

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?

- 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