permits by Type of Housing, Northern New Jersey



# HOUSING CONSTRUCTION FINDINGS

- In each of the three New Jersey comparison regions, the number of building permits issued for single-family housing has been declining since 1998/2000.
- In Northern New Jersey, especially in the areas east of the Highlands Region, growth in housing construction has been in multifamily housing, which accounted for 75 percent of Northern New Jersey building permits in 2014.
- The Highlands Region is not benefitting from the regional market demand for multifamily housing.

# DEMOGRAPHIC FINDINGS

- **Generally, the Highlands Region municipalities are following similar demographic trends to the municipalities in the comparison regions.**
  - + Households: number, size, and type
  - + Population: number, age, race/ethnicity
  - + Other: education, income
- **However, where the Highlands Region is different is:**
  - + It is getting older, faster
  - + There are fewer children
  - + Households are getting smaller



## OVERALL PHASE 2 FINDINGS

- The analysis finds that any differences at this point in time between the Highlands Region and the other comparison areas in New Jersey for average sales values for residential, commercial, industrial, farmland, and vacant property are not statistically significant.
- However, there could be a difference in the sales value per acre for vacant land, and the Council should continue to track and monitor this issue.

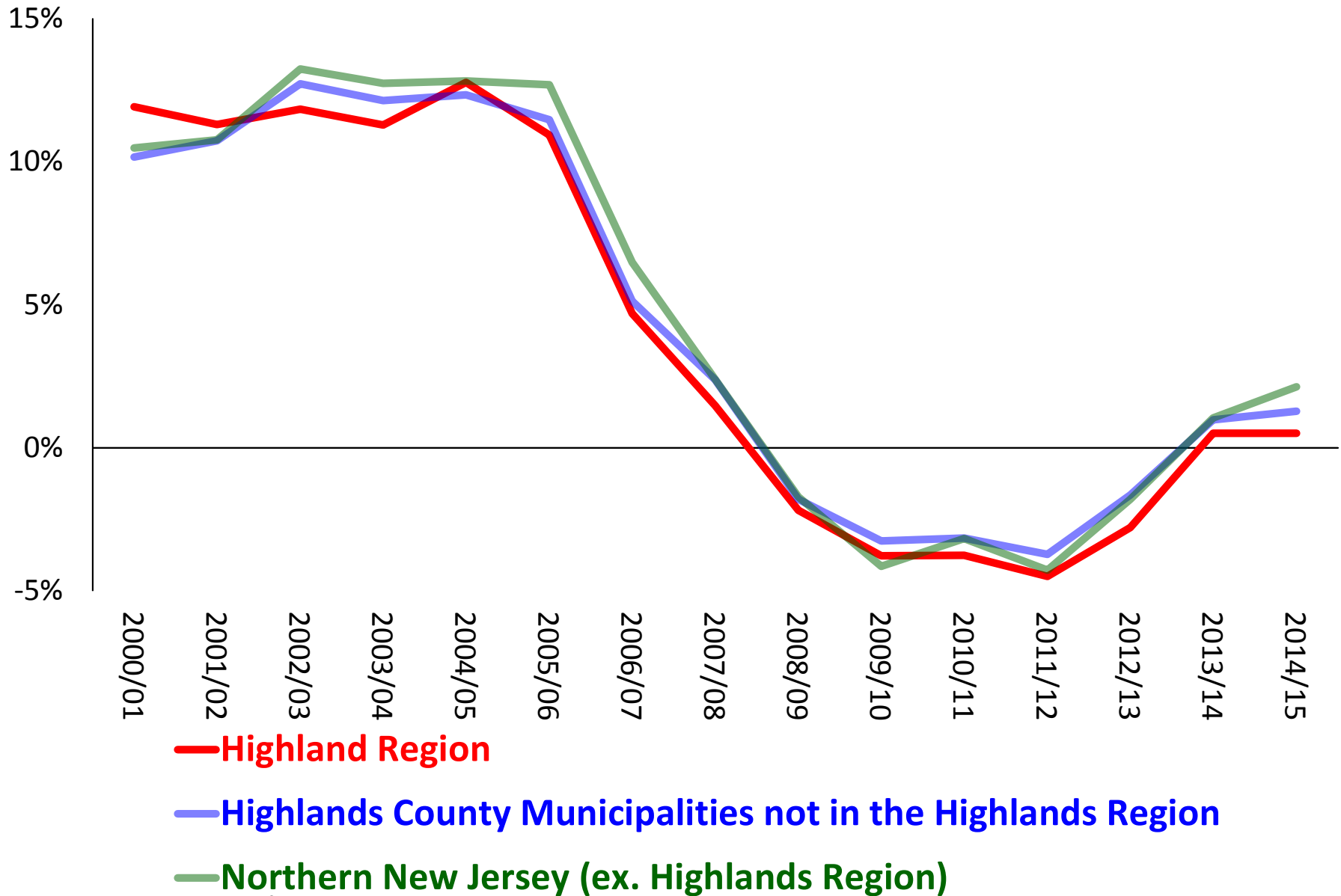
# Phase 3

## MUNICIPAL REVENUES

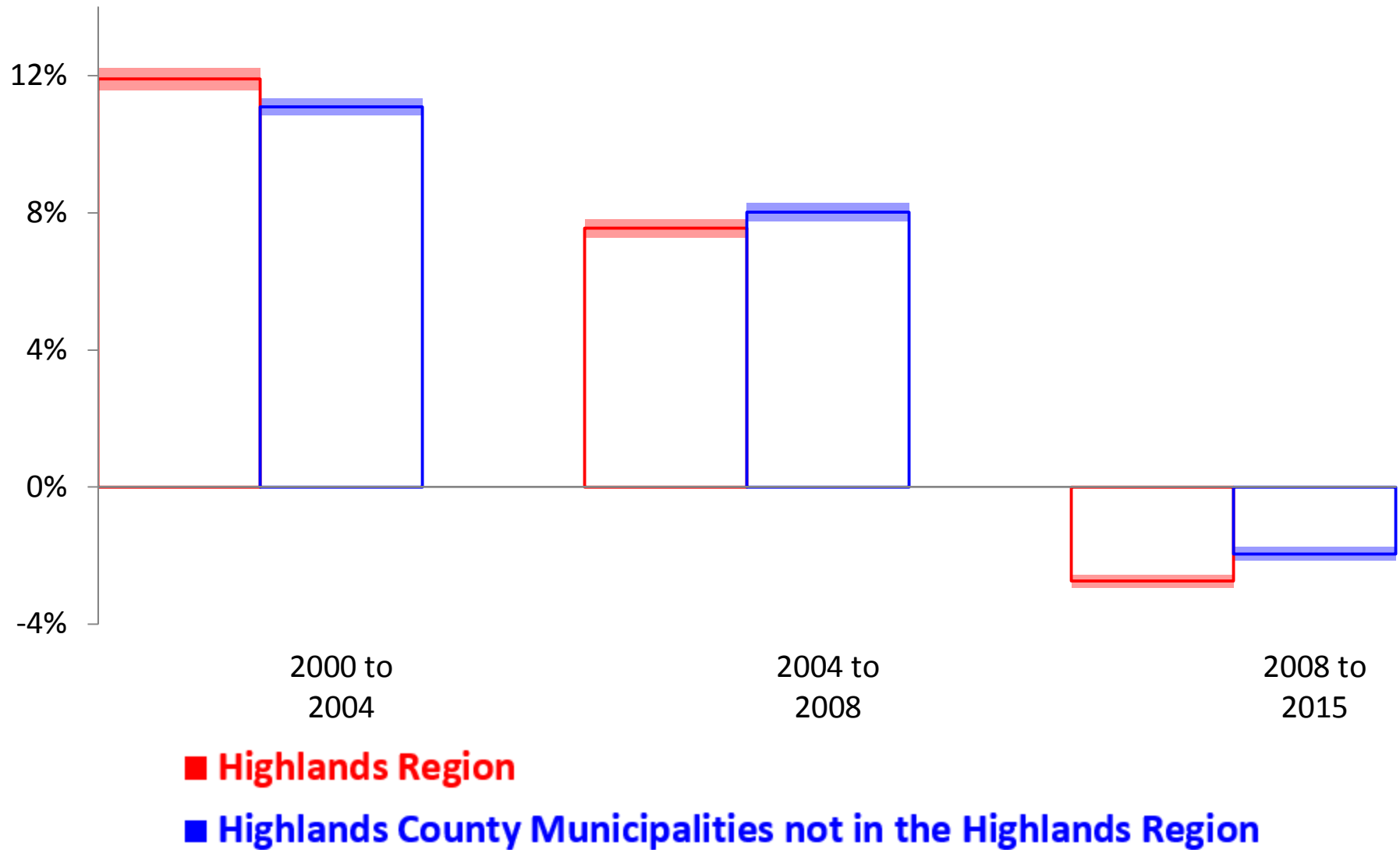
# FISCAL ANALYSIS

- **Equalized Property Value**
  - + An estimate of total market value
- **Real Property Assessed Value**
  - + The basis for property taxes
- **Property Tax Revenue**
  - + The primary source of funds for locally-provided public facilities and services

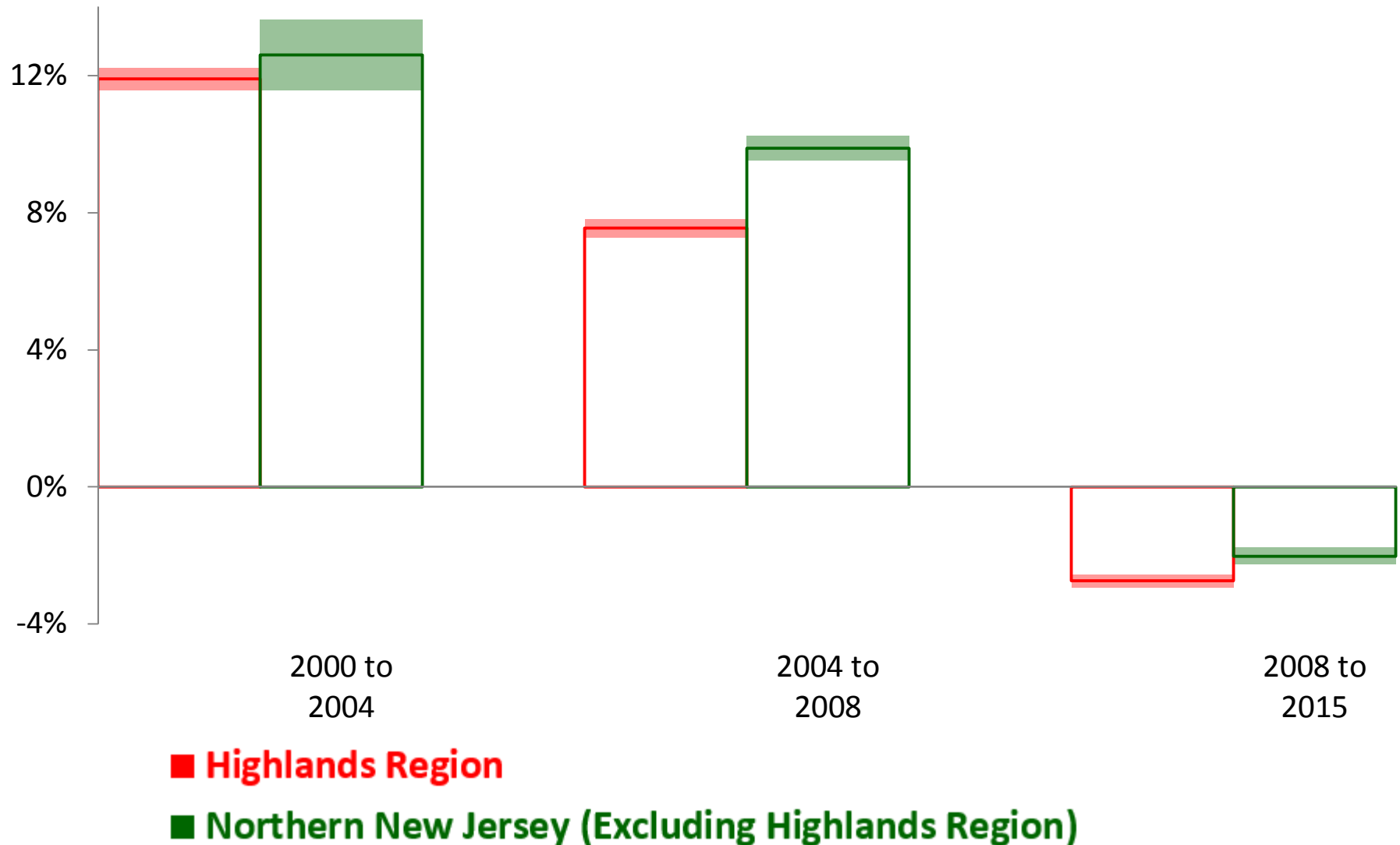
# CHANGE IN TOTAL EQUALIZED VALUE



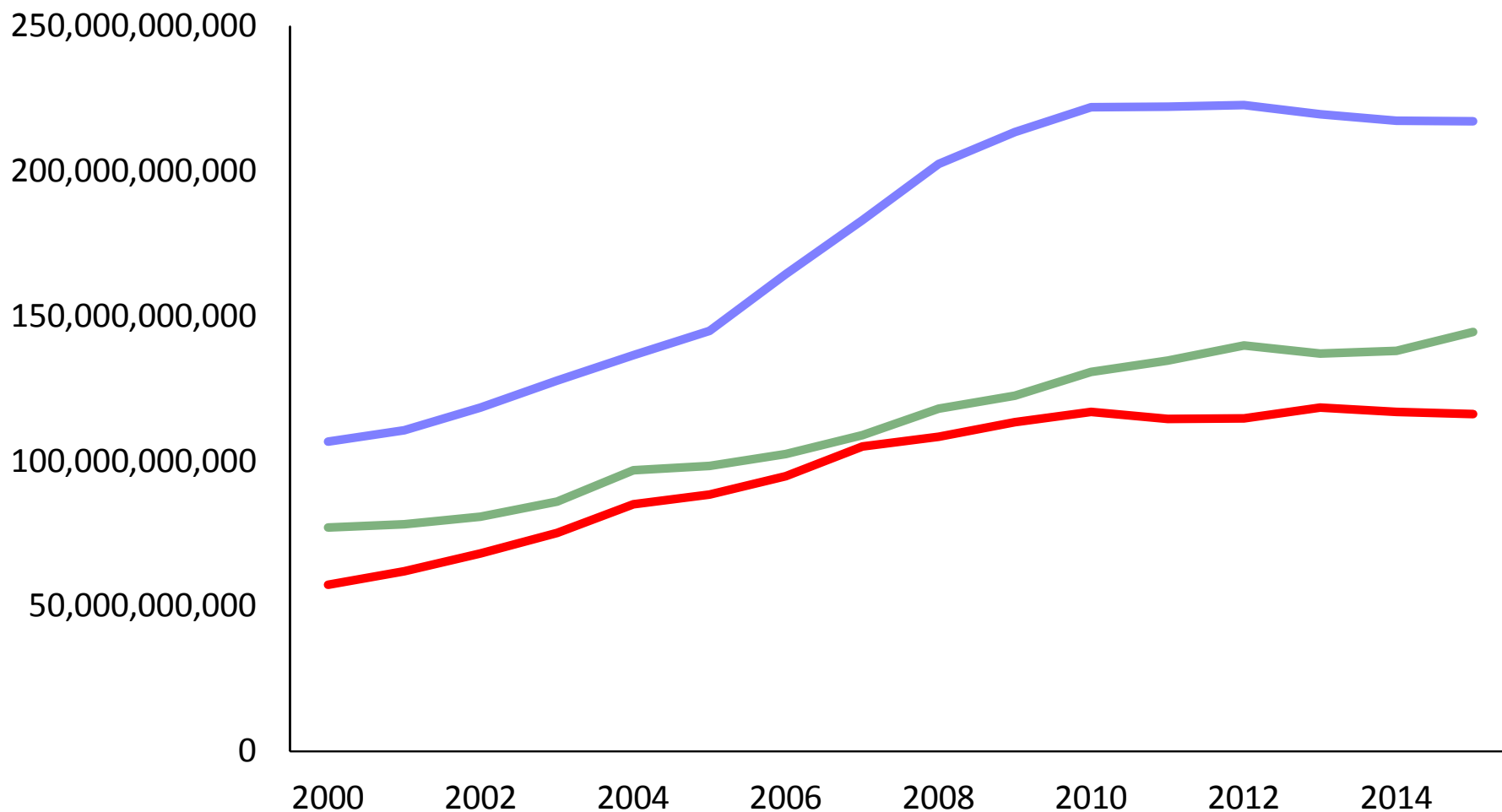
# AVERAGE MUNICIPAL CHANGE IN EQUALIZED VALUE



# AVERAGE MUNICIPAL CHANGE IN EQUALIZED VALUE



# TOTAL REAL PROPERTY ASSESSED VALUE



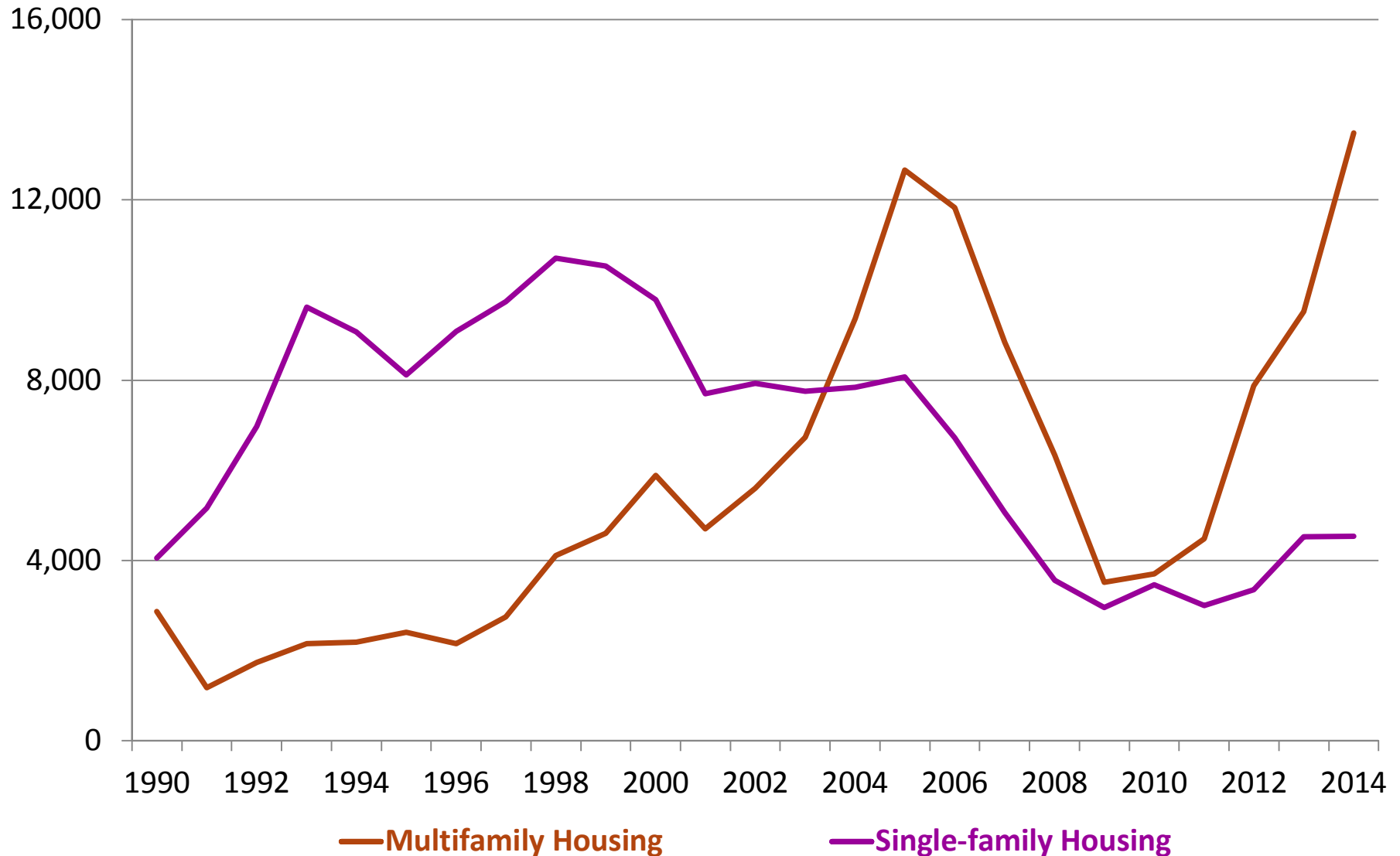
— Highlands Region

— Highlands County Municipalities not in the Highlands Region

— Northern New Jersey (ex. Highlands Counties)

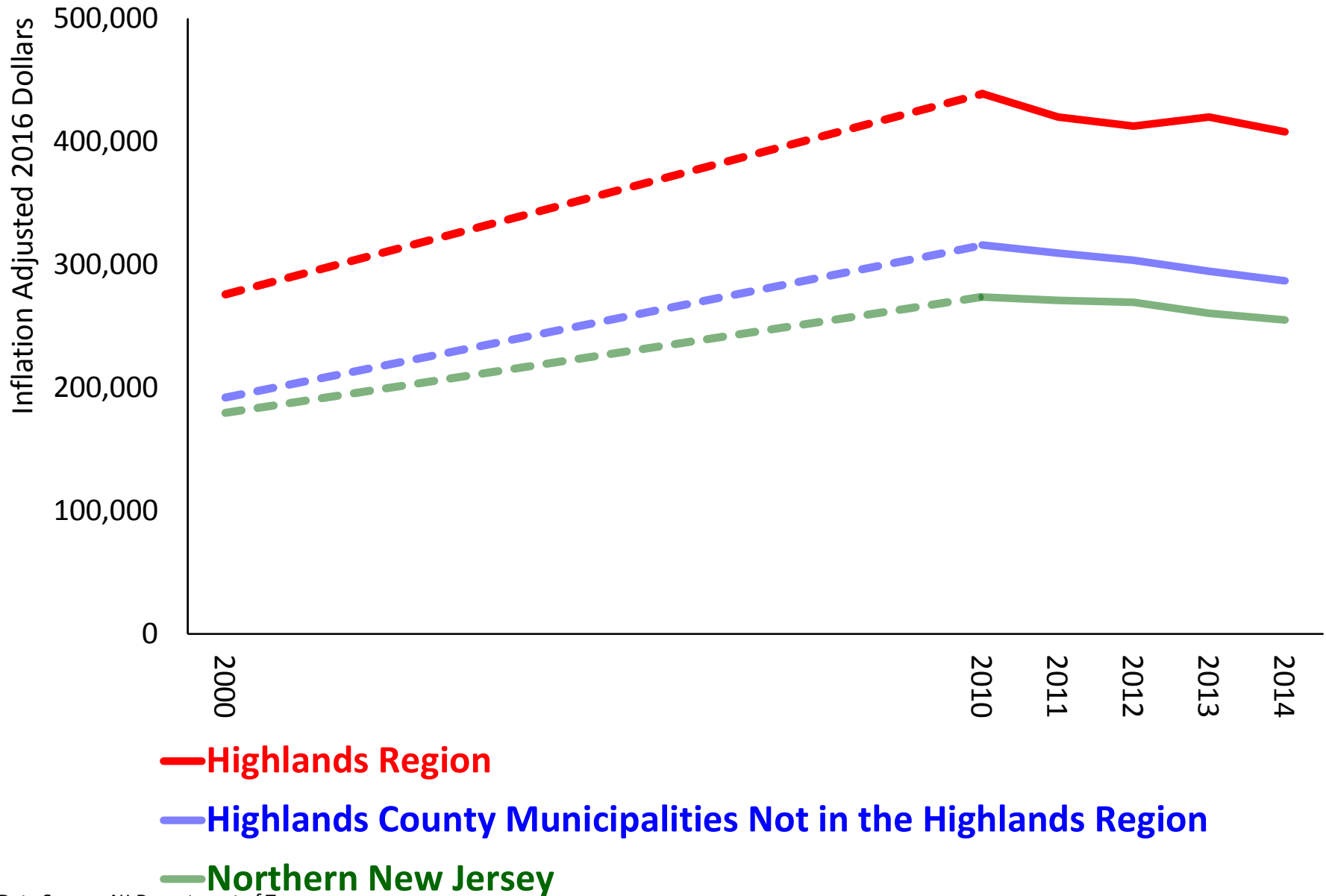
# RESIDENTIAL BUILDING PERMITS

## Building Permits by Type of Housing, Northern New Jersey



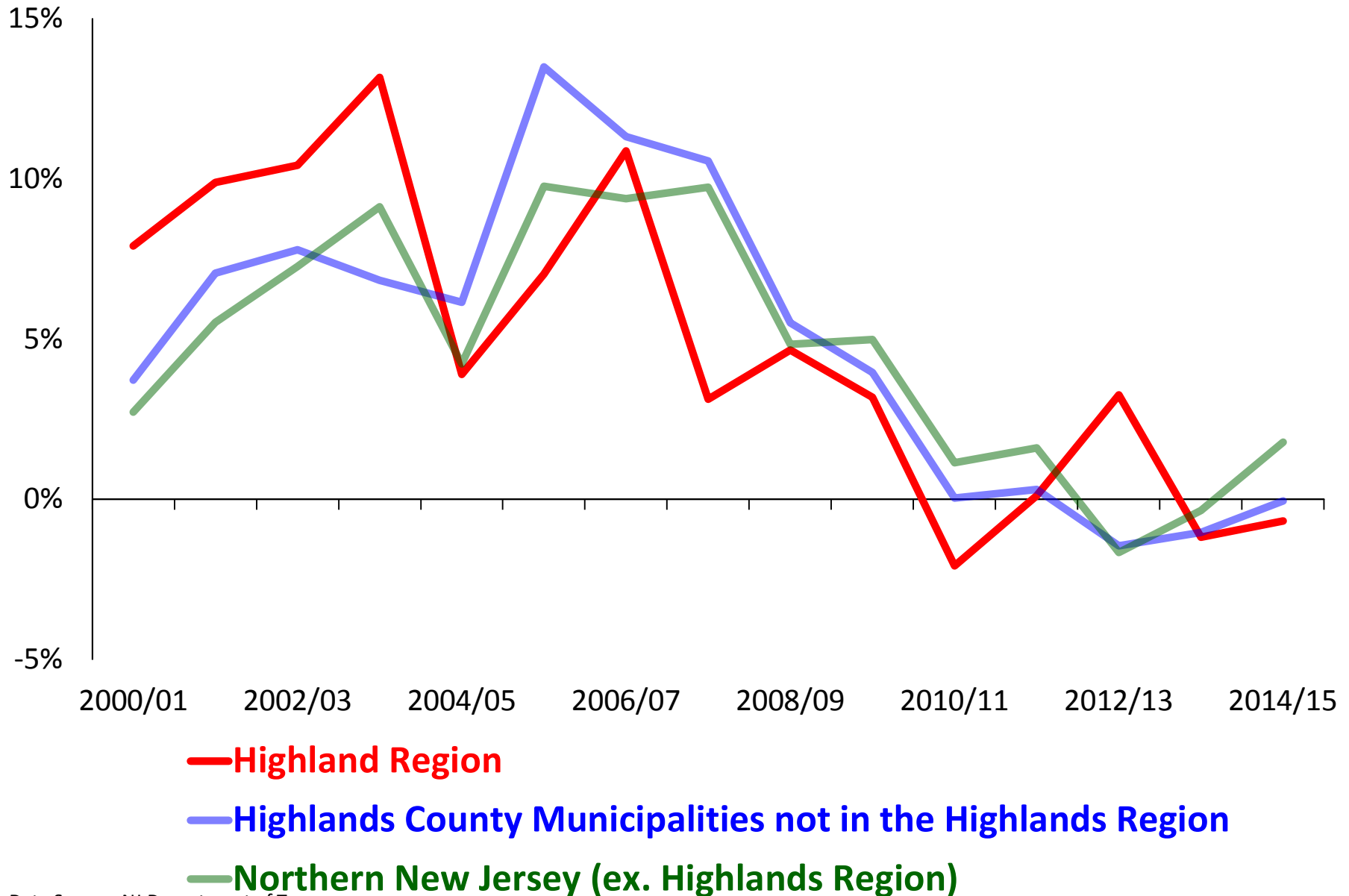


# REAL PER HOUSEHOLD ASSESSED VALUE



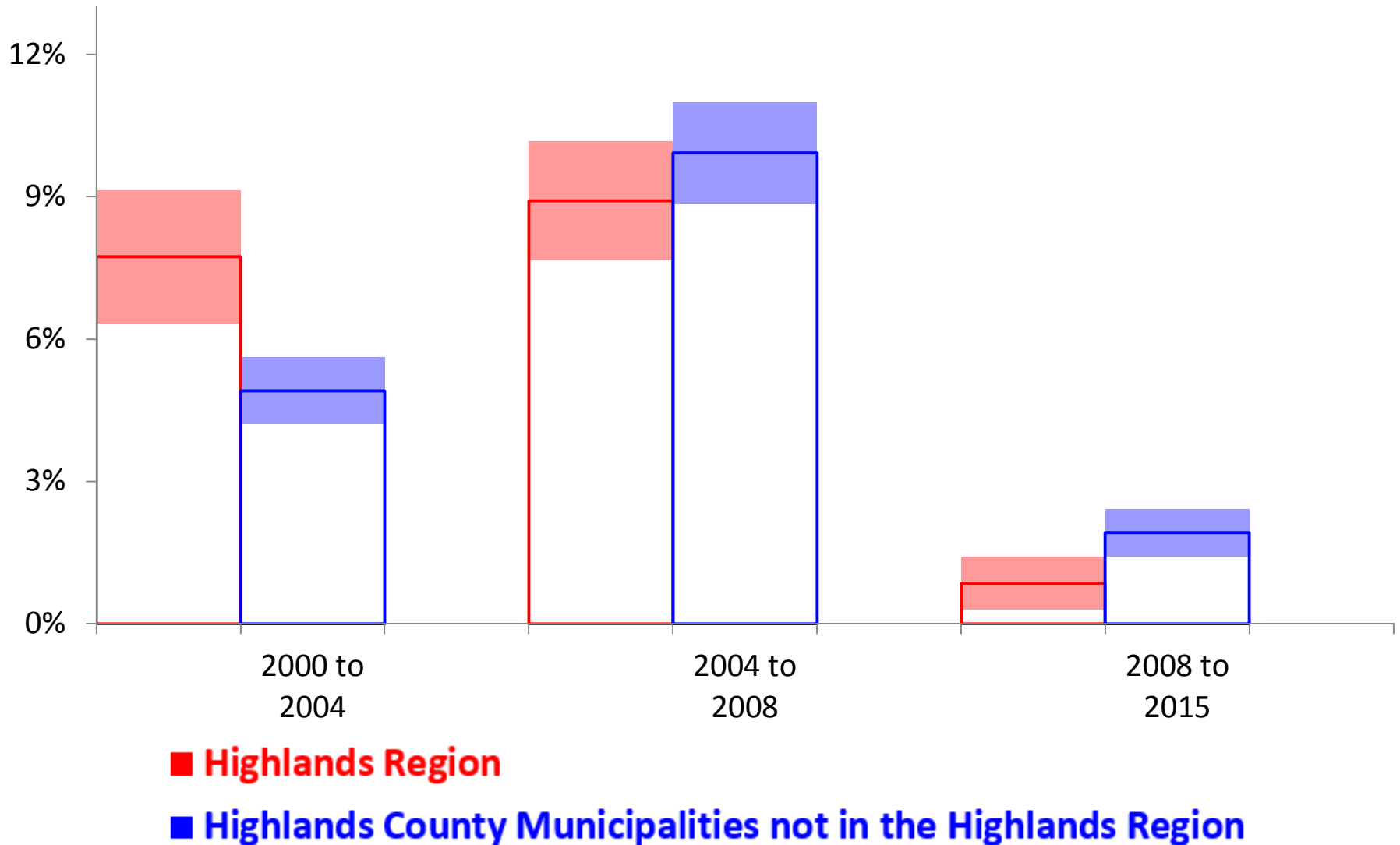
Data Source: NJ Department of Treasury.

# CHANGE IN REAL PROPERTY ASSESSED VALUE



# CHANGE IN REAL PROPERTY ASSESSED VALUE

Annualized Rate of Change, Average for Municipalities in Each Region



# CHANGE IN REAL PROPERTY ASSESSED VALUE

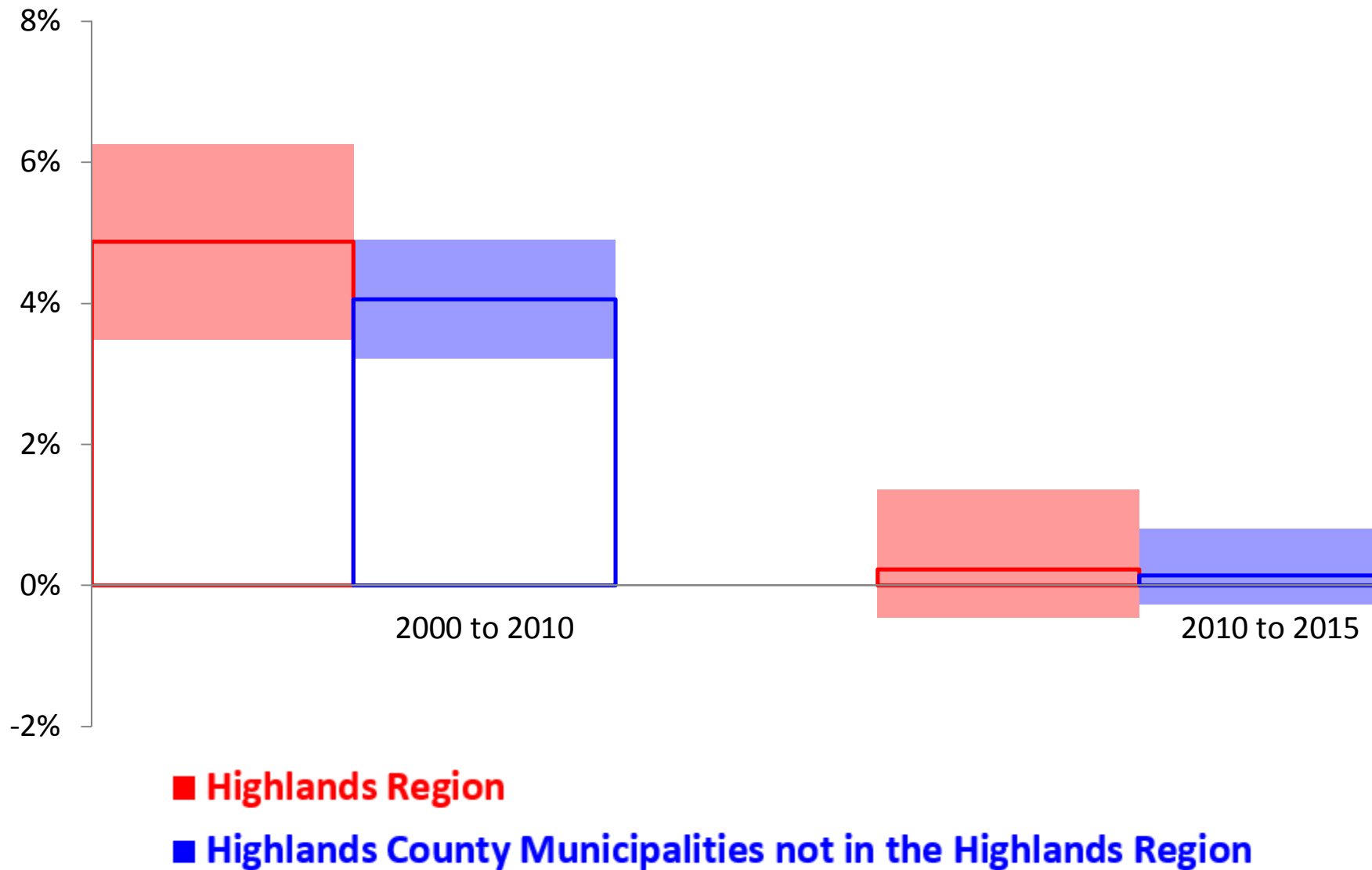
Annualized Rate of Change, Average for Municipalities in Each Region



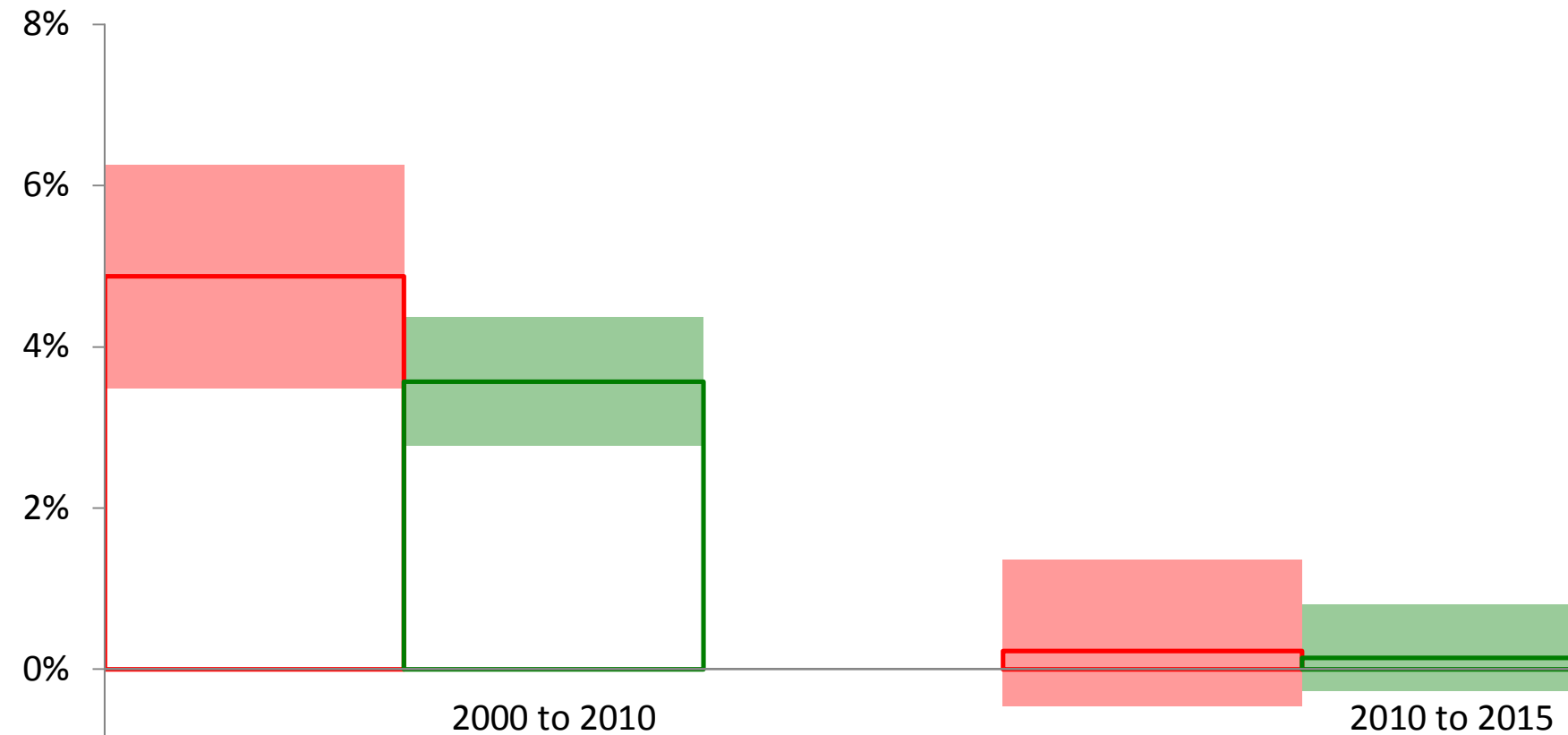
# PROPERTY TAX REVENUE

- Tax rate applied to assessed value
- Tax rate adjusted to generate budget revenue needs, less other revenue sources
- Annual budget increase limited to 2%
- Analysis uses inflation-adjusted per household property tax revenues
- Availability of household data limits the time periods that can be analyzed

# CHANGE IN PROPERTY TAX REVENUE



# CHANGE IN PROPERTY TAX REVENUE



■ **Highlands Region**

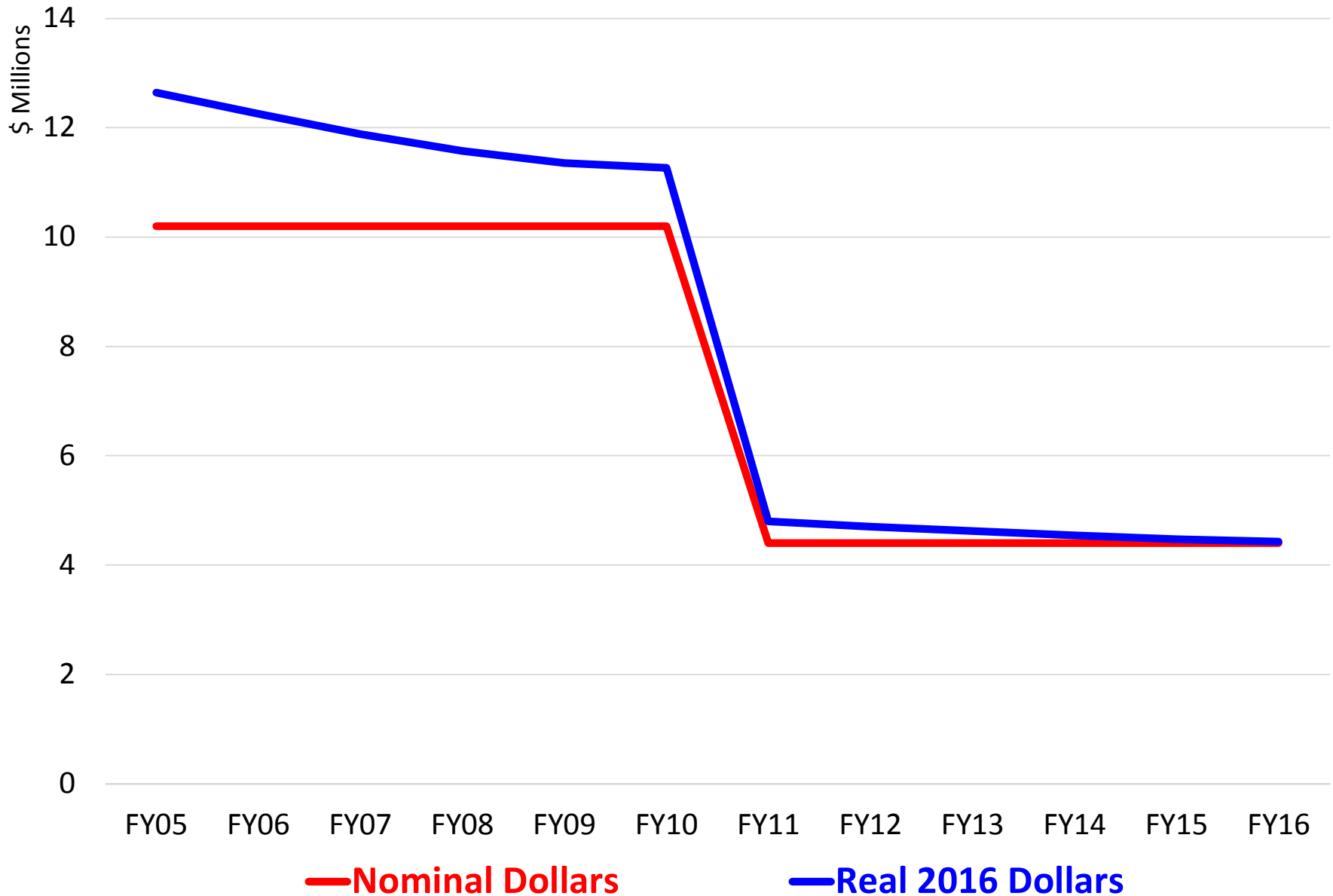
■ **Northern New Jersey (Excluding Highlands Region)**

# Phase 3

## 10-YEAR CASH FLOW

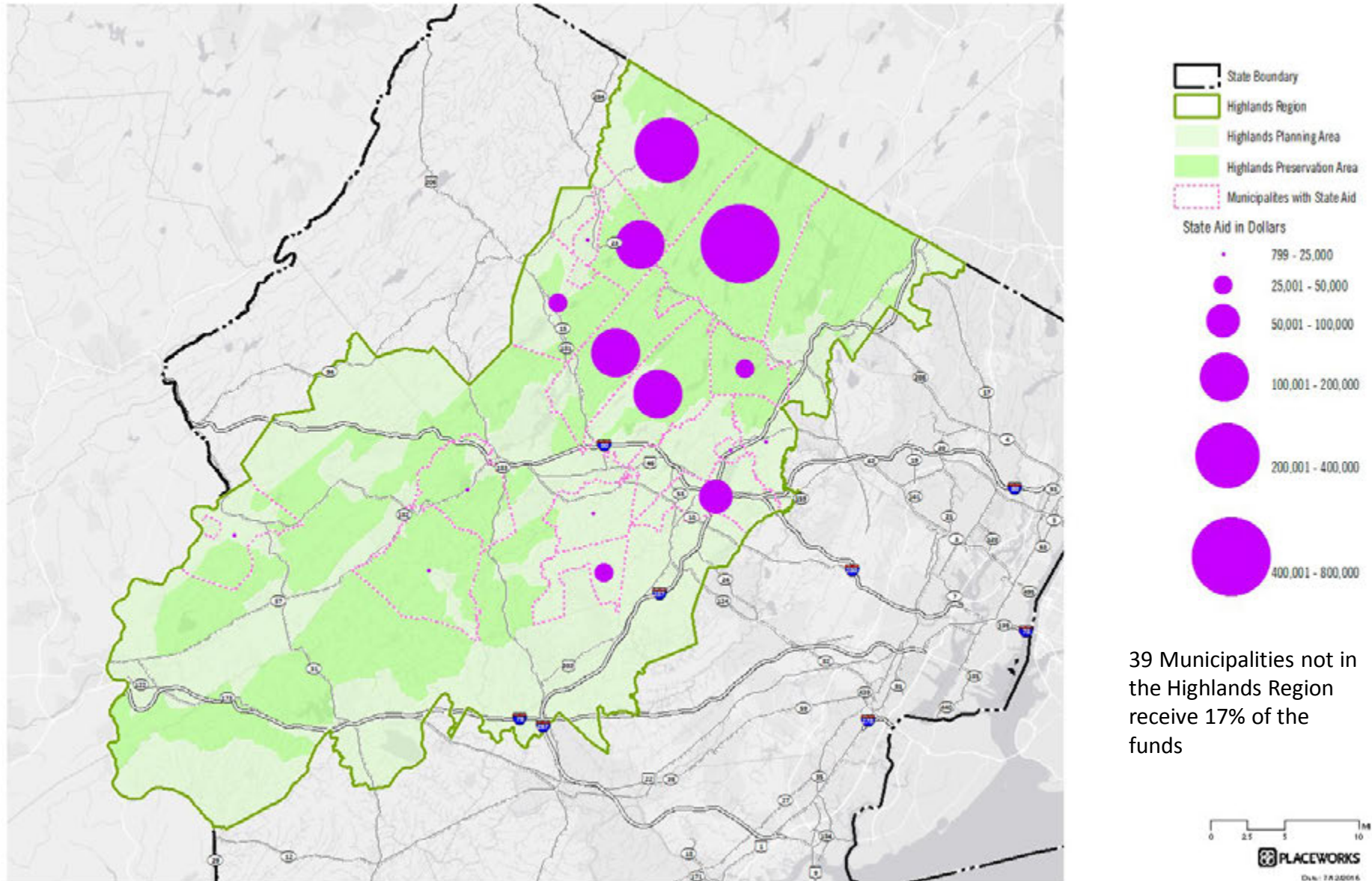


# HIGHLANDS PROTECTION FUND



Data Source: Budget of the State of New Jersey data, provided by the NJ Highlands Council.

# WATERSHED MORATORIUM OFFSET AID



Data Source: Budget of the State of New Jersey data, provided by the NJ Highlands Council.

# Phase 3 FINDINGS

# **EQUALIZED PROPERTY VALUES | MARKET VALUE**

**2000–2004 The analysis finds the Highlands Region had**

- **No statistically significant difference with the two comparison regions**

**2004–2008 The analysis finds the Highlands Region had**

- **No statistically significant difference with the Highlands county municipalities not in the Highlands Region**
- **A statistically significant lower growth rate than Northern New Jersey**

**2008–2015 The analysis finds the Highlands Region had:**

- **A statistically significant lower rate of growth than the two comparison regions**

# REAL PROPERTY ASSESSED VALUE

- **2000–2004** The analysis finds that the Highlands Region had a statistically significant higher rate of growth in assessed values than the two comparison regions
- **2004–2008** The analysis finds that the Highlands Region had no statistically significant difference in the rate of growth than the two comparison regions
- **2008–2015** The analysis finds that the Highlands Region had a lower rate of growth than the two comparison regions. Only the difference between the Highlands Region and Northern New Jersey was statistically significant

# PROPERTY TAX REVENUES

**2000–2010 and 2010–2015** The analysis finds that the Highlands Region municipalities had no statistically significant difference in the rate of change in property tax revenues than the two comparison regions.

## NEXT STEPS

- **Continue to monitor differences in equalized property values in Highlands and Non-Highlands municipalities**
- **As a secondary indicator, monitor real property assessed values and property tax revenues**