

# COST OF COMMUNITY SERVICES ANALYSIS

PEACHTREE CITY, GEORGIA  
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Georgia Tech Enterprise Innovation Institute  
Center for Economic  
Development Research

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# 1. INTRODUCTION

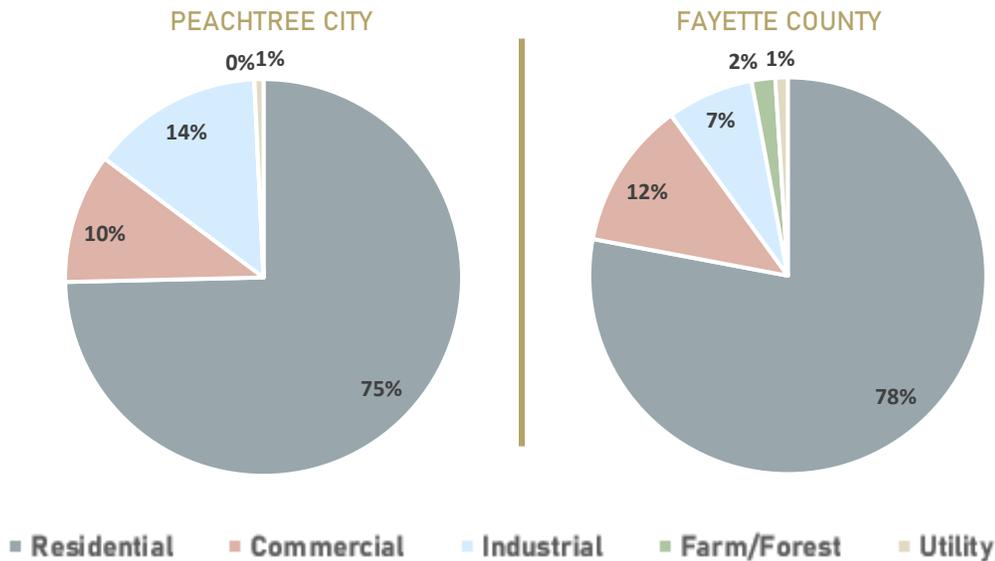
## Peachtree City, Georgia

Peachtree City is the largest city in Fayette County, Georgia, which is in the southwestern portion of the Atlanta metropolitan area. Peachtree City’s current population of 42,249 has grown by twelve percent in the last five years<sup>1</sup>. This is nearly triple the national growth rate of 4.4 percent.

Total employment in Peachtree City has also grown by twelve percent to 21,770 in 2024. This growth in employment is higher than the four percent job growth observed at the national level in the last five years. Employment is expected to grow by another ten percent by 2029. Peachtree City’s fast growth, along with other municipalities, contributed to Fayette’s population growth rate of nine percent in the last five years. Fayette County’s population now exceeds 125,000<sup>2</sup>.

Residential property makes up 75 percent of Peachtree City’s net tax digest (Figure 1), similar to the 78 percent observed for all of Fayette County. Commercial and industrial property makes up a higher share of the net tax digest, though, at a combined 24 percent. The Fayette County Development Authority reached out to the Center for Economic Development Research (CEDR) at Georgia Tech for a better understanding of the benefits and costs associated with the high share of residential property in the county.

FIGURE 1: NET TAX DIGESTS (2023)



Source: Georgia Department of Revenue Tax Consolidation Summaries

New developments always increase a local government’s tax base, but an increased tax base does not always result in an improved financial position. Commercial and industrial developments

<sup>1</sup> American Community Survey (ACS) 5-Year Estimates, 2023. US Census Bureau. Retrieved from *Lightcast - Region Economy Overview, Peachtree City, Georgia*.

<sup>2</sup> Quarterly Census of Employment and Wages (QCEW), 2025. Retrieved from *Lightcast - Region Economy Overview, Fayette County, Georgia*.

typically improve the financial situation of local government. However, residential development often has the opposite effect by introducing new demand for government services. The American Farmland Trust has collected more than 150 studies across the country, with each study concluding that the average cost of providing local government services exceeds the average revenue generated by residential development.<sup>3</sup> Individual region results can and do vary quite a bit from state to state and county to county, depending on several factors. The results presented in *this* report are specific to Peachtree City and Fayette County for fiscal year 2024 (FY24).

## Cost of Community Service Studies

Cost of Community Service (COCS) studies require organizing the revenues and expenditures of a local government into different classes of land use or development, such as residential, commercial, industrial, farm, etc. For example, a city's expenditures on parks and recreation programs and library services would typically be classified as all benefiting residential land use. These are easy to allocate, but most expenditures benefit multiple land uses. For example, the road network would be allocated across all types of development, as would the court system, the fire department, public works, etc. The resulting totals for revenues generated and expenses incurred can be presented as a ratio of expenditures to revenues for different land use types. To the extent that the ratio is over one (e.g., expenditures exceed revenues) that land use does not pay for the benefit it receives from the local government.

In cases where expenses are difficult to allocate to specific land use categories, the expert knowledge of city and county staff is used to estimate service expenditures by land use category. For this study, Peachtree City's senior departmental staff provided their expert knowledge in the allocation of their department expenditures. In some cases, acreage, population share, and/or property value in each land use category are used in determining allocations. For "back-office" and administrative departments (i.e., finance, human resources, legal, IT, city administration, etc.), the combined share of all other expenses is calculated, and then that share is applied to these departments. The analysis results for Fayette County, which uses the same methodology, are also presented here for means of comparison.

It is very important to note that COCS studies look at average revenues and expenditures for a particular year, not changes at the margin. These studies should not be used to predict the impact of future decisions. Even so, they can provide insight and allow for more informed decision-making on such policies as tax abatements for farm/forestland, zoning, or commercial development. That said, COCS results can support educated guesses as to the likely marginal cost of development, as well as how land use transition might impact the financial situation of the local government. Finally, these studies look at the ongoing operational cost of growth, not one-time capital expenditure impacts.<sup>4</sup>

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<sup>3</sup> American Farmland Trust (2016). *Cost of Community Service Studies*.  
<https://farmlandinfo.org/publications/cost-of-community-services-studies/>

<sup>4</sup> *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*, Jeffrey H. Dorfman, May 2018. Used with permission.

## 2. ANALYSIS RESULTS

### Expenditure/Revenue Ratios

This study uses the audited statements shared by Peachtree City's finance department for fiscal year 2024, as well as financial information from the 2024 *Peachtree City, Georgia Annual Comprehensive Financial Report*, and the 2023 tax digest submitted to the Georgia Department of Revenue. Analogous sources for Fayette County, including audited financial statements and the 2024 *Fayette County, Georgia Annual Comprehensive Financial Report* are used in the calculation of its results shown here.

The land use categories reported in this study are residential, commercial/industrial, and farm/forest. However, in the case of Peachtree City, farm/forest is a miniscule share of the tax digest with no resulting expenditure-to-revenue ratios. Revenues and expenditures were allocated to these land uses based on various city records as well as data collection from city officials and service providers. All operational revenues were included in the funds that were a part of this study, including local option sales tax (LOST).

Figures 2 and 3 below present the results for Peachtree City and Fayette County, respectively. In Figure 2, Peachtree City's residential ratio is 1.04 for the actual FY2024 budget, meaning that residential property does not cover the costs of the services the city provides. This is offset by the commercial ratio of 0.76, which means the commercial/industrial digest costs 76 cents in services for every dollar of revenue it generates for the city.

It is important to note that capital expenditure impacts and debt service items are excluded from the analysis. When accounting for this, Peachtree City and Fayette County ran budget surpluses for operational revenues (see Appendix A). The balanced budget scenarios in Figures 2 and 3 show how these ratios would shift if revenues and expenditures were equal for both geographies.

Peachtree City's balanced budget ratios increase as revenue and expenditures are brought into alignment in this modeled scenario, and the revenue surplus is removed. Every dollar generated by residential property is now offset by the \$1.09 cost to provide services. Commercial and industrial property cost 79 cents in services for each dollar of revenue generated.

Figure 3 shows the expenditures-to-revenues ratios for Fayette County. In FY2024, revenues exceeded expenditures by \$10.4 million (see Appendix A). Under a balanced budget, ratios would increase for each category of land use, but mostly for the residential category. If revenues equaled expenditures, the residential digest ratio would see the largest shift, with a new ratio of 1.14 compared to the 1.05 observed for the actual budget excluding the school system.

FIGURE 2: PEACHTREE CITY - EXPENDITURES PER \$1 OF REVENUE BY LAND USE

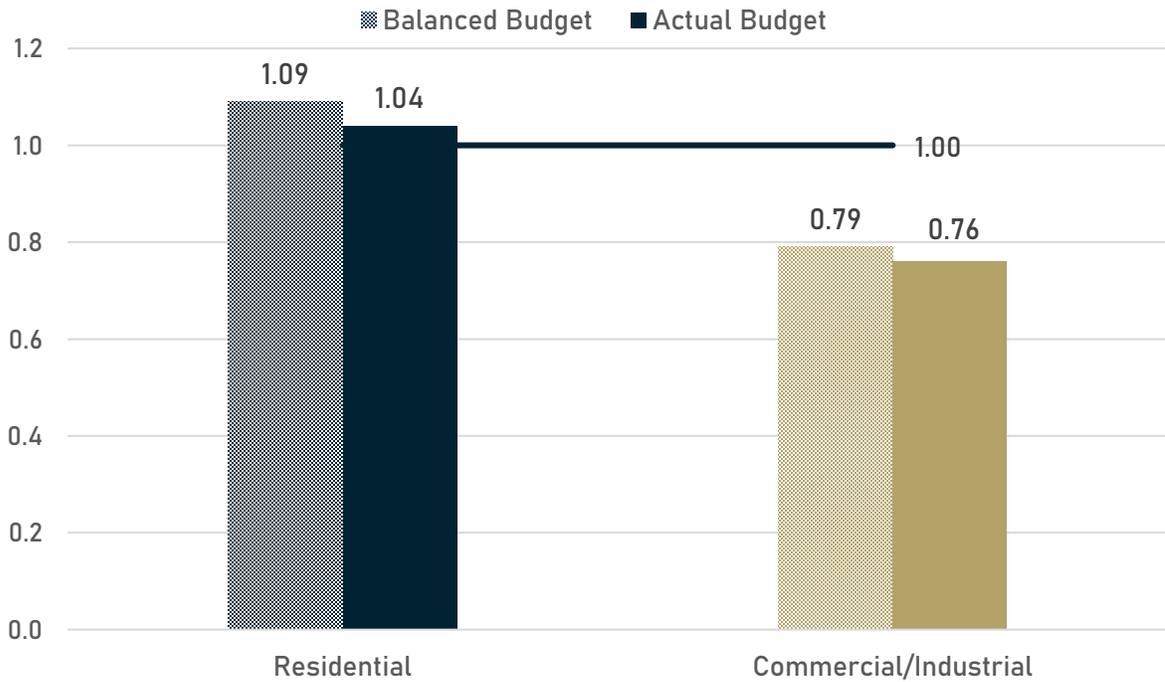
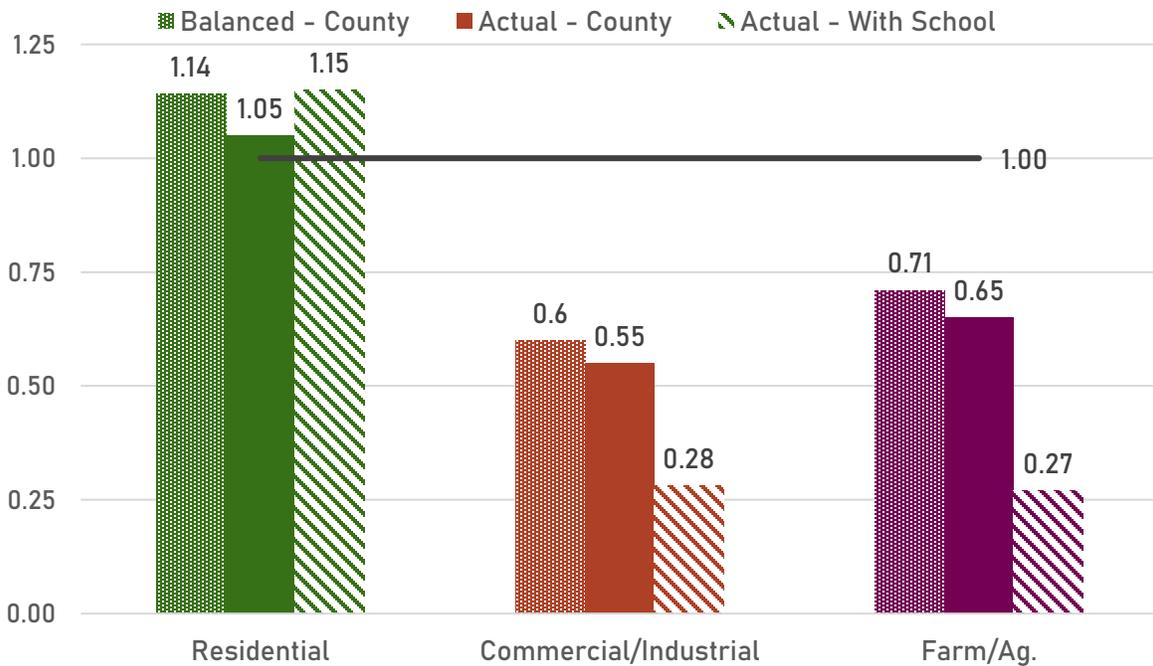


FIGURE 3: FAYETTE COUNTY - EXPENDITURES PER \$1 OF REVENUE BY LAND USE



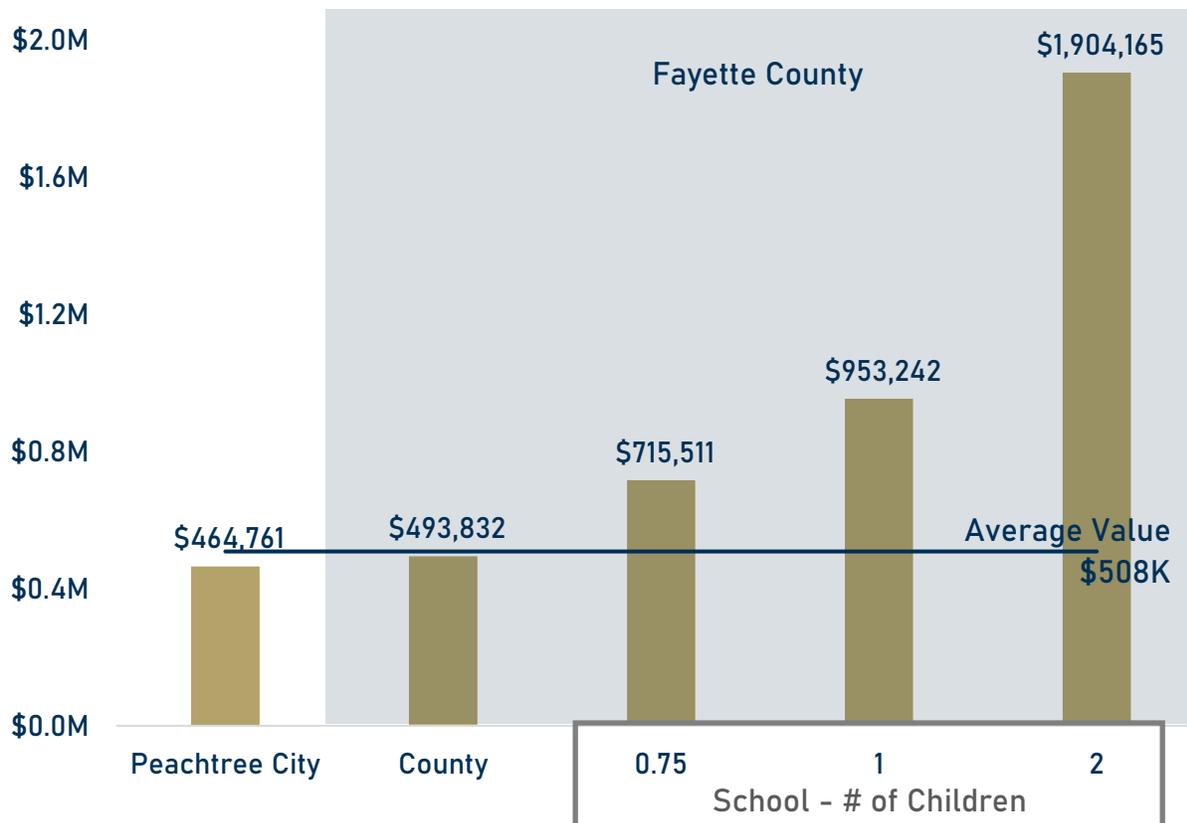
Source: Center for Economic Development Research, Cost of Community Services Model

When including the school system, the residential ratio for Fayette County increases to 1.15, meaning each dollar of revenue is offset by \$1.15 in operating expenses. Commercial/industrial land and farmland help to offset the additional service cost, as their expenditure-to-revenue ratios then drop to 0.28 and 0.27, respectively.

### Break-Even Home Value

The ratios presented above can be used to calculate the home value necessary for a city, county, and/or school board to break even relative to the cost of providing their services. This assumes that the service cost is reasonably constant from house to house relative to the home value. While local government service costs will vary based on lot size, location, and, in the case of schools, the number of children in the home, they are not usually correlated with the home's value. As such, the average service cost per household can be easily calculated, as can the average non-property tax revenue per household. The difference between these two is the amount of money that an average house needs to generate to cover the service cost. Using the standard homestead exemption and the current city millage rate, the home value that will generate enough revenue to equal service cost (the break-even value) is easily calculated.

FIGURE 4: BREAK-EVEN HOME VALUES, PEACHTREE CITY & FAYETTE COUNTY



Source: Center for Economic Development Research, Cost of Community Services Model. Values do not account for dedicated capital fund revenue and expenditure.

Figure 4 shows that the break-even home value for Peachtree City in FY24 is \$464,761. In other words, on average, any house valued at less than \$464,761 did not cover the cost of the city services it consumed in FY24. For Fayette County, this value is \$493,832. According to the 2023 tax digest (which again, generated the revenue for the FY24 budget), the average price of a home in Peachtree City was \$508,011 – which is above the break-even value for both city and county services.

This means that the average home in Peachtree City generates enough revenue to offset its service costs *from the city's general fund*, of which a millage rate is attached. The residential expenditure-to-revenue ratio of 1.04 includes operational revenues from non-major funds as well, which is why the break-even home value can be below the average value in this case.

Naturally, this value is very sensitive to the city's millage rate, which was 6.043 in 2023<sup>5</sup>. If the millage rate goes up, the break-even value for a home will in turn continue to go down if all other factors are held equal. Since this year of study, the city has reduced its millage rate to 5.840, which would then raise the break-even home value if all else is held equal. Additionally, any policy changes in homestead exemptions or other property tax relief programs, which some municipalities have adopted in recent years, would also affect this calculation. As previously mentioned, this analysis does *not* include any potential new capital costs needed for infrastructure as the city grows.

While outside of Peachtree City's jurisdiction, school system expenditures can also be factored into a break-even home value calculation. This gives further context to the entirety of services a household in Peachtree City may consume. When evaluating the break-even home price for schools, the starting point is the average per-pupil cost *from local tax revenue*. (For this analysis, state and federal money is excluded.) Adjustments are made for the average car value per home and the local school homestead exemption. Then, given the school millage rate, a break-even home value can be calculated that will cover the local cost given the number of children in the home.

Fayette County spends \$7,322 per student from local revenues alone. Figure 4 also shows the various break-even values for Fayette County given the number of children in the home. To generate that level of revenue, for a home with just one school-age child that attends the local public schools, the break-even home value from the school's perspective would be \$953,242, which is nearly double the average home value in Peachtree City. Based on data from the U.S. Census, a more realistic estimate of the average number of school-age children in a new home is between 0.65 and 0.75. The break-even value for a home in Fayette County with 0.75 students is \$715,511.

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<sup>5</sup> "2023 Georgia County Tax Digest Millage Rates." *Georgia Department of Revenue*. Feb 13, 2024.

### 3. CONCLUSION

The residential digest in Peachtree City does not cover the local government service costs it consumes. Each dollar in revenue generated is offset by the \$1.04 in services consumed. Commercial and industrial land uses only cost 76 cents in local services per dollar of revenue. This conclusion is in line with findings from cost of community services analyses for Fayette County's other municipalities. Under a balanced budget scenario, the residential expenditure-to-revenue ratio jumps to 1.09.

Fayette County's FY2024 operations also yields the result typically observed, where the residential digest does not generate enough revenue to offset its expenses. The residential digest costs the county \$1.05 in services for each dollar generated, and other land uses are less costly to service. Assuming a balanced budget, these ratios increase, similarly to the shift observed for the city in this modeled scenario.

It is important to note that the results of this type of analysis should not be used to promote one form of land use over another, nor should it be used to support or oppose a particular development project. This analysis uses city averages and may not reflect the cost or revenue structure of any particular development. Further, this study looks at operating costs only. A new development may have significant marginal capital costs, which would either need to be financed using impact fees or spread to all residents through the tax process.

Finally, this type of analysis shows the importance of balanced growth. A local government must have enough commercial/industrial development to cover the costs of its residential growth. Having a well-balanced tax digest can help distribute the cost of government while keeping taxes lower for everyone.<sup>6</sup>

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<sup>6</sup> *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*, Jeffrey H. Dorfman, May 2018. Used with permission.

## 4. REFERENCES

American Farmland Trust (2016). *Cost of Community Service Studies*.

Dorfman, Jeffrey H. (2018). *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*

# 5. APPENDIX A

Tables 1 and 2 below provide Peachtree City’s results of both the revenue and expenditure allocations, and the resulting COCS ratios in FY24. Operational revenues and expenditures are presented for Peachtree City’s general fund and various non-major funds. Debt service expenditures and capital project expenses are not included in the analysis. Tables 3 and 4 provide the same information for Fayette County.

**TABLE 1: PEACHTREE CITY - FINAL REVENUE AND EXPENDITURE ALLOCATIONS**

<b>Revenue Allocations</b>			
<b>Total</b>	<b>Residential</b>	<b>Commercial/Industrial</b>	<b>Farm/Forest</b>
<b>\$60,843,346</b>	\$43,114,487	\$17,722,587	\$6,272
	70.9%	29.1%	0.0%
<b>Expenditure Allocations</b>			
<b>Total</b>	<b>Residential</b>	<b>Commercial/Industrial</b>	<b>Farm/Forest</b>
<b>\$58,385,380</b>	\$44,987,245	\$13,397,970	\$165
	77.1%	22.9%	0.0%

Source: Center for Economic Development Research, Georgia Institute of Technology; Totals may not add due to rounding.

**TABLE 2: PEACHTREE CITY - COST OF COMMUNITY SERVICE RATIOS**

		<b>Residential</b>	<b>Commercial/Industrial</b>
<b>Actual</b>	<b>Exp/Rev</b>	1.04	0.76
	<b>Rev/Exp</b>	0.96	1.32
<b>Balanced</b>	<b>Exp/Rev</b>	1.09	0.79
	<b>Rev/Exp</b>	0.92	1.27

Source: Center for Economic Development Research, Georgia Institute of Technology

**TABLE 3: FAYETTE COUNTY - FINAL REVENUE AND EXPENDITURE ALLOCATIONS**

<b>Revenue Allocations</b>				
<b>Total</b>	<b>Residential</b>	<b>Commercial/Industrial</b>	<b>Farm/Forest</b>	<b>Outside</b>
<b>\$126,550,931</b>	\$88,976,950	\$30,241,682	\$2,008,575	\$5,323,724
	70.3%	23.9%	1.6%	4.2%
<b>Expenditure Allocations</b>				
<b>Total</b>	<b>Residential</b>	<b>Commercial/Industrial</b>	<b>Farm/Forest</b>	
<b>\$116,147,657</b>	\$97,372,510	\$17,404,170	\$1,370,976	
	83.8%	15.0%	1.2%	

Source: Center for Economic Development Research, Georgia Institute of Technology; Totals may not add due to rounding.

**TABLE 4: FAYETTE COUNTY - COST OF COMMUNITY SERVICE RATIOS FOR FAYETTE COUNTY**

		<b>Residential</b>	<b>Commercial/Industrial</b>	<b>Farm/Forest</b>
<b>No School</b>	<b>Exp/Rev</b>	1.05	0.55	0.65
	<b>Rev/Exp</b>	0.95	1.81	1.53
<b>With School</b>	<b>Exp/Rev</b>	1.15	0.28	0.27
	<b>Rev/Exp</b>	0.85	3.57	3.65

Source: Center for Economic Development Research, Georgia Institute of Technology