

ANNEXATION

A GROWTH MANAGEMENT
TOOL FOR LOCAL
GOVERNMENT

What is Annexation?

Annexation is a legal mechanism by which a local jurisdiction may extend its regulatory and taxing authority to adjacent unincorporated territory.

What is Generally Required for Annexation?

- Annexation may be either consensual or unilateral [nonconsensual]
- Annexation areas must be contiguous to the municipal boundary
- Municipality must be able to demonstrate an ability to provide services

Why would a Municipality Choose to Annex?

- Capture additional [actual and future potential] tax revenues
 - Based on the “fair share” principal
 - City generates regional economic prosperity through trade and commerce, it must offset the inherent costs of that growth through additional revenue sources

Why would a Municipality Choose to Annex?

- Impose land use and development standards that are consistent with the goals and objectives of the community
- Extend its local regulations/ordinances
- Control or extend municipal services and infrastructure to areas that are undeveloped or developed but typically “underserved”
- Extend voting rights

*Annexation is typically used to
guide future growth
or
as a direct response to its effects*

Annexation can be Proactive...

Annexation of undeveloped land can be used to guide and direct future growth

Annexation can be Responsive...

*Annexation conducted in response to a set of
existing conditions:*

- capturing property tax /gross receipts revenues of developed areas
- extend municipal services and regulations to areas that have already developed, yet underserved...

Both Methods of Annexations serve important functions, however, Growth Management is best achieved through Proactive Annexation Practices

How can Annexation be used to Proactively Manage Growth?

- Extends municipal land use controls to vacant land prior to development
 - *Essential as land use patterns transition from rural to urban densities*
- Control how and when municipal services and infrastructure are to be extended
- Can create opportunity for additional growth-related capital revenue sources (impact fees) [“Development pays for itself”]

Benefits of “Proactive” Annexation Practices

- Allows a city to control the land development process
 - Annexation or Development Agreements
- Allows a city to “time” utility extensions so that demand for service does not outstrip ability to serve
- Eliminates the potential for future contentious annexations
- Reduces or eliminates net annexation costs
- Does not reduce current service levels for in-city residents

Costs of “Proactive” Annexation Practices

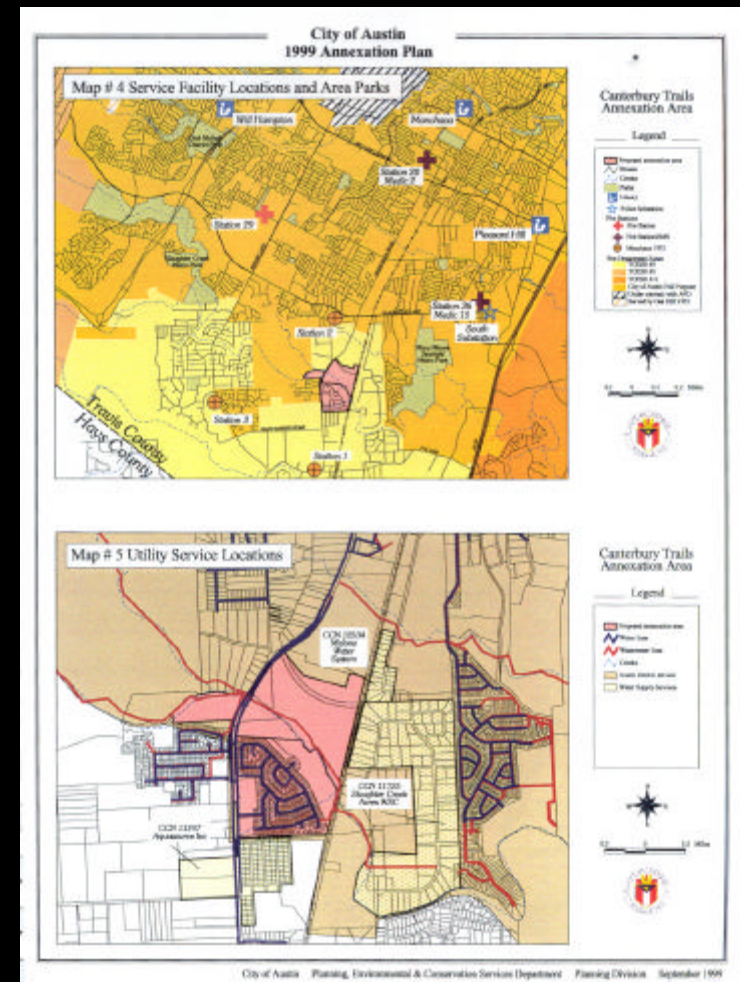
- Imposes an additional property tax burden to undeveloped lands [nonexempt agricultural]
- May force land into premature development production due to rising land values or availability of services

Constraints to Annexation

- Ability to provide or extend services
 - Immediate or future service delivery
 - Geographic or economic constraints
- Lack of contiguity
- Cost of annexation [negative cashflow]
- Diminution or reallocation of voting strength
 - Particularly true for single-member districts
- *Political “Will”*

How can planners effectively reduce the constraints?

- Prepare an annexation staging plan [or annexation/ development agreement]
 - Determine the types and levels of services that are to be provided and generally when service delivery is to occur



How can planners effectively reduce the constraints?

- Perform comprehensive fiscal impact analyses—know your costs and revenue streams
- Prepare a demographic analysis [may be required under the Voting Rights Act/DOJ pre-clearance submittal]
- Implement a comprehensive educational program