



**LOCAL
MOTIVE
TOUR 2023**

Is This Development Worthwhile? How to Do the Math.

Use this framework to decide whether a new development is a good investment for your community, whether the project is initiated by the local government, a community group, or a developer.

Primary Filter:

Does the development improve the community's balance sheet?

Most projects create some costs, but a strong town asks: does the development create greater community wealth than the long-term costs it imposes?

To answer the question, choose one of two approaches: **MIMIC** or **DO THE MATH**

MIMIC SUCCESSFUL PATTERNS

Does the proposed development mimic a pattern of development shown to be financially productive?

Does the development represent the next increment of development intensity for the site?

Does the development limit downside risk for the community?

DO THE MATH

Does the development create \$30 in private wealth for every \$1 in new public infrastructure liability?

OR

A Perform an analysis to determine the ongoing annual revenue from the development. Multiply this by the percentage of the budget spent on infrastructure maintenance.

B Perform an analysis to determine the average annual cost of a full replacement of new infrastructure.

Is **A** greater than **B**?

YES

If the answer is "YES" to all three Mimic questions or "YES" to one of the two Do The Math questions, then issue a finding that:

The development improves the community's balance sheet.

If the answer is "NO" to any of the Mimic questions or both of Do The Math questions, then proceed to the secondary filter:

Secondary Filter:

Does the development justify raising taxes on the entire community?

If a project costs more over the long term than it creates in wealth for the community, that does not necessarily make it a bad project. There are projects and improvements that the community values so much they will support them through increased taxation. For a Strong Towns evaluation, a community must make that determination and then seek ways to improve the financial value of the project.

Is the development critical, important, or so unique that it justifies raising taxes on the entire community to support it?

YES

NO

If NO, then deny the project with a finding that:

The development creates negative financial impact on the community.

If YES, then consider the following to improve and/or mitigate the financial impact to the community:

Are there ways to design the project to make it more adaptable, so that it has multiple future uses beyond the use currently being considered?

What can be done as part of the project to increase the measured value of properties directly adjacent to the development?

What can be done as part of the project to increase the measured value of properties within 2,500 feet of the boundaries of the development?

Are there ways to design the project to reduce or eliminate the community's long-term financial commitment to the project?

Approval of the development should include:

- A finding that, while the development creates a negative financial impact on the community, it is justified by offsetting factors. Specifically name those factors.
- Steps or requirements for improvement and/or mitigating the financial impact of the community.
- Mechanisms to track and report on outcomes so as to validate and/or improve the processes used to evaluate financial impact.