FUTURE LAND USE ANALYSIS

COMMERCIAL & INDUSTRIAL LAND REQUIRED FOR THE CITY OF CAPE CORAL AT BUILD-OUT

COMMERCIAL/INDUSTRIAL LAND TARGETS, STRATEGIES FOR ACHIEVING THEM AND REVENUE IMPLICATIONS

Commissioned by the
Cape Coral Economic Development Office

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Executive Summary

Cape Coral has established a reputation since 2003 as a population growth leader: fifth fastest growing city in the United States. In 2006, when speculative residential investment exceeded demand, the housing market slumped, and commercial investment soared.

The two markets – residential and commercial – tend to be countercyclical; and because the Cape is a well-managed city with plans to meet the needs for public infrastructure such as utilities, parks, roads and public safety – not to mention about 400 miles of canals and a tropical climate – most observers conclude its future is bright.

However, there is a cloud on the Cape's horizon: availability of land for commercial/industrial development. The Cape was preplatted and sold, lot by lot, almost exclusively as residential property. Residential development has been virtually random, with houses popping up everywhere in a self-contained sprawl. For years, city policy makers have recognized that to have a self-sustaining economy, in which residents have ready access to jobs and goods and services right here in the Cape, additional commercial/industrial land will be required.

Not until this report has there been a specific target for acreage for all commercial (retail and office) and industrial. Not until this report has there been a proposal for specific strategies to assure adequate commercial/industrial land at build-out.

This report compares Cape Coral's demographics and workforce data with that of other Florida cities and even counties, at various stages of their development, and generates a logic that helps us understand the dynamics of our growth that will determine our destiny to build-out.

This report analyzes our workforce and extrapolates from this data the number of acres required for commercial/industrial development in the future.

The conclusions: the city faces a deficiency of 875 acres of developable industrial land to meet the city's employment needs at build-out. Previously, the commercial corridor study determined that there is a need to provide approximately 1,651 acres of additional commercial land to meet the needs of the population at build-out. Therefore, the city currently faces a deficit of 2,526 acres of land – almost 4 square miles – for commercial and industrial development at build-out. This could serve as a target for future land use planners.

This report does not take into account the recent Zemel annexations. The City estimates that subject to Land Development Regulations, and assuming development consistent with the pre-annexation agreement, the Zemel properties would add up to 772 acres of commercial/industrial property, reducing the estimated deficit to 1,754 acres.

Beyond the number, this report lists and overviews specific strategies that could overcome the shortfall:

1) Convert residential land use to commercial/industrial land use.
2) Increase annexations for commercial/industrial development.
3) Increase commercial/industrial building densities (FAR).
4) Increase the size of existing commercial/industrial zones.
5) Acquire and develop parcels for commercial/industrial uses.

None of these strategies alone will be sufficient. They all will likely be necessary.

Finally, this report demonstrates how policy makers and staff can begin to calculate the revenue impact of these strategies as they create additional commercial/industrial land.

This report is a starting point. It quantifies the challenge and points to solutions. But just as a race-car driver must turn the wheel and operate the accelerator, so must the city's policy makers and administration plot a course and implement strategies that will propel this "growth engine" toward its vision as the urban center of Southwest Florida.

Introduction

The City of Cape Coral is undergoing extraordinary growth. However, its future is limited by its history as a pre-platted community, in which more than 90% of its developable land is residential. With this land-use distribution, Cape Coral is destined to be a "bedroom" community, with a disproportionate share of the cost of government falling on homeowners, with limited employment opportunity, increased traffic congestion and diminished quality of life for its residents.

It is important to recognize that in order to meet the needs of future residents, and to create a well-balanced community with a sustainable economy, it will be necessary to achieve a greater proportion of commercial/industrial land to residential land. This issue is critical if the city is to achieve its vision as "A young, progressive waterfront community becoming the urban center of Southwest Florida, offering economic and social opportunities, with unparalleled quality of life."

A balanced community requires diverse land uses for a broad tax base, close-in employment opportunities and convenient access to goods and services. If Cape Coral were to achieve a proper balance of commercial/industrial and residential land, it would have a good chance of bringing to life key principles of "Smart Growth:" reducing automotive congestion and pollution by increasing work opportunity and access to goods and services, closer to home.

The City Council previously commissioned a commercial land study to determine the amount and distribution of land (for office, retail trade and services) to meet the needs of current and future residents. This study demonstrated the need for an additional approximately 1,651 acres of land for retail and office uses at a build-out population of approximately 400,000.

This project augments the prior study by determining the amount of industrial land use (manufacturing and wholesale trade) needed at build-out to provide a more balanced tax base, employment opportunities and other economic benefits.

The Urban Land Institute (ULI) defines the modern industrial/business park as the evolution of more than 90 years of development experience. ULI has demonstrated that a well-located, properly serviced and carefully designed tract of land with facilities suited for business and industry can benefit the public interest through efficient land planning and growth management, attraction of new employment opportunities and expansion of the fiscal capacity of local government.

In the past, industrial development was commonly perceived as smoke stack industries that degraded our environment and quality of life. Today, industrial development is characterized as technological and research parks with a campus atmosphere for manufacturing, distribution, and business services.

The methodology employed in this research study consisted of the following steps:

- Analyze the demographics and employment profile of the City of Cape Coral with comparable cities and counties in different stages of development in order to forecast trends;
- Estimate the amount of industrial land required to meet future needs at build-out;
- Analyze profiles of real taxable property values for the City of Cape Coral and comparable counties with central cities;
- Calculate the positive fiscal impacts of an action scenario for the City of Cape Coral at build-out;
- Identify multiplier effects or spin off of industrial development; and
- Overview strategies for overcoming the Cape's commercial/industrial land deficit.

Demographic Analysis

In this study, the first dimension for developing insight into future trends and profiles for employment by industry classification and taxable property values by type of land use is an analysis of demographics of selected communities and areas in South Florida in various stages of development.

Cape Coral is in a somewhat unique circumstance. It is a very large city; larger, in fact, than some counties. Therefore, it has some of the characteristics of a county, even as it functions as the largest city within a county. Its geographic circumstance, with water boundaries on three sides and a county line on the north is similar to the geographic characteristics of Pinellas County. Since Cape Coral is physically detached from most of Lee County, and as it grows in population, it will increasingly define its own market area.

Several cities that, like Cape Coral, are central cities within their respective counties were selected for analysis. For example, Port St. Lucie is a platted community in a similar stage of development as Cape Coral; while Sarasota is more developed. St. Petersburg, Tampa, West Palm Beach, Miami and Jacksonville (Duval) are more mature in development as they approach, or are at, build-out.

Table 1 illustrates that the median age in Cape Coral in the 2000 census was 41.6 years; and that approximately 20% of the population was 65 year or older, which is a higher percentage than the State of Florida as a whole, but similar to Port St. Lucie. This compares to 17.4% for St Petersburg, 12.5% for Tampa, 16% for West Palm Beach, 10.2% for Jacksonville, and 10.2% for Miami.

As communities mature, such as St. Petersburg, the percentage of population older than 65 years of age tends to decrease, largely due to mortality and in-migration of a service population. Historically, communities in south Florida attracted a retirement-age population, followed by a service population. However, over time, they achieve normal population demographics.

It is important to take into account this significant anticipated shift in age demographics.

The trends in household size are less pronounced. For example, Cape Coral's household size was 2.48 persons in the year 2000. Similarly, St Petersburg was 2.20, Tampa 2.36, Jacksonville 2.49, West Palm Beach 2.26, and Miami 2.49. The paradox is that while the percent of households of persons over 65 years of age decreases over time, the percent of households of single adults from 25 years of age to 35 years of age increases over time. The net trend is that household size remains within a relatively narrow range over time.

According to the 2000 Census, Cape Coral has the highest percent of its population (83.5%) that is 25 years or older who have attained a high school diploma or higher. This indicates that Cape Coral has a relatively well educated work force. This statistic is generally similar for the comparable counties that include the suburbs of their central cities. This indicates that Cape Coral functions demographically as a county.

However, when measuring the population that is 25 years or older with a bachelors or higher degree, Cape Coral stands at only 17.5%, which is lower than most of the comparable cities and counties. Trends indicate that Cape Coral's percent of population with higher levels of education will increase over time as institutions of higher learning continue to grow, and university campuses are established within Cape Coral.

A critical demographic data point is the labor force participation rate. In Cape Coral, that rate (2000 census) is 48.4% of the population. This statistic is similar to the State of Florida (48.9%) and higher than Lee County (45.8%), Port St. Lucie (46.5%) and Sarasota (47.1%). However, the more mature cities of St. Petersburg (50.3%) and Jacksonville (52.4%) are still higher.

Based on these data, it is anticipated that the trend for Cape Coral over time will be slightly higher. If we assume that 50% of Cape Coral's population will be in the labor force at build-out, then for a forecasted build-out population of 397,757, an estimated 198,878 persons would be in the work force. This compares to an estimated 74,000 in the labor force in the year 2005.

Another critical statistic is that about two-thirds of Cape workers leave the city to go to their jobs. The data show that only 37.2% of Cape residents in the labor force work in Cape Coral. On this measure, the Cape is very much off-trend. In more mature communities, the percentage of residents who work in their home community is much higher: for example, St. Petersburg - 52.6%; Tampa - 67.0%; and Jacksonville - 93.3%. One economic development objective for Cape Coral would be to approach or exceed 50% or more as the city matures to build-out. This cannot occur unless additional commercial/industrial land is available.

Analysis of demographics in Table 1 of comparable communities and counties in various stages of development results in the following predicted demographic profile for the City of Cape Coral at build-out:

Criteria	Year 2000	Build-Out
% of population in the work force	48.4%	50.0%
% working in city of residence	37.2%	50.0+%
% of population 65 years or older	19.6%	15.0%
Population, 25+ years, high school or higher	84.5%	88.0%
Population, 25 years or over with BA or higher	17.5%	25.0%
Median age	41.6 years	38.0 years
Household size	2.49	2.5

In summary, as Cape Coral matures, the population will become younger and better educated; and the labor force participation rate will increase. The issue at hand is whether there will be sufficient land to accommodate commercial/industrial enterprises to provide this larger labor force with adequate employment opportunity.

Employment Profile Analysis

In this stage, we analyze the data from comparable communities as they mature, in order to forecast the percent of employed civilian population by industrial classification for the City of Cape Coral at build-out. This is important in order to determine the number of persons that will be employed at build-out in manufacturing and wholesale trade. With that employment estimate, we can estimate the square footage of building area and acreage of land required so as to support these sectors of the city's economy.

In Table 2, the U.S. Census provides us with the data by industry classification all those persons living in Cape Coral that are working, either in the city our outside the city. Unfortunately, the data do not provide us with a profile of those who both live and work in Cape Coral, or live outside of Cape Coral but work in Cape Coral.

However, it is possible to draw a reasonable conclusion that the profiles of workers who both live and work in Cape Coral are similar to the profiles of those who live elsewhere and work in Cape Coral, for the following reasons:

1. The industry classification profile for the comparable cities and their respective counties are very similar, with the exception of Miami; and the profiles for manufacturing and wholesale trade are also similar. A very high percentage of the work force (ranging from Pinellas County at 86.1% to Duval County at 93.3%) that live in the county, also work in the county. If we accept this comparison, that Cape Coral will resemble the tendencies in the other cities, and that the city profiles reflect the county profiles, then we can calculate the acreage of land required to support that number of workers.

2. For the City of Cape Coral the 2000 Census says that 4,146 persons living in Cape Coral worked in manufacturing and wholesale trade. Official parcel records indicate that there was 2,422,000 square feet of industrial and wholesale trade buildings; and using standard conversions, this space would support approximately 3,899 workers. Therefore, looking at this matter from both the workforce and workplace perspectives, we can conclude that the number of Cape Coral residents working in industry is roughly equivalent to the number of industrial jobs within the city limits. In other words, the city has achieved an equilibrium that could be sustained if more industrial land is available to meet the needs of the growing labor force.

Careful examination of the data in Table 2 shows that not only will the number of workers increase, but they will be doing different types of jobs. The most notable shift is from construction to manufacturing. Data from counties and their central cities (the employment centers) at different growth stages clearly show this change and provide valuable insight into the rationale for appropriate creation and preservation of industrial land.

Initial analysis demonstrates that in communities in their early to mid-stages of development, such as Cape Coral, Port St. Lucie and Sarasota, the three largest employment sectors are services (health, education, social and others), retail trade and construction. As communities mature, such as St. Petersburg and Tampa, the three largest employment categories are services, retail trade and manufacturing.

Underlying the data is a fundamental shift in the economies of cities as they reach build-out. In the early to mid-stages of development, communities need a large construction work force to develop, and as the community approaches build-out, the construction work force decreases as a percent of the total work force, and the manufacturing sector grows. As construction jobs decline, construction workers, often with additional training, transition to industrial jobs. This demonstrates the importance of manufacturing employment for the city's economic vitality, and the importance of planning now for additional land for manufacturing companies.

The paradox is that in communities such as Cape Coral, manufacturing land may well be among the last non-residential property to be developed; but it will be very important to have this land available for industrial use, in order that construction workers will have employment opportunities as demand for their services in the local economy dwindles.

This fundamental shift is driven in part by the aforementioned trends in age demographics as Florida cities develop. In the early to mid-stages of development, retirees make up a substantial portion of the population, limiting employment opportunities to retail trade to service the population, construction for development, and health services. However, as Florida communities mature and approach build-out, other employment sectors expand, notably manufacturing,

wholesale trade, transportation/utilities, information and other services. As a result retail trade and health services as a percent of the total employment by industry classification decreases.

Table 3 is an illustration of Cape Coral's labor force profile by industry classification at build-out, compared to the city's labor force profile in the year 2000. This forecast or model is based on the analysis of trends over time for different stages in which the community is developing. The analysis forecasts that 198,878 persons will be in the work force at build-out. Therefore, we can estimate the number of persons employed by industry classification at build-out as shown in Table 3. For example, under this scenario there would be an estimated 15,115 manufacturing employees and 9,148 wholesale employees.

Industrial Land Target Calculation

Industrial development consists of the industry classification of manufacturing and wholesale trade. Having deduced the number of employees shown on Table 3 for manufacturing (15,115) and for wholesale trade (9,148) the amount of land required to support these activities can be estimated using Urban Land Institute case studies and standards for industrial parks of 1.13 employees per 1,000 sq. ft. of building area and average of 0.30 ratio of building area to land area (FAR) which results in a demand of 1,643 acres of industrial land.

The formula is:

24,263 Manufacturing/Warehouse Workers
÷ 1.13 Workers/1,000 Sq. Ft. x 0.3 x 43,560
=1,643 Acres

How does this required number of acres compare with industrial acreage currently available?

There are currently (2005) 199 acres of developed industrial land in the City of Cape Coral, and 569 acres of undeveloped industrial land, in accordance with the future land use plan and state land use codes for future development.

This preliminary calculation results in a deficiency of 875 acres of developable industrial land to meet the city's employment needs at build-out.

Previously, the commercial corridor study determined that there is a need to provide approximately 1,651 acres of additional commercial land to meet the needs of the population at build-out.

Therefore, the city currently faces a deficit of 2,526 acres of land – almost 4 square miles – for commercial and industrial development at build-out.

Even with the recent annexation of the Zemel properties along the city's northern boundary, the deficit is substantial. The Zemel annexations comprise about 4.5 square miles, approximately 50% of which, on average, is undevelopable wetlands or preservation land. As previously summarized in this report, subject to Land Development Regulations, and consistent with the pre-annexation agreements, we project commercial/industrial development of only 772 acres. This would result in a total commercial/industrial land deficit of 1,754 acres at build out. This is approximately 2.74 square miles, or the equivalent of about 4,232 of Cape Coral's standard10,000 square foot single-family home sites.

Strategies for Achieving Commercial/Industrial Land Targets

Identifying a target number of acres is an important first step toward developing strategies for meeting the future commercial/industrial land-use need. However, establishing that target is somewhat more complicated, because the target is dependent on assumptions on density or floor area ratio. Greater commercial density –increasing building mass on the land – can reduce the required amount of land.

Cape Coral is rapidly becoming a laboratory for studying the impact of land use policies on economic development. Because it is among the largest of the pre-platted cities in Florida, and because of its relative geographic isolation, some traditional strategies for overcoming the commercial/industrial land deficit are less likely to be effective in Cape Coral than they are or could be in other cities.

Among the leading strategies are these:

1) Convert residential land use to commercial/industrial land use.
2) Increase annexations for commercial/industrial development.
3) Increase commercial/industrial building densities (FAR).
4) Increase the size of existing commercial/industrial zones.
5) Acquire and develop parcels for commercial/industrial uses.

It is likely that all strategies will play a role in the Cape's efforts to meet its commercial/industrial land requirements.

Convert residential land to commercial/industrial:

The first strategy, converting residential land to commercial/industrial, is difficult to implement, but the city has a history of success with it. The private sector has been mindful of the increasing demand for commercial/industrial space, and it has initiated scores of modest assemblies, most of which are approved by the City Council. Some of these assemblies, such as the mid-Cape retail center at Veterans and Santa Barbara, are of considerable size.

Such assemblies will likely become more difficult. Residential development is occurring in mostly random pattern, lot-by-lot. The development density is increasing rapidly even in areas not served yet by utilities. For example, data show that about 46% of all new homes receiving Certificates of Occupancy (CO) since 2003 were located in the Northern-most two zip codes of the city.

The Economic Development Office is attempting to develop strategies and incentives that will further facilitate private-sector assembly leading to commercial/industrial development.

Interestingly, this assembly strategy creates leveraged benefits. Recall that the total deficit is 2,526 acres: 1,651 retail/office, plus 875 industrial. If all of this required commercial/industrial acreage were generated by conversion, there would be fewer home sites and fewer residents at build-out. In fact, the land deficit is so great, that the estimated build-out population would be reduced from 397,575 to 373,123.

The smaller population requires a reduction of the estimated the work force at build-out, and in turn, the number of manufacturing and wholesale trade employees; therefore requiring 1,541 acres for industrial development-instead of 1,643 acres. Likewise, a reduction in population of 24,452 persons will also result in a reduction of 179 acres of commercial/industrial land required to meet the needs of the revised build-out population. The net result would be a reduction in the demand for converted land to 1,472 acres, for a population of 373,123 at build-out.

Increase annexations for commercial/industrial development:

Cape Coral, with its well-established municipal government infrastructure, is in a unique position to affirmatively manage the development processes in annexed properties, so as to create not only the desired commercial/industrial development, but also to be effective stewards of the environment.

Certainly when such annexations occur, and the land is developed as commercial/industrial, then there is a positive impact on vehicular traffic. More jobs are created close to the Cape's heavily concentrated labor market. This brings to life "Smart Growth" principles, and reinforces the vision of the Cape's Economic Development Office that commercial/industrial development in Cape Coral benefits Lee County every bit as much as the Cape, by reducing and balancing commuting loads.

Increase Commercial/Industrial Densities (FAR):

Of the three major strategies, increasing commercial/industrial densities potentially can have the greatest impact on reducing the need for both converting residential land to commercial/industrial, and for annexing additional land for commercial/industrial development.

For example, taller commercial/industrial buildings require only marginally more non-productive land be used for parking and storm water retention.

Other regulatory changes, largely in the Land Development Regulations, could have similar, positive effects: changes that increase the amount of any parcel than can be developed, by reducing setbacks and buffer zones, and using technologies to increase the efficiency of storm water retention areas, for example.

These regulatory solutions are not necessarily complex, but because homeowners often oppose commercial/industrial development nearby, these solutions can be contentious.

It is certain that without action, the city and its homeowners will lose employment opportunity and property tax benefits.

Increase size of existing industrial/commercial zones:

This strategy is a variant of the residential land conversion strategy. It has the benefit of creating larger clusters of economic activity in areas where there is already a point of conflict between residential and commercial/industrial uses.

Larger clusters of economic activity are advantageous to the city for several reasons:

1. They create more robust interaction among companies and facilitate development of value chains in the city's economy.
2. By concentrating commercial/industrial activity in finite areas, they reduce commercial sprawl, which reduces the points of conflict between commercial/industrial and residential uses.
3. By concentrating commercial/industrial structures, they provide the county appraiser with more opportunities to find like properties, which can have the impact of increasing commercial/industrial property valuations.

This strategy could be implemented by increasing the depth of the Pine Island Corridor, by increasing the size of existing Commercial Activity Center districts, and by converting additional land adjacent to city-owned parking lots from residential to commercial/industrial.

In addition, the Economic Development Office is moving forward with a request for expressions of interest from developers concerning leasing of air rights above municipal parking lots, as an alternative to ground purchase. This tactic could result in structures that are flood-proofed, since they're built above grade, and could allow investors to create even more density at lower cost, considering the anticipated lower expense of a lease of air rights vs. land ownership.

Acquire and develop parcels for commercial/industrial uses:

This strategy is already being implemented in the city's purchase of the Academic Village Property in 2003. Port St. Lucie, a peer pre-platted community, has not

only purchased land, but is developing it with a structure to attract bioscience laboratory enterprises.

This strategy can result in transformation of a city by leveraging public sector resources that result in substantial private sector investment.

Tax Revenue Analysis

Analysis of real property taxable values by type of land use for communities in different stages of development reveals that as cities grow and mature the percentage of residential taxable property as a percent of the total should decrease, and the percent of commercial and industrial taxable properties should increase. This would be the "natural" course of events, if there were sufficient land available over time for commercial/industrial development. This is not the case in Cape Coral.

Table 4 illustrates that among locations selected for comparison, Cape Coral has the highest percentage of its tax base represented by residential properties: 91.5%.

Data is readily available for counties with comparable central cities. As those central cities mature the percentage of residential tax base decreases to levels of 76.6% for Pinellas and 68.9% for Hillsborough. Likewise, their commercial and industrial taxable values increase.

The City of Cape Coral has only 6.9% of its taxable property in commercial/industrial use and 1.2% of its taxable property in industrial use. This compares to 17.0% and 4.5% for Pinellas County and 20.7% and 6.1% for Hillsborough County in which its central cities (employment centers) of St. Petersburg and Tampa are at or approaching build-out.

These data illustrate the severity of the challenge Cape Coral faces, and the importance of increasing the amount of land for commercial and industrial uses to broaden its tax base and reduce the taxable property tax burden on residential uses.

The overall taxable value of Cape Coral real estate stands to increase as more commercial/industrial land is made available, not to mention the direct benefits of higher paying production jobs, providing incomes necessary to support higher residential real estate prices.

- Industrial development provides positions that generally command higher wages than commercial/industrial development, particularly retail. If all the necessary land were available for industrial jobs, as many as 24,263 positions would be created. Industrial jobs – particularly in the technology industries –

frequently provide incomes at 1.2-1.4 times median wages, and often higher multiples.

- Industrial companies generally export their goods beyond the local market. This means they import dollars into the community, creating greater wealth than retail companies and even many local service companies.
- Industrial properties, as with all commercial properties, do not benefit from tax appraisal caps, and, therefore, create increasingly greater tax revenues, even as homesteaded residential units provide flat or declining revenues. This is the dynamic that provides relative tax relief for homeowners.
- Industrial properties generally produce greater tax revenues than the cost of government services they consume. In Cape Coral, we have calculated that for every dollar of taxes generated by an industrial property, only $0.60 (60-cents) worth of services are consumed. Industrial properties, are, therefore, net tax payers.

The following example compares the taxable property values at build-out for the current designated land uses for residential, industrial and commercial development under the future land use plan. This is termed the “no action” scenario.

“No Action” Scenario at Build-Out

	Taxable Value
180,798 dwelling units x $171,273 average value	$30,965,815,850
1,614 acres of commercial x $1,059,397 ave. value / acre	$1,709,866,758
767 acres of industrial x $751,362 ave. value / acre	$576,294,654
Total Taxable Value	$33,251,977,262

For the sake of illustration, this analysis calculates the tax revenue impact in an “action” scenario in which the entire commercial/industrial land deficit is met by converting residential to commercial/industrial. This scenario illustrates some of the financial benefits to the city in facilitating such conversions.

“Action” Scenario at Build-Out

	Taxable Value
169,601 dwelling units x $171,273 ave. value	$29,048,072,070
3,086 acres of commercial x $1,059,397 ave. value / acre	$3,269,299,142
1,541 acres of industrial x $751,352 ave. value / acre	$1,157,833,432
Total Taxable Value	$33,475,204,644
Net gain from “Action” Scenario	$223,227,382

The net gain of $223,227,382 in taxable value, at the current city millage rate of 5.3906 mils, would generate $1,203,329 additional revenue each year. Of course the difference could increase further, as the commercial/industrial properties appreciate without benefit of Save Our Homes.

In this scenario, the greater positive impact is that by converting residential land to industrial and commercial land, we reduce the estimated population at build-out from 397,758 to 373,123 for a difference of 24,634 persons.

According to the 2005 city budget, the total budget cost or expenditures are $122,256,161 and the estimated population is approximately 148,000. The cost per capita in 2005 dollars is $826.06. By reducing the build-out population by 24,634 persons, we in turn reduce expenditures by $20,349,162. Adding back fire and police services required for the industrial and commercial uses, the net expenditure reduction would be $11,560,983.

The net benefit due to conversion of residential land to commercial/industrial is $1,203,329 annually in additional property tax revenue for the city general fund and $11,560,983 annually due to the net reduction in population for a total of $12,764,312 annually.

A multiplier effect also produces additional economic benefits for the community. For example, it is estimated that the companies siting on the additional industrial land under the action scenario would purchase goods and services from local vendors in the amount of $17,424,193 annually and generate $1,045,451 in sales tax revenues.

Action Steps

Cape Coral is clearly in a deficit position with respect to commercial/industrial land. It is not competitive with its peers, or with like cities (and even counties) that are further along in their maturation cycles. Without action, the City will remain a bedroom community whose workers drive even longer distances through greater congestion to report to their jobs, which can also lead to out-migration.

This analysis creates a framework for policy makers to quantify the deficit and to identify and prioritize strategies that could be implemented to overcome the deficit.

Based on this report, the authors request that the City Council direct staff to:

1. Prepare several scenarios regarding density that would affect the target acreage;
2. Adopt a target acreage for commercial/industrial land at build-out;
3. Establish a plan for implementation of strategies for increasing commercial/industrial acreage; and
4. Measure progress toward achieving the target acreage, with periodic reports to the Council.

TABLE 1

KEY DEMOGRAPHICS FOR CITIES AND THEIR COUNTIES

DEMOGRAPHICS	USA	FLA	CAPE CORAL	LEE CO.	PORT ST LUCIE	ST LUCIE CO.	SARASOTA	SARASOTA CO.	ST PETE	PINELLAS CO	TAMPA	HILLSBOR-OUGH CO	W PALM BEACH	PALM BEACH CO	DUVAL CO	MIAMI	DADE CO
% of pop in labor force	50.1	48.9	48.4	48.5	46.5	42.7	47.1	43.7	50.3	50.3	49.9	52.1	48.8	47.8	52.4	46.0	49.1
% working in place of resident	N/A	N/A	37.7	88.7	30.4	65.5	46.0	85.6	52.6	86.1	67.0	89.2	41.1	88.7	93.3	45.4	91.6
% of pop 65 yrs and over	12.0	16.5	19.6	22.8	18.8	22.7	22.0	28.8	17.4	20.1	12.5	11.2	16.0	21.1	10.2	18.2	13.4
household size	2.6	2.49	2.49	2.38	2.6	2.47	2.12	2.16	2.2	2.19	2.36	2.49	2.26	2.43	2.49	2.49	2.9
pop 25 yrs and over, high school grad or higher	83.9	84.5	85.5	83.1	83.7	77.7	80.1	88.9	81.9	87.5	77.1	84.3	75.5	86.5	88.4	62.9	76.9
pop 25 yrs and over, bachelor's degree or higher	27.0	25.4	17.5	23.5	15.0	15.1	25.7	29.7	22.8	25.2	25.2	28.7	26.9	31.0	24.3	20.2	24.9
Median age	36.2	39.3	41.6	44.0	39.9	42.0	41.1	48.7	39.3	44.0	34.7	35.9	36.7	41.7	35.1	37.1	36.6

TABLE 2

% OF EMPLOYED CIVILIAN POPULATION BY INDUSTRY CLASSIFICATION OF THE TOTAL EMPLOYED CIVILIAN POPULATION

AGRICULTURE, MINING	1.9	1.3	0.4	1.1	0.6	2.8	0.6	0.5	0.1	0.2	0.3	1.1	1.1	1.1	0.4	0.5	0.7
CONSTRUCTION	6.8	8	12.3	12.4	10.2	10.9	9.3	9.0	5.9	6.1	6.6	6.7	7.7	8.3	7.1	10.3	6.9
MANUFACTURING	14.1	7.3	5.3	4.8	5.9	6.4	7.0	6.4	10.1	10.1	6.8	7.3	5.9	6.3	7.2	7.4	7.1
WHOLESALE TRADE	3.6	4	3.1	3.1	3.0	3.7	2.5	2.6	3.3	3.7	4.5	5.3	2.9	3.7	4.1	5.5	6.0
RETAIL TRADE	11.7	13.5	16.4	16.1	18.6	16.5	13.5	15.9	11.9	13.9	12.2	13.2	11.0	13.1	12.2	11.0	12.3
TRANSPORTATION/UTILITIES	5.2	5.3	3.9	4.0	5.3	5.0	3.1	3.0	4.4	4.1	4.6	5.3	4.2	4.5	7.8	6.2	7.5
INFORMATION	3.1	3.1	2.9	2.6	2.3	2.1	2.6	2.5	3.9	3.3	4.7	4.5	3.1	3.4	3.6	2.7	3.1
EDUCATION, HEALTH AND SOCIAL SERVICES	19.9	18.1	23.3	17.4	19.0	18.3	17.7	18.9	21.1	18.9	17.3	17.3	19.0	17.7	16.4	15.0	18.0
OTHER SERVICES	34.8	39.5	32.5	38.1	35.0	34.3	43.7	43.2	39.2	39.7	43.1	39.3	45.1	45.1	41.3	41.1	38.4
	101.1	100.1	100.1	99.6	99.9	100	100	102	99.9	100	100.1	100	100	103.2	100.1	99.7	100

Source: U.S. Census 2000 and 2004

TABLE 3
EMPLOYMENT PROFILE IN THE YEAR 2000 AND FORECAST AT BUILD-OUT FOR THE CITY OF CAPE CORAL BY THE PERCENT EMPLOYED BY INDUSTRY CLASSIFICATION

INDUSTRY CLASSIFICATION	PERCENT YEAR 2000	PERCENT BUILD-OUT FORECAST	EMPLOYEES AT BUILD-OUT
AGRICULTURE, MINING	0.4	0.1	199
CONSTRUCTION	12.3	7.0	13,921
MANUFACTURING	5.3	7.6	15,115
WHOLESALE TRADE	3.1	4.6	9,148
RETAIL TRADE	16.4	15.5	30,826
TRANSPORTATION/UTILITIES	3.9	5.8	11,535
INFORMATION	2.9	3.8	7,557
EDUCATION, HEALTH AND SOCIAL SERVICES	23.3	18.0	35,798
OTHER SERVICES	32.5	37.6	74,778
	100.1	100	198,877

Source: US Census pertaining to % year 2000

TABLE 4

% OF VALUE FOR TAXABLE PROPERTY BY TYPE FOR CAPE CORAL AND COUNTIES WITH COMPARING CENTRAL CITIES

TYPE	CAPE CORAL	LEE	ST LUCIE	SARASOTA	PALM BEACH	PINELLAS	HILLSBOROUGH	DUVAL	DADE
RESIDENTIAL	91.5	84.4	77.9	84.5	83.3	76.6	68.9	67.6	72.5
COMMERICAL	6.9	10.7	11.5	11.7	12.5	17	20.7	23.0	18.3
INDUSTRIAL	1.2	2.2	2.8	2.0	2.3	4.5	6.1	8.0	6.7
AGRICULTURE	0.01	0.4	1.6	0.2	0.9	NIL	1.1	0.3	0.6
INSTITIONAL	0.3	0.7	0.8	1.0	0.6	4.4	0.8	0.6	0.6
GOVERNMENT	NIL	NIL	NIL	NIL	0.2	NIL	NIL	NIL	0.1
MISCELLANEOUS	0.01	0.1	5.3	0.6	0.3	0.5	2.4	0.6	1.0

Source: FL Property Evaluations and Tax Data 2005

TABLE 5
COMPARISON OF CURRENT, "NO ACTION" AND "ACTION" SCENARIOS

ECONOMIC MODELS	NO. OF RESIDENTIAL UNITS	ESTIMATE OF POPULATION	ACRES OF DEVELOMENT INDUSTRIAL LAND	INDUSTRIAL EMPLOYMENT OPPORTUNITIES	ACRES OF COMMERICAL LAND	COMMERICAL EMPLOYMENT OPPORTUNITIES	TAXABLE PROPERTY VALUES	GENERAL FUND REVENUES	ESTIMATED BUDGET AT CURRENT LEVEL OF SERVICE
Current State- Year 2005	67,543	148,000	199	5,524	791	21,059	$13,808,067,340	$73,791,000	$122,256,161
Build out according to FLUM and Fla LUC no action senario	180,798	397,757	768	11,326	1614	42,323	$33,251,977,263	$179,248,109	$328,571,147
Build out action senario increase commerical and industrial land	169,601	373,123	1541	22,761	3086	71,700	33,475,204,642	$180,451,438	$317,010,164