

# SPRINGFIELD- SANGAMON COUNTY REGIONAL PLANNING COMMISSION

EFFECTS OF DEMOGRAPHIC CHANGES  
Presentation to the Commission  
January 2017





# PEOPLE AND PROPERTY



Advising  
Planning  
Evaluating  
Leading

## FOLLOW-UP

Local  
Forces  
Affecting  
Property  
Values and  
Revenues

# SIGNIFICANT TRENDS LEADING TO CONCERNS ABOUT DECLINING MUNICIPAL PROPERTY TAX REVENUES



LOSS OF POPULATION



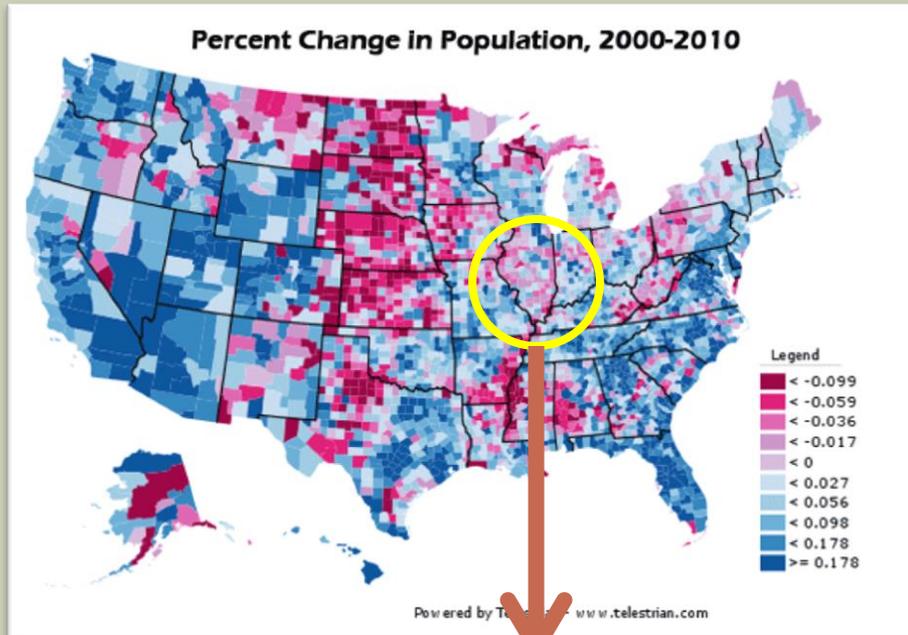
CHANGES IN POPULATION



ECONOMIC CHALLENGES

*These trends will have a direct or indirect impact on property values, and therefore an impact on local government and school revenues.*

# CHANGES IN POPULATION: LOW LOCAL POPULATION GROWTH



**Local population growth is static or declining.**

County's rate of growth *dropped by 50% since 1970*, increased only slightly in last decade, and is trending downward.

Projected slow growth for Springfield to 2037: **10.3%** over 20 year period.

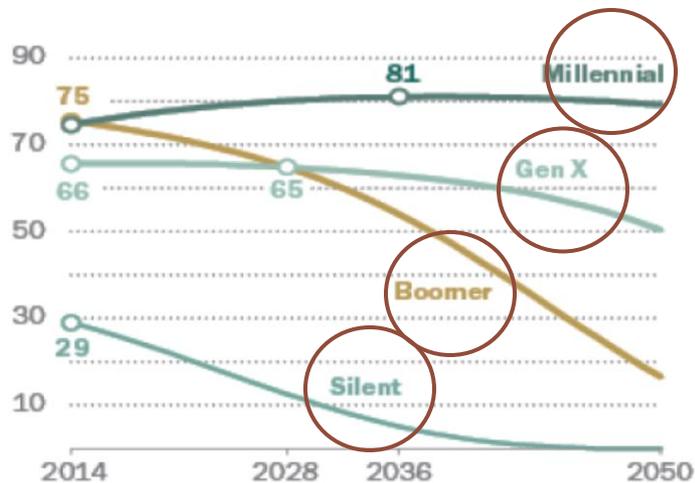
**SLOW POPULATION GROWTH AFFECTS PROPERTY VALUES AS IT DECREASES DEMAND AND OWNERSHIP.**

# CHANGES IN POPULATION: AGING OF LOCAL POPULATION



## Projected Population by Generation

In millions



THE AGE OF A POPULATION ALSO  
AFFECTS PROPERTY VALUES,  
BOTH DIRECTLY AND  
INDIRECTLY.

The local population is growing  
older.

Median age in the county has  
*increased by almost 30%*  
since 1970: 28% were 45 to  
64 in 2010.

By 2020, *1/3 of Springfield's  
population will be older than  
55.*

# SOME EFFECTS OF AGING ON MUNICIPAL REVENUES CAN BE DUE TO POLICY: **'65 AND OLDER' HOMESTEAD EXEMPTION**



***IT HAS BEEN REPORTED THAT THIS AGE GROUP MAY INCREASE BY AS MUCH AS 1/3 WITHIN 5 YEARS.***

**DATA SOURCE:** ESRI HOUSING PROFILE DATA – HOMEOWNER AGE 2010.

## **TWO ASSUMPTIONS OF THE ANALYSIS:**

- There would be no change in the number of owner-occupied housing units between 2010 and 2020: No increase or decrease.**
- There would be no change in the numbers within population age groups.**

**THIS ALLOWS A ROUGH, INITIAL ANALYSIS BASED UPON STRAIGHT LINE PROJECTIONS.**

# A WORD OF CAUTION



WHILE SUCH A SIMPLE STRAIGHT LINE PROJECTION CAN BE USEFUL IN INDICATING THE **DIRECTION** OF THE TREND, IT MAY NOT NECESSARILY INDICATE ITS **MAGNITUDE**.



1  
10  
100  
1,000  
10,000  
100,000

# SPRINGFIELD EXAMPLE BASED UPON ESRI DATA



## In 2010:

- ❑ **21,116** owner-occupied housing units in Springfield.
- ❑ **16,008 (75.8%)** of these units were owned by those **55** years-of-age or older.
- ❑ **8,573 (40.6%)** were owned by those **65** and older, making them eligible for the over 65 homestead exemption in 2010.
- ❑ **WHAT IS THE POSSIBLE DEGREE OF CHANGE BY 2020 DUE TO THE AGING OF THESE HOME OWNERS?**

# CHANGE BY 2020 FOR SPRINGFIELD:

STRAIGHT LINE PROJECTION GIVEN ASSUMPTIONS



AGE GROUPS	2010	2020
55-64	7,435	-
65-74	4,399	7,435
75-84	3,027	4,399
85+	1,147	3,027
Those Over 65	8,573	14,861
<b>POTENTIAL CHANGE 2010/2020</b>		<b>△ +6,288</b>

	2010	2020
TOTAL UNITS	21,116	21,116
Homeowners eligible for exemption	8,573	14,861
Percentage of units	40.6%	70.4%
<b>POTENTIAL CHANGE 2010/2020</b>		<b>△ +29.8%</b>

# POTENTIAL REVENUE CHANGE FOR SPRINGFIELD: ILLUSTRATIVE REVENUE LOSS DUE TO EXEMPTION



Revenue loss is difficult to calculate for many reasons, so this data is provided for illustrative purposes only.

<b>ESRI AVG. SPRINGFIELD HOME VALUE 2016</b>	<b>\$146,300</b>
<b>ESTIMATED 65 HOMESTEAD EXEMPTION BENEFIT AVERAGE</b>	<b>\$418.00</b>
<b>ESTIMATED NEW BENEFICIARIES IN 2020</b>	<b>6,288</b>
<b>NET CHANGE (all taxing bodies)</b>	<b>\$2,628,384</b>

This would either represent a loss of revenue to the taxing bodies, or need to be spread over other tax paying property owners, or other revenue sources.

# CHANGE BY 2020 FOR SANGAMON COUNTY:

STRAIGHT LINE PROJECTION GIVEN ASSUMPTIONS



AGE GROUPS	2010	2020
55-64	13,088	-
65-74	7,800	13,088
75-84	5,011	7,800
85+	1,881	5,011
Those Over 65	14,692	25,899
<b>POTENTIAL CHANGE 2010/2020</b>		<b>△ +11,207</b>

	2010	2020
TOTAL UNITS	27,780	27,780
Homeowners eligible for exemption	14,692	25,899
Percentage of units	52.9%	93.2%
<b>POTENTIAL CHANGE 2010/2020</b>		<b>△ +40.3%</b>

# CHANGE BY 2020 FOR SANGAMON COUNTY: ILLUSTRATIVE REVENUE LOSS DUE TO EXEMPTION



Revenue loss is difficult to calculate for many reasons, so this data is provided for illustrative purposes only.

<b>ESRI AVG. SANGAMON COUNTY HOME VALUE 2016</b>	<b>\$152,492</b>
<b>ESTIMATED 65 HOMESTEAD EXEMPTION BENEFIT AVERAGE</b>	<b>\$375.00</b>
<b>ESTIMATED NEW BENEFICIARIES IN 2020</b>	<b>11,207</b>
<b>NET CHANGE (all taxing bodies)</b>	<b>\$4,202,625</b>

This would either represent a loss of revenue to the taxing bodies, or need to be spread over other tax paying property owners, or other revenue sources.

# CHANGE BY 2020 FOR ILLINOIS: STRAIGHT LINE PROJECTION GIVEN ASSUMPTIONS



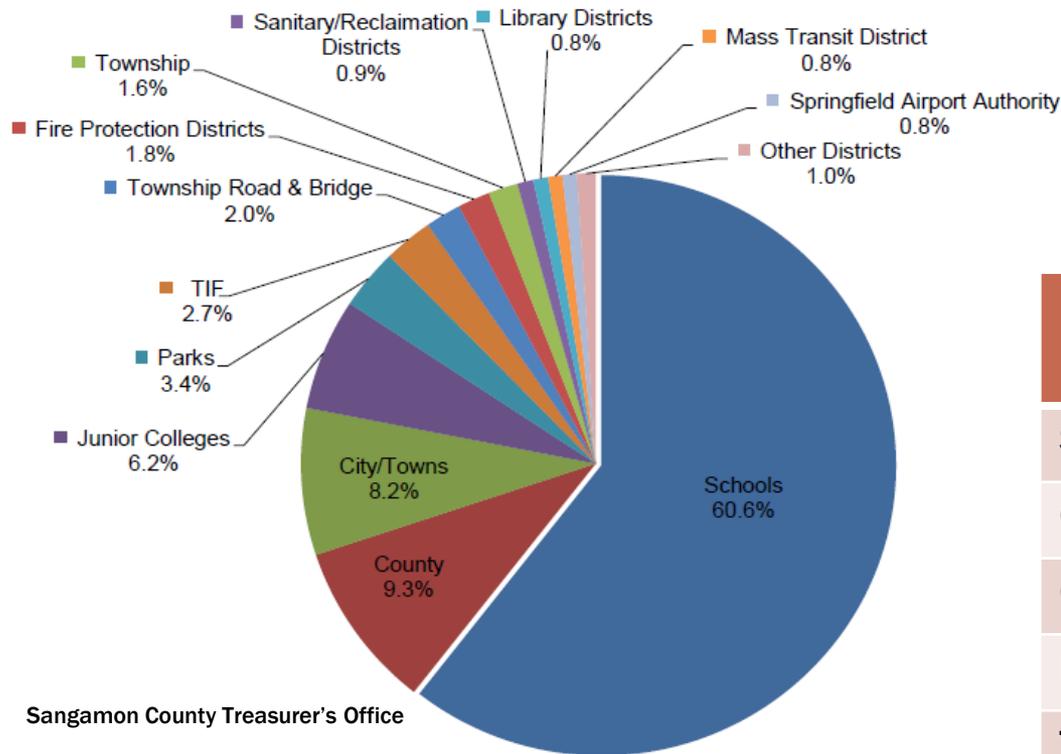
AGE GROUPS	2010	2020
55-64	681,727	-
65-74	430,631	681,727
75-84	280,480	430,631
85+	108,314	280,480
Those Over 65	819,425	1,392,838
<b>POTENTIAL CHANGE 2010/2020</b>		<b>Δ+573,413</b>

	2010	2020
TOTAL UNITS	1,501,152	1,501,152
Homeowners eligible for exemption	819,425	1,392,838
Percentage of units	54.6%	92.7%
<b>POTENTIAL CHANGE 2010/2020</b>		<b>Δ +38.1%</b>

# MONETIZING THE POTENTIAL OUTCOME: ILLUSTRATIVE EXAMPLE BASED ON COUNTY



2016 SANGAMON COUNTY PROPERTY TAX DISTRIBUTION BY TYPE OF AGENCY



**Direction of Potential  
County-Wide Change  
Based Upon Average  
Property Tax Distribution:  
– \$4,202,625**

Jurisdiction Type	Avg. Amount
Schools (60.6%)	\$2,546,791
City/Towns (8.2%)	\$344,615
County (9.3%)	\$390,844
Parks (3.4%)	\$142,889
Twshp Road & Bridge (2.0%)	\$84,053
Fire Districts (1.8%)	\$75,647

# IN CONCLUSION:

- ❖ This represents only a rough estimate of the potential impact of population aging on one element of the property tax structure.
- ❖ Indicates direction, not magnitude, as many variables may affect this outcome over time, increasing or decreasing the amount.
- ❖ Further state changes could exacerbate effects.
- ❖ It is representative of a noticeable trend in population requiring further tracking.

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