



CONNECTICUT PARTNERSHIP FOR  
**BALANCED GROWTH**

## **Sprawl Myths:**

### **Do Education Costs and Property Taxes Cause Sprawl? No!**

The debate over sprawl versus smart growth in Connecticut has become a debate based on misinformation, emotional reaction to development and change, and the desire to preserve the American Dream achieved by those already living in the suburbs while preventing others from achieving the same dream. The debate is not based on accurate data. Those arguing against sprawl (anti-suburbanization) have been using property taxes and the cost of education as a justification for limiting or preventing further residential growth in our suburbs. The same argument is also being used to limit or prevent further commercial development, most notably large retail development, in the suburbs. This argument assumes that as towns develop more housing they also need to develop more commercial space to generate taxes to cover the new costs associated with housing and school age children.

An example of how the anti-sprawl/anti-suburbanization movement misuses data is demonstrated on the website of Canton Advocates for Responsible Expansion (CARE). CARE's website states the following: "Smart development can also mean conservation. Curbing residential growth can lessen future costs. One example: If the homeowners of a \$200,000 house pay \$4,368 in real estate tax and \$437 in personal property tax (two cars, each worth \$10,000) while costing the town almost \$24,000 to educate their three children per year..." the website goes on to demonstrate how if the same land were preserved as open space, the cost of purchasing the land would be a net positive since there are limited services associated with open space land.

Based on the numbers presented by CARE it is difficult not to agree that new homes generate fewer taxes than the cost of educating school age children associated with the new homes. However, the numbers are misleading and wrong. A review the CT Economic Resource Center (CERC) Town Profile for Canton provides real data that can be used and applied to the same formula. As of 2005 Canton had 4,141 housing units. The 2006 median home sales value was \$315,000. The 2005 mill rate for Canton was 27.66 (\$27.66/\$1,000). In 2004-2005 the Canton School District had 1,699 students, with a cost of \$10,119 per student in education expenditures (total education spending \$17,193,498 divided by the 1,699 students). We will also use the very low \$10,000 per car value for two cars.

The assessed value for property taxes is 70% of appraised market value of the property. Therefore, using the median sales value of \$315,000 a new home would have an assessed value of \$220,500. That number multiplied by the mill rate of 27.66, equals \$6,099 in property tax for the new home. The two cars valued at \$10,000 each or \$20,000 total would be assessed together at \$14,000.

That number multiplied by the mill rate, equals \$387 in taxes. The total property tax paid by this property would be \$6,486.

The CARE example assumes that each new home has 3 school age children. However, this is an exaggerated assumption. If each housing unit were to generate 3 school age children, Canton would have 12,423 students (3 multiplied by the 4,141 housing units in town), not 1,699. The total population of Canton in 2006 was estimated by CERC to be only 9,448. To calculate the number of school age children per home in Canton, we divide the total number students enrolled in the school system (1,699) by the total number housing units (4,141). That equals 0.41 students per housing unit. While some new homes may generate more school age children at specific points in time, the ratio of school age children to housing units town-wide will most likely over time average out to around 0.41 per unit.

The cost of education in Canton is calculated at \$10,119 per student and a new home generating the town average for school age children of 0.41 students would need to pay \$4,149 per year in taxes to cover the cost of education. The \$315,000 median sales value home with two cars pays \$6,486 in taxes, \$2,300 more than the \$4,149 needed for education costs. This is a much different story than the \$24,000 per year of education costs to the town by new homes as presented by CARE. In addition, CARE's formula and the formula presented here do not take into account the State share of education costs or the economic impact and benefit of new housing on the local economy. This impact includes the jobs created for construction, initial home furnishings purchases, and the spendable income of the household to purchase necessities and luxuries in the community. Moreover, neither formula includes the sales tax, user fees, and income tax generated by the new household.

The fact is that new housing is not what's driving our education costs as the anti-sprawl (anti-suburbanization) supporters would like us to think. Their assumption that housing development and the associated school age children create a burden on local school districts and local taxes is false. In fact, a review of U.S. Census data and the State Department of Economic and Community Development housing permit data tell a much different story. For example, the Capitol Region (Hartford and the 28 surrounding communities) in 1970 had 249,229 persons between the age of 0-19 (school age population) making up 37.2 percent of the region's total population. In 2000 the 0-19 age cohort had declined to 195,943 persons making up only 27.1 percent of the region's total population. That is a 21.5% decline in school age population. During the same period from 1970 to 2000 the Capitol Region added 81,802 housing units to its existing housing stock. So, while the region added an additional 81,802 housing units, it lost 55,000 school age children.

If new housing were generating the large numbers of school age children that the anti-suburbanization advocates like to believe, even at a rate of 1 child per new housing unit, the region should have gained at least 81,802 school age children. However it didn't. The region lost 55,000 school age children even with the addition of 81,802 housing units. Housing development is not the cause of increasing education costs. Fixed costs related to health care, transportation, energy, binding arbitration, federal and state mandates, and inflation are driving education costs, not housing development.

If Connecticut is going to develop responsible growth policies to benefit the state and encourage future growth and economic development, then we need to make sure that the data and discussion on growth, development, and conservation are based on accurate data and address our real growth issues.