



APPLIED ECONOMICS

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**FISCAL IMPACTS OF  
80TH AVENUE RESIDENTIAL ANNEXATION  
INTO THE CITY OF GLENDALE**

**APRIL 2024,  
REVISED APRIL 2025**

## Introduction

The following summary presents the updated fiscal impacts of annexation for 80<sup>th</sup> Avenue Residential, which includes 5.95 gross acres with the new 0.45 acre parcel associated with SR25-0303. Since this new parcel is part of the larger development, this analysis includes all 5.95 acres. The site is located on the SEC of Myrtle and 81<sup>st</sup> Avenue and development plans include 75 two and three bedroom apartment units. Since this development includes only a single use, pro-forma information based on the actual proposed multi-family development is used in the fiscal analysis. The assumptions regarding construction costs are based on published sources, and information on unit mix and expected rents was provided by the applicant.

The point of this exercise is to frame what this type of development could bring to the city in terms of the fiscal impacts. Since this is a residential development, the job impacts of property management staff would be minimal and are not included in this analysis.

## Project Assumptions

The table below presents the results for 75 apartment units in terms of construction cost, rents, annual fiscal impacts (revenues less expenditures for city operating funds), one-time fees (construction sales tax, development impact fees, estimated permit fees) and overall ranking. The total number of units is consistent with the information submitted by the applicant. This fiscal impact also reflects the addition of 0.05 street lane miles (260 feet) for maintenance from the extension of 81st Avenue along the western boundary of the site.

### IMPACTS OF POTENTIAL 80<sup>th</sup> AVENUE RESIDENTIAL

| Building Use    | Units | Monthly Rents | Building Construction | One-Time Fees* | Annual Fiscal Impact | Overall Ranking |
|-----------------|-------|---------------|-----------------------|----------------|----------------------|-----------------|
| Apartments      | 75    | \$1,983       | \$19,117,000          | \$880,000      | \$3,000              | Low             |
| 2 bedroom units | 50    | \$1,900       |                       |                |                      |                 |
| 3 bedroom units | 25    | \$2,150       |                       |                |                      |                 |

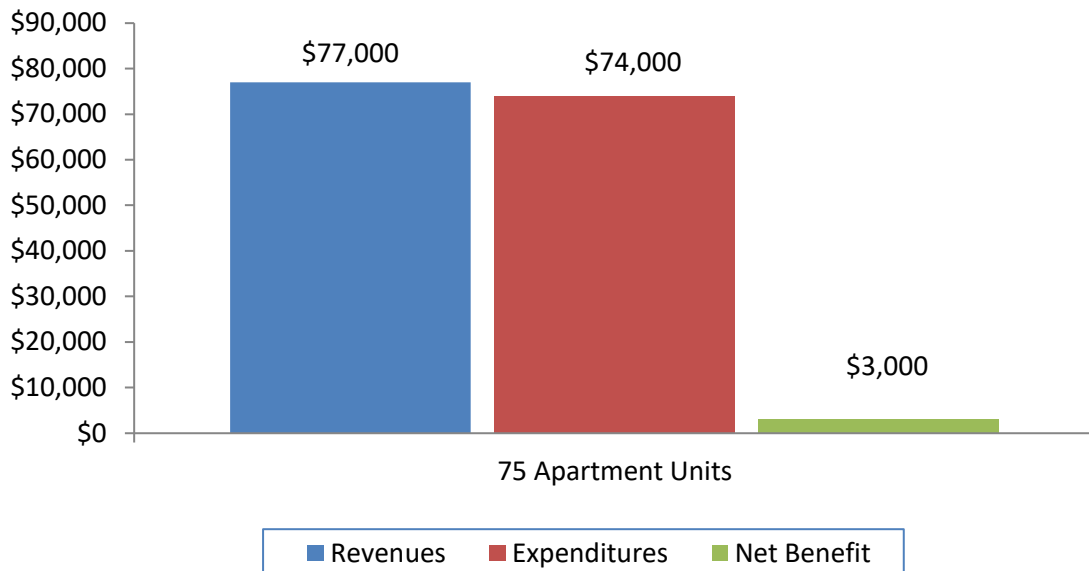
*\*One Time Fees include construction sales tax, estimated planning and permitting fees and development impact fees in East Glendale.*

- **Capital investment** is represented by building construction costs that are estimated at \$19.1 million, although given the rapid increases in construction materials costs recently, this should be viewed as an order of magnitude estimate. Construction activity results in one-time sales taxes for the city as well as on-going property taxes.
- **Jobs and average wages** are not estimated for this project since it is a residential development. However, these apartments could provide housing for workers in other parts of the city.

## Fiscal Results

- **One-time fees** are related to construction and are generally proportional to the construction cost because construction sales taxes make up the largest share of one-time fees. Development impact fees (DIF) reflect rates for multi-family development in East Glendale. One-time fees also include estimated planning and permitting fees that are generally proportional to construction costs. **Total one-time fees for 80<sup>th</sup> Avenue Residential are estimated at \$880,000.**
- The **annual fiscal impacts** represent the net value of different types of uses to the city in terms of **revenues less expenditures**. *These annual fiscal impacts are intended to be order of magnitude only.* There are a variety of factors imbedded in the assumptions that will affect the magnitude of fiscal impacts for different types of uses including the property value, and taxable sales for nonresidential uses. **The proposed 75 apartment units that are anticipated for this site could result in an average net impact to the city of \$3,000 per year, excluding one-time revenues.** This analysis incorporates the municipal exemption on residential rents.
- The **overall ranking** compares the level of revenues versus expenditures for the proposed apartments to other land uses such as light industrial, warehouse and residential development that have been included in other recent annexation impact studies. The 80<sup>th</sup> Avenue Residential annexation could produce a positive, but minimal net impact in terms of the ratio of revenues to expenditures.

**ANNUAL FISCAL IMPACTS FOR 80<sup>TH</sup> AVENUE RESIDENTIAL**



## Summary

These results frame the possibilities for how the 80<sup>th</sup> Avenue Residential annexation may affect the city. This project is generally smaller in scale than many of the non-residential areas that have been annexed in recent years, but could provide positive net impacts and also support workforce housing in the city. The annual net impacts (revenues less expenditures) are estimated at \$3,000 per year, including \$77,000 in annual revenues and \$74,000 in annual expenditures. Estimated annual revenues exceed expenditures by 4 percent. The actual fiscal impacts may vary depending on the construction cost, assessed value and other project details.