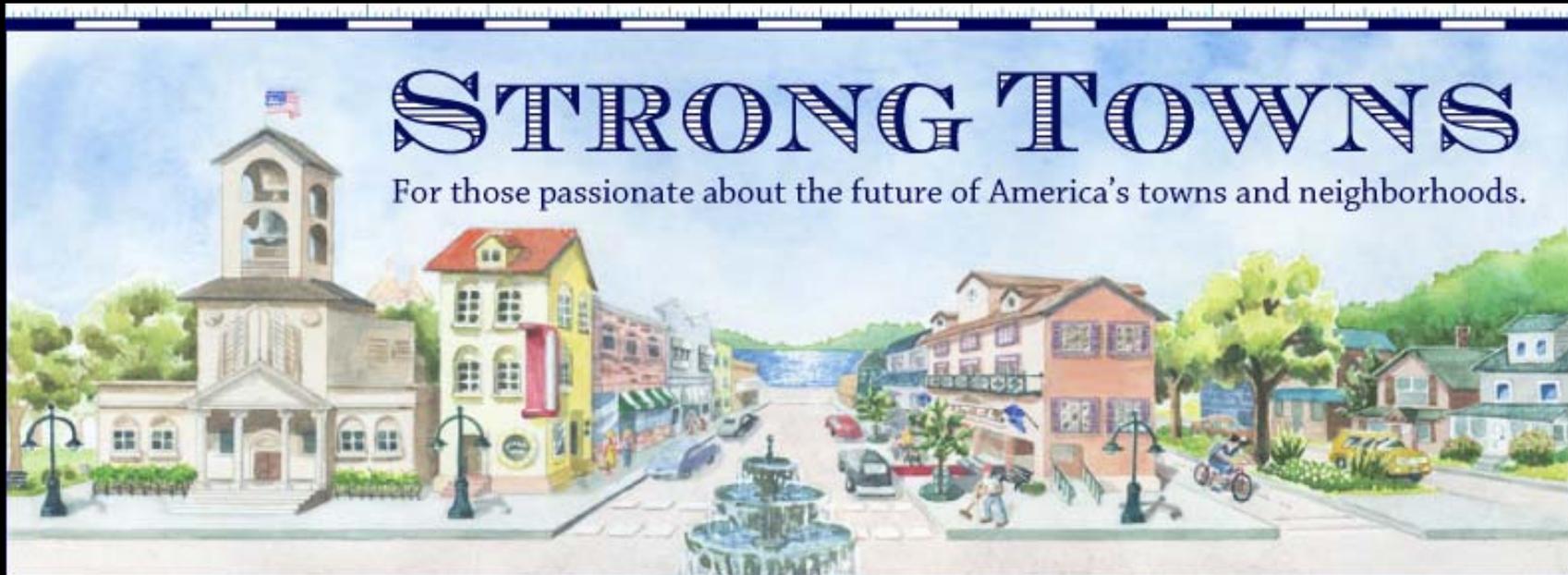


# Lafayette

## February 10, 2014

@StrongTowns @clmarohn #STChat

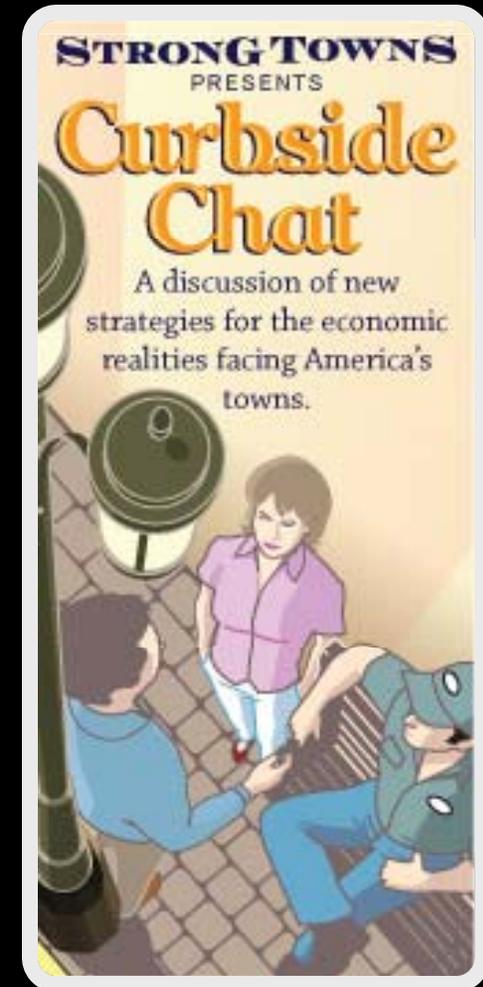




**The mission of Strong Towns is to support a model for growth that allows America's towns to become financially strong and resilient.**

# Curbside Chat BIG Concepts

1. The current path cities are on is not financially stable.
2. The future for most cities is not going to resemble the recent past.
3. The main determinant of future prosperity for cities will be the ability of local leaders to transform their communities.



## Investment in the community....

### Powerful Incentives

- Initial cost to the public for new growth: minimal
- Benefit to the public budget for new growth: substantial

... C

The catch is that the public agrees to maintain the improvement forever.



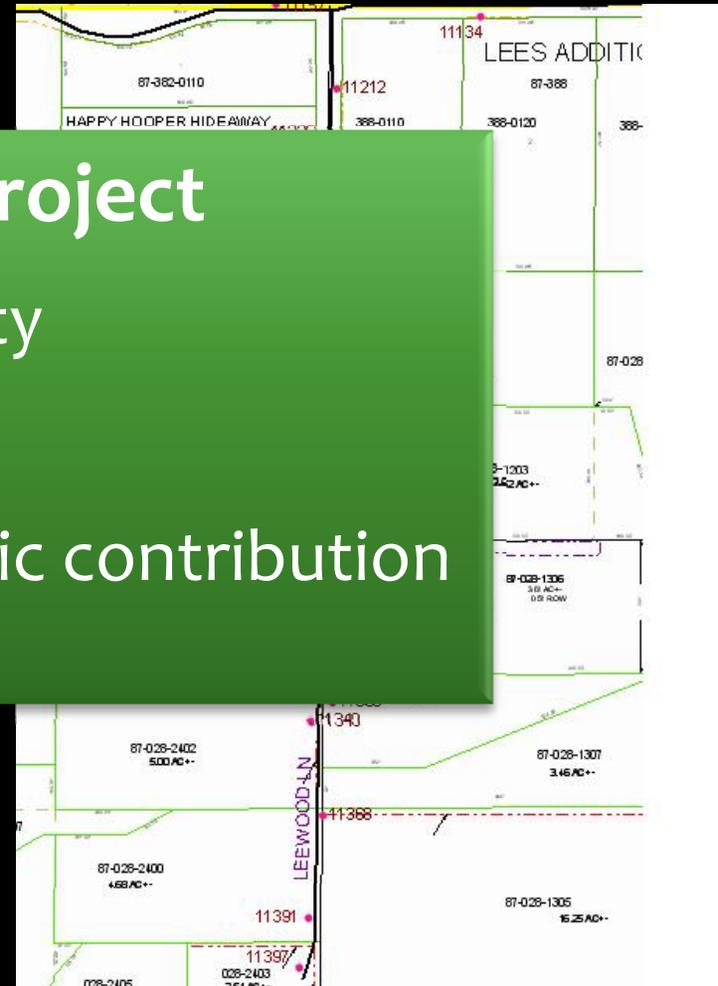
## The critical assumptions to this strategy:

1. Either growth continues at ever accelerating rates, or
2. The pattern of demand generates more

**Invalid Assumptions**

## Road Improvement Project

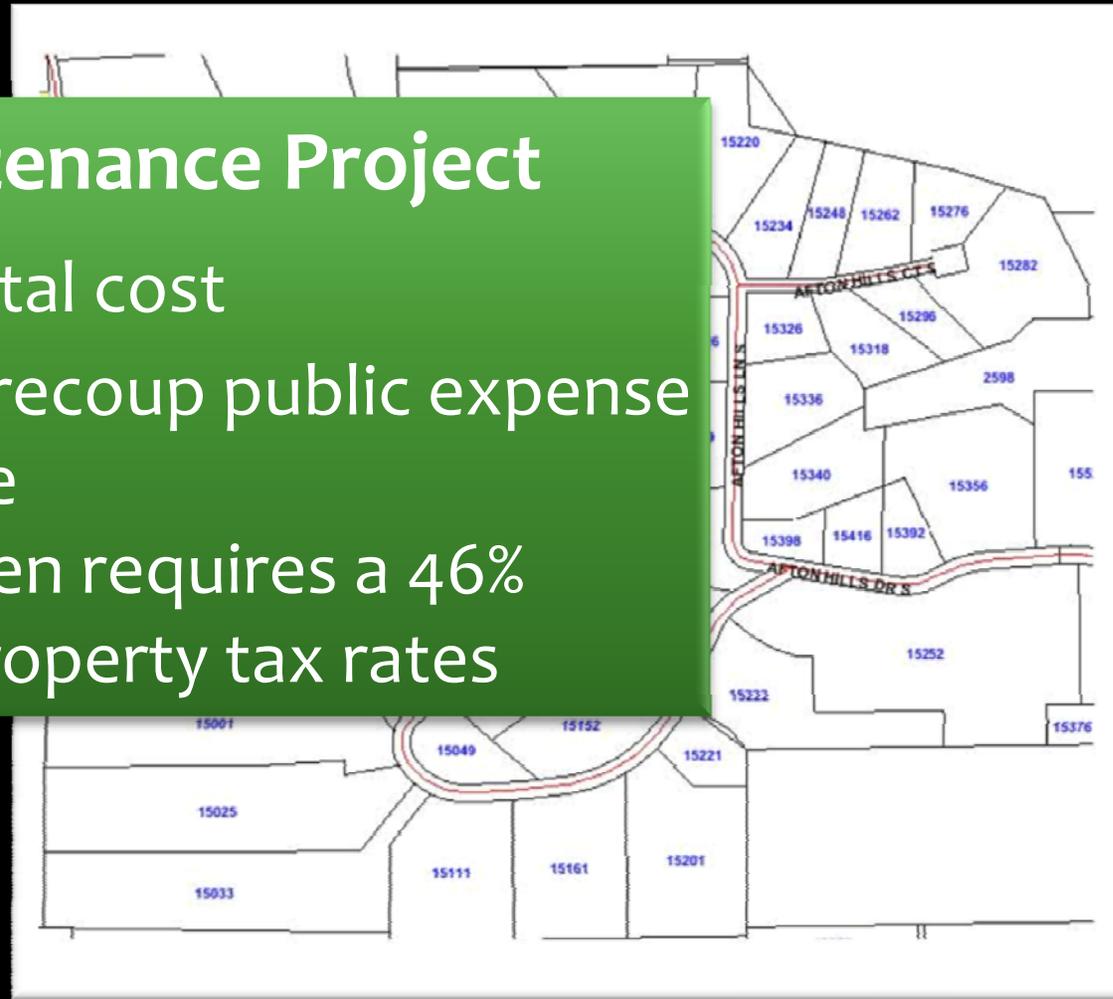
- \$6,600 cost per property
- 50% of costs assessed
- 37 years to recoup public contribution from adjoining tax base



## Local Street Project

## Road Maintenance Project

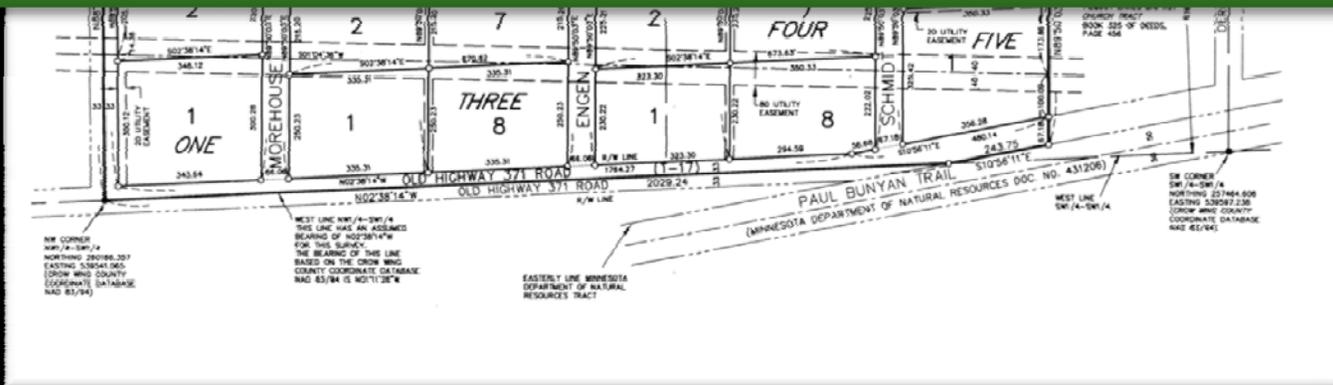
- \$354,000 total cost
- 79 years to recoup public expense from tax base
- To break even requires a 46% increase in property tax rates



**Local Road Rehabilitation**

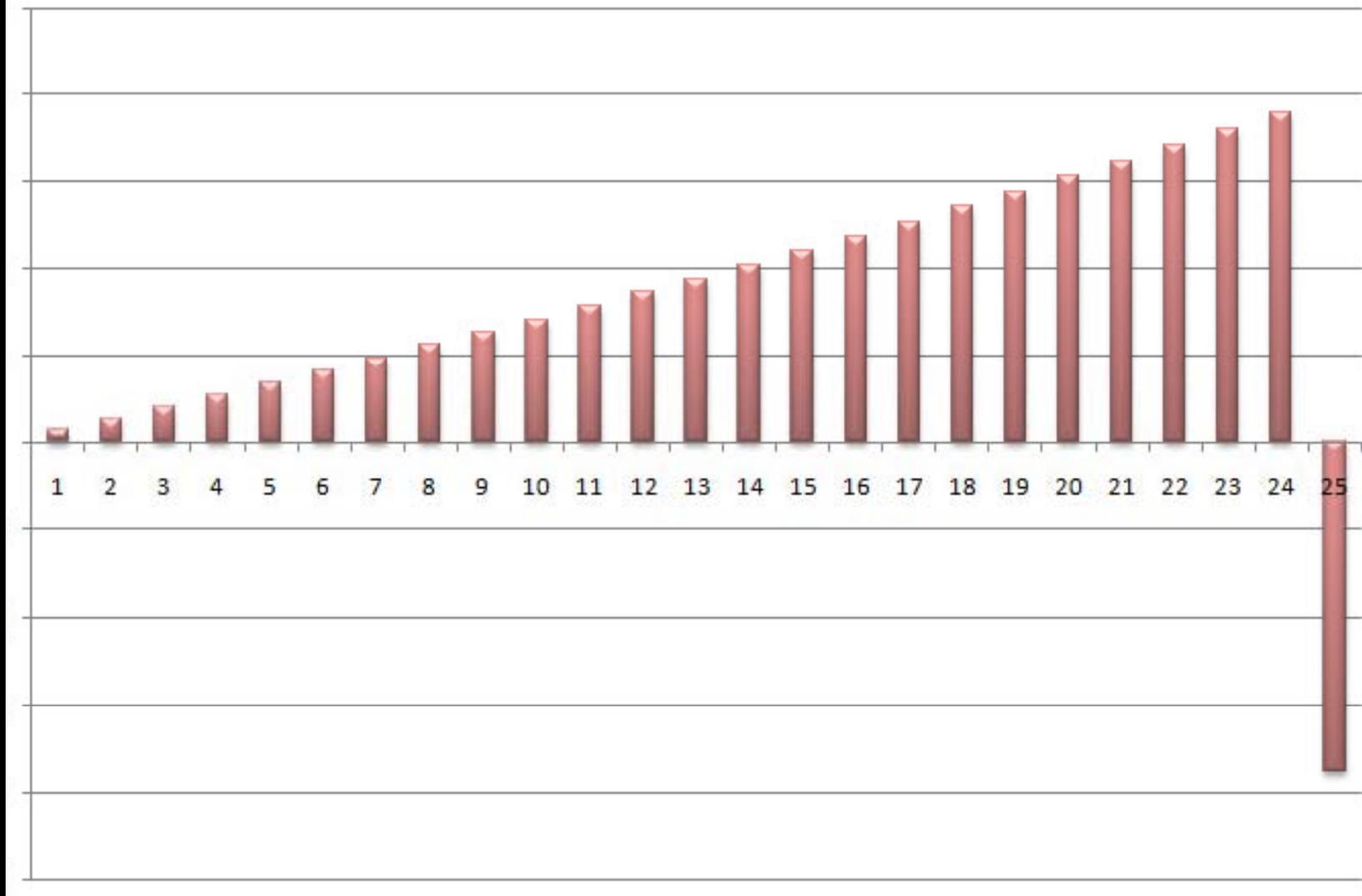
# Industrial Park Development

- \$2.1 million inflation-adjusted total cost
- \$6.6 million in improvements induced
- Payback from current conditions happens in 29 years if all revenue devoted only to debt



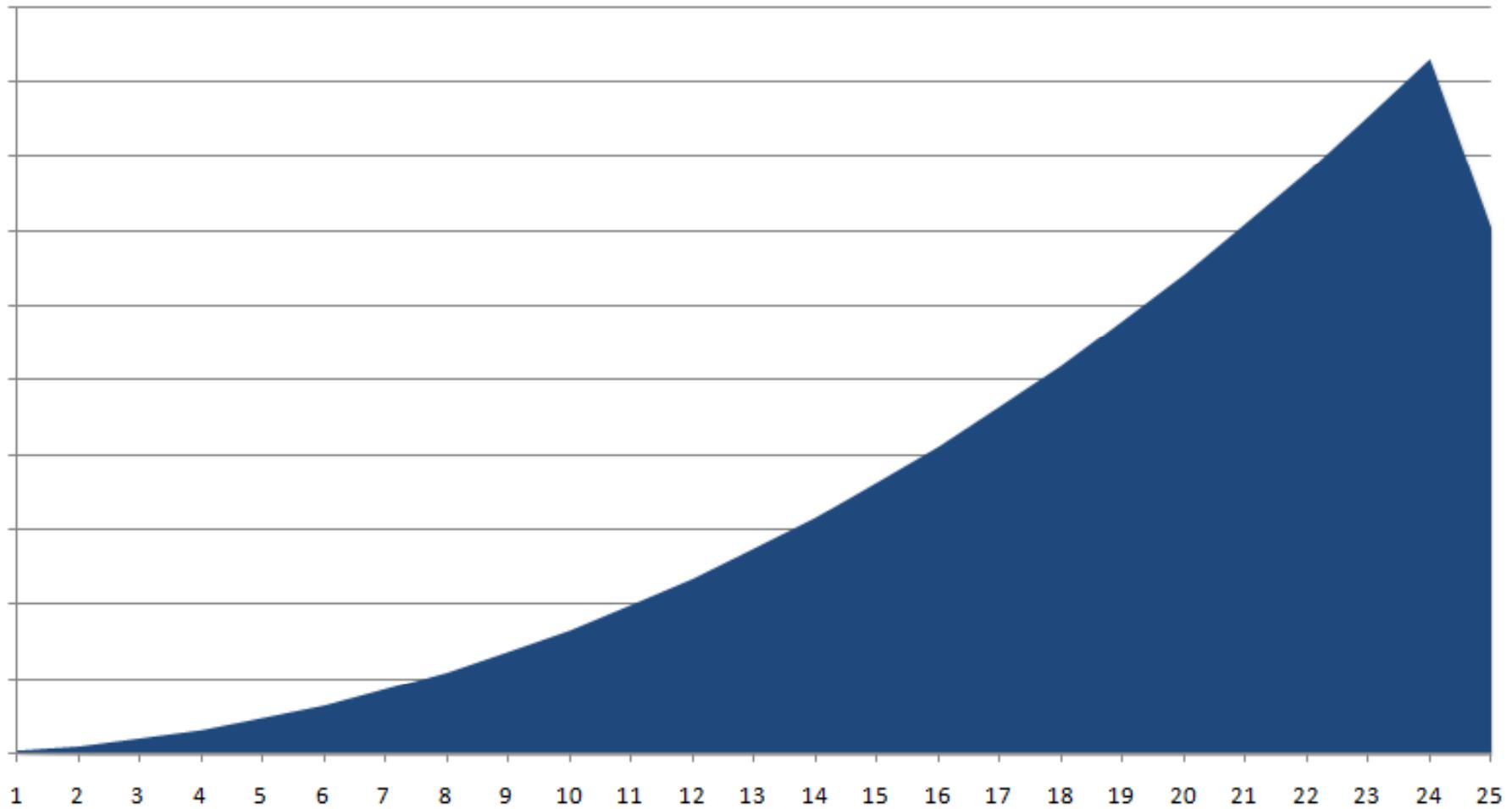
# Industrial Development

## Cumulative Cash Flow - One Life Cycle



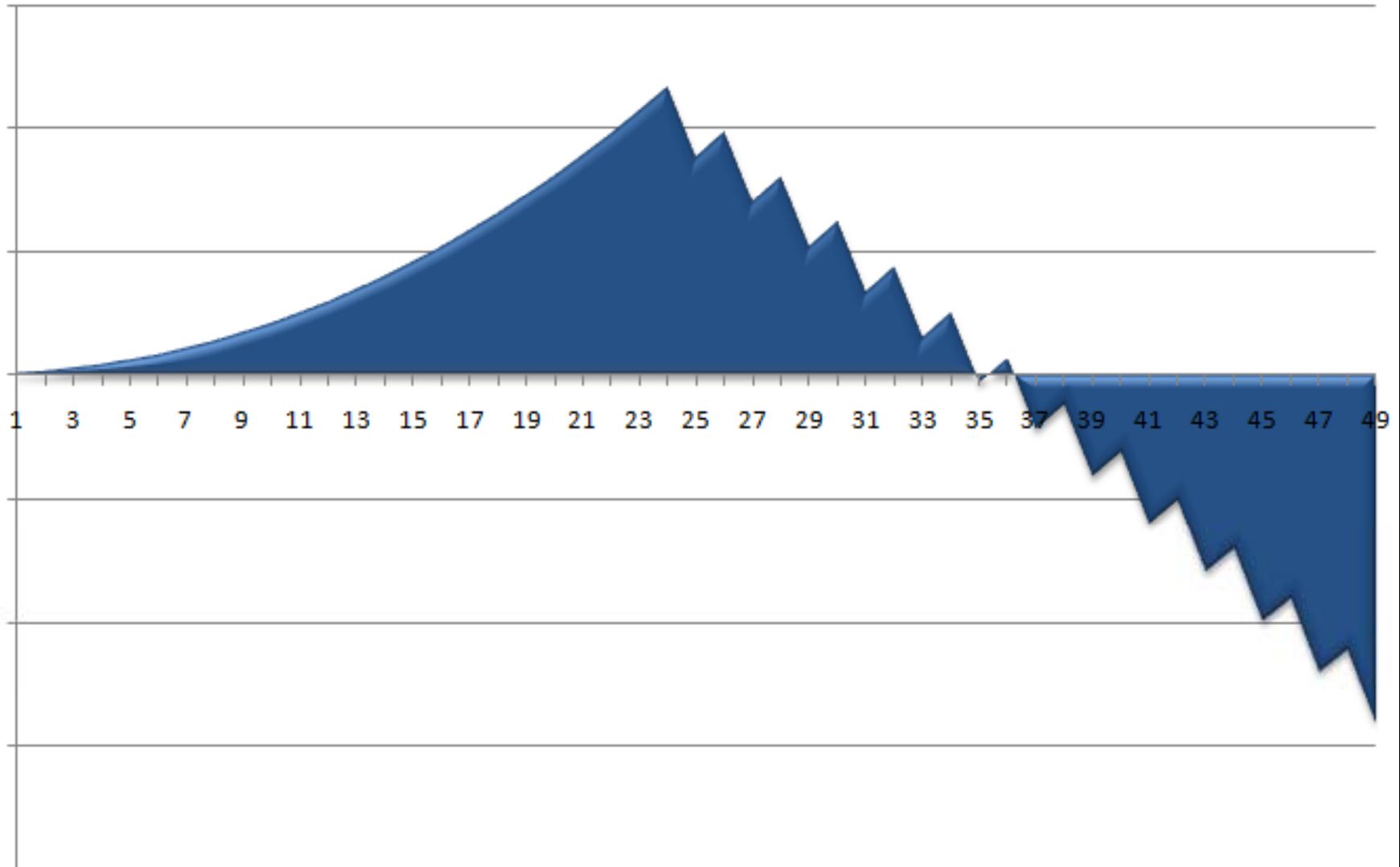
**Growth Ponzi Scheme**

**Cumulative Cash Flow - Multiple Projects**



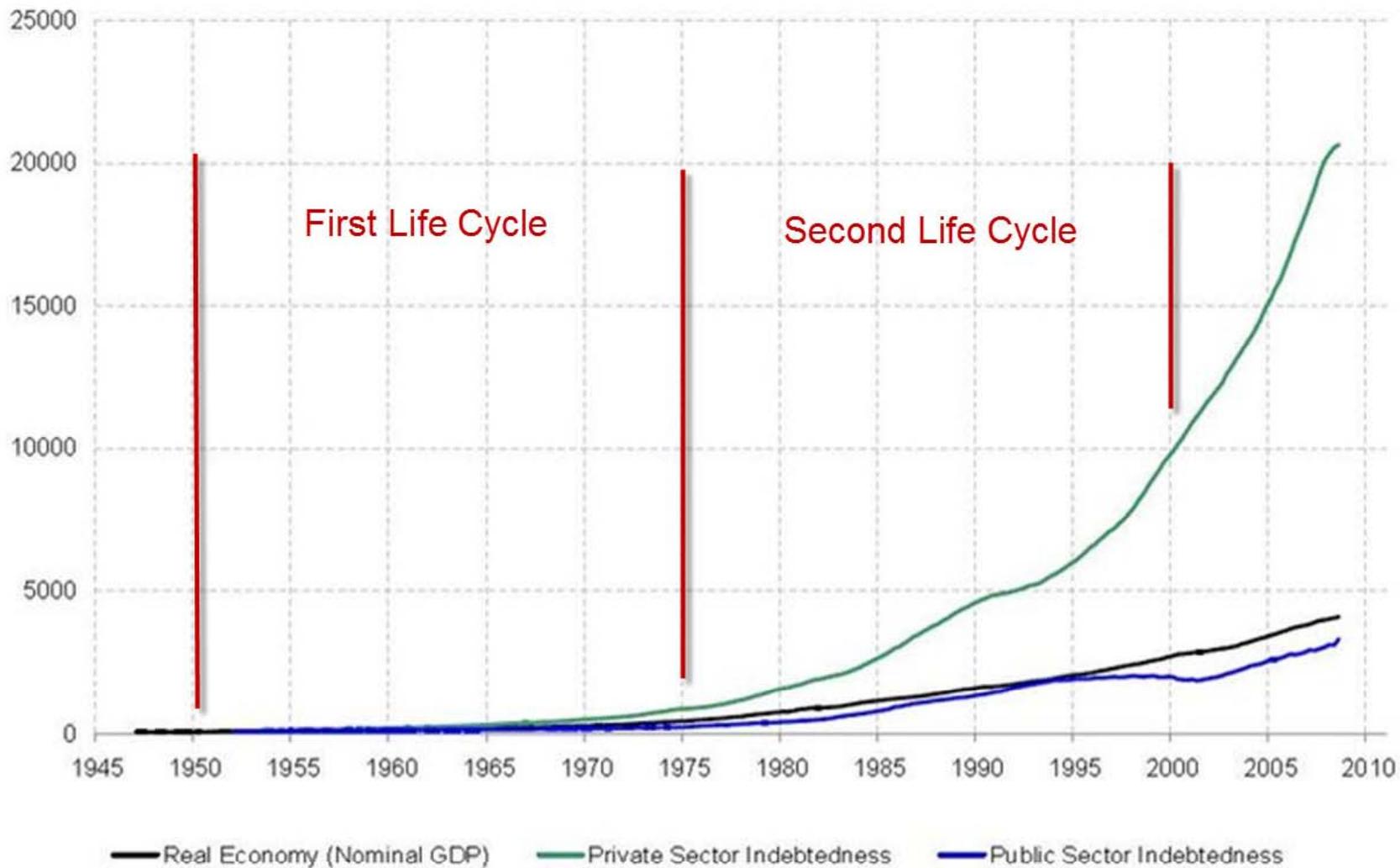
**Growth Ponzi Scheme**

### Cumulative Cash Flow - Two Life Cycles



**Growth Ponzi Scheme**

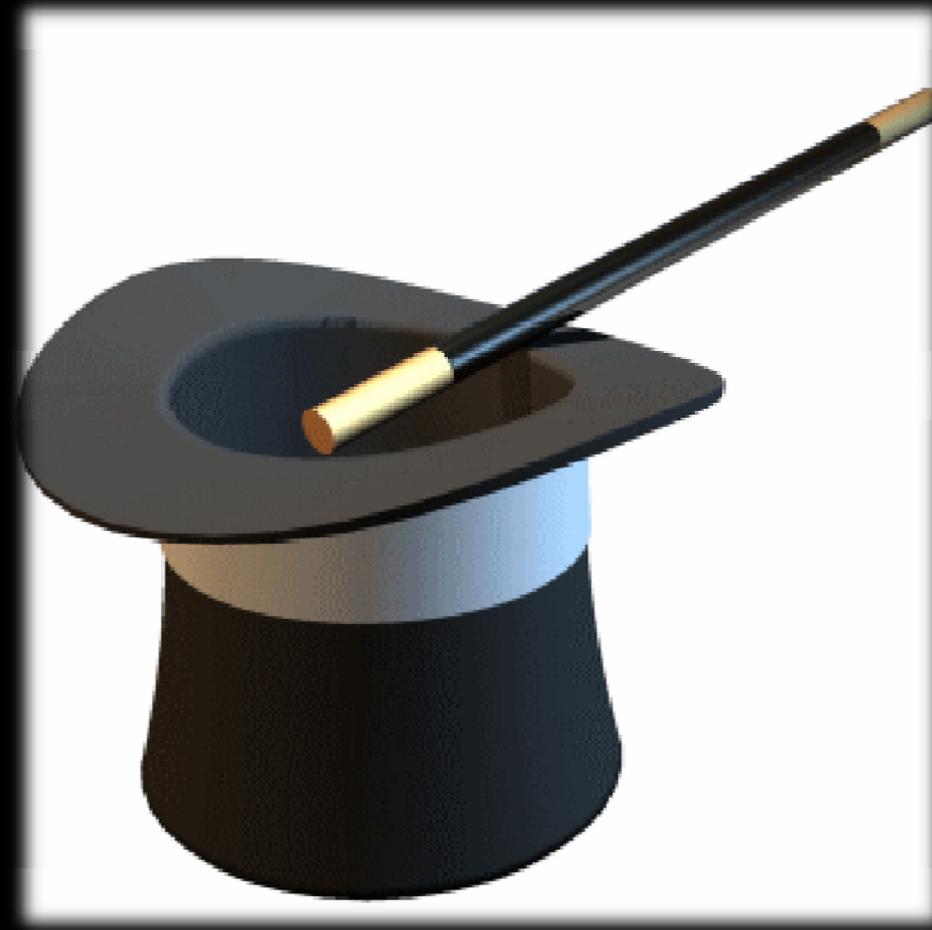
**UNITED STATES: REAL ECONOMY AND FINANCIAL SECTOR**  
INDEX BASE 1952 = 100



## Serious implications for the future

- The “Mechanisms of Growth” we have become accustomed to are waning.
- Local governments are going to be forced to absorb the local costs of the current development pattern.
- This can't be done in the current pattern of development without **large tax increases** and/or **large cuts in services**.

## Implications



**What's the solution?**

*West Front Street, Brainerd, Minn.*





**Build it and they will come....**



**Build it and they will come....**





*West Front Street, Brainerd, Minn*







# High Return Investments



**\$1,136,500**



**\$803,200**



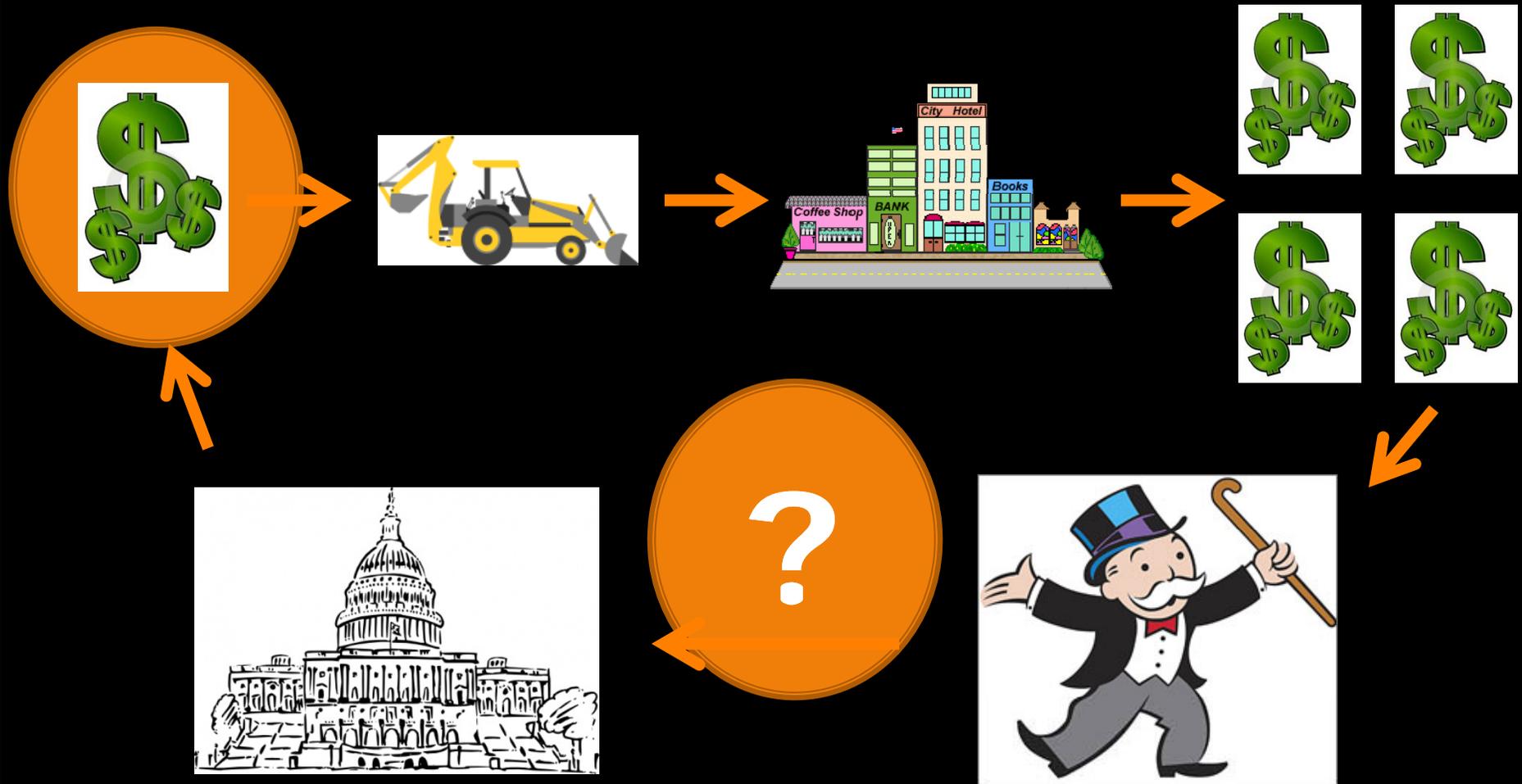
**Auto Oriented \$0.6  
million/acre**



**Traditional Pattern  
\$1.1 million/acre**

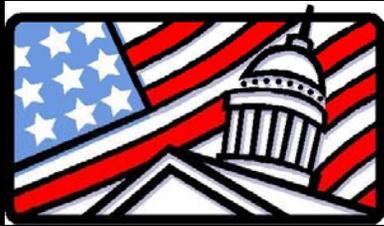
**High Return Investments**

# Need to measure the public's REAL return on investment



# Need to account for the second life cycle costs.

## First Life Cycle

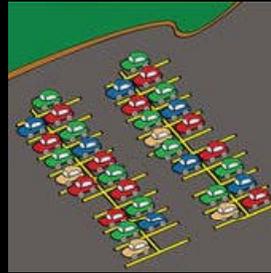


## Second Life Cycle





**Property Tax / Land Tax**



Property

\$ \$ \$

-

\$ \$ \$ \$ \$

-

Land

\$ \$

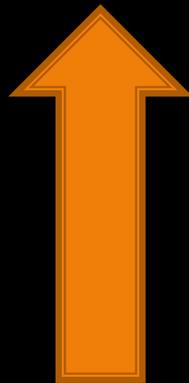
\$ \$

\$ \$

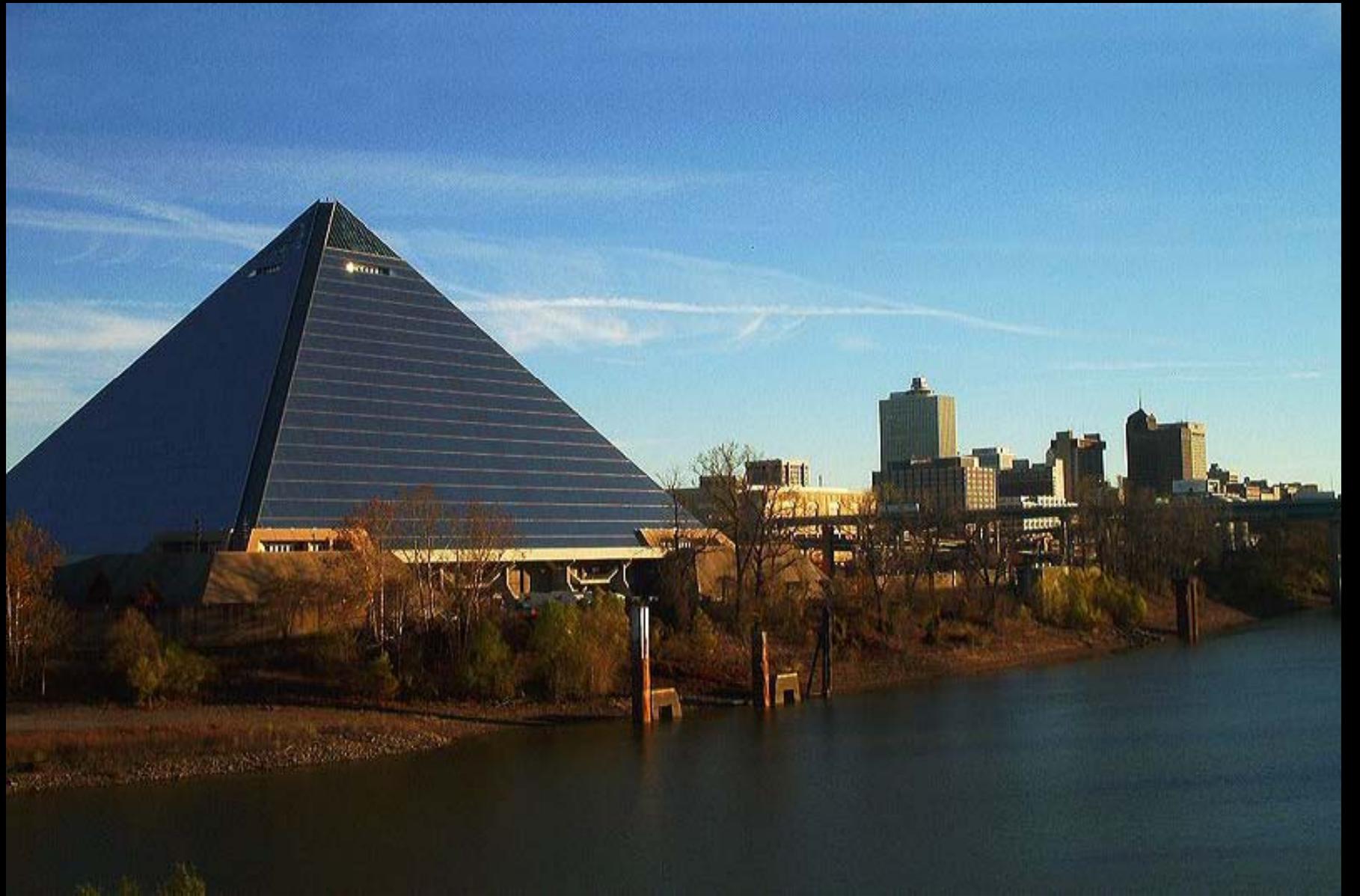
\$ \$

# Property Tax / Land Tax

*Innovation that happens from the top-down tends to be orderly but dumb.*

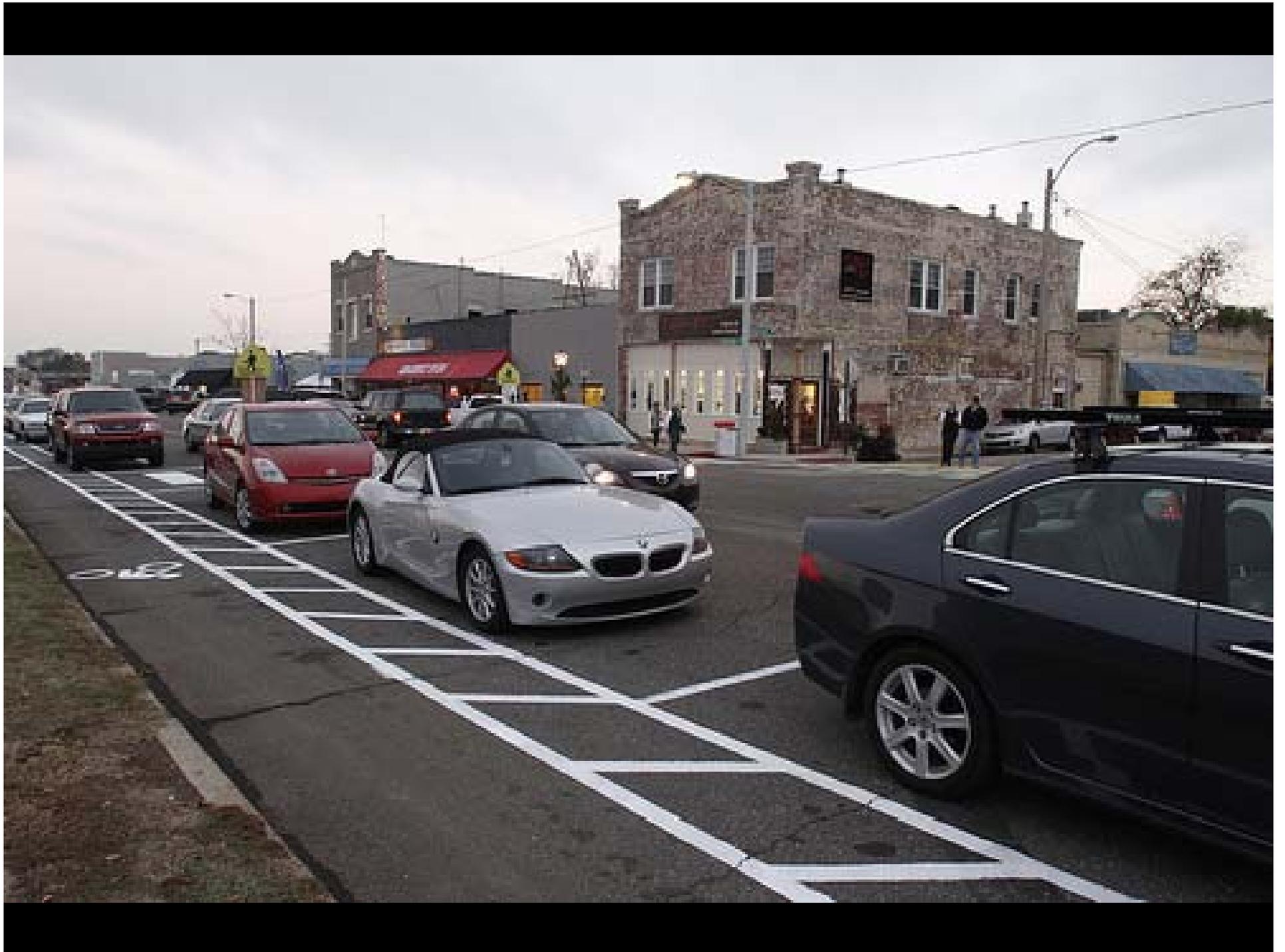


*Innovation that happens from the bottom-up tends to be chaotic but smart.*











# Neighborhoods First

A low risk, high return strategy for a better Brainerd.



## 2014 Neighborhood Improvements Northeast Brainerd

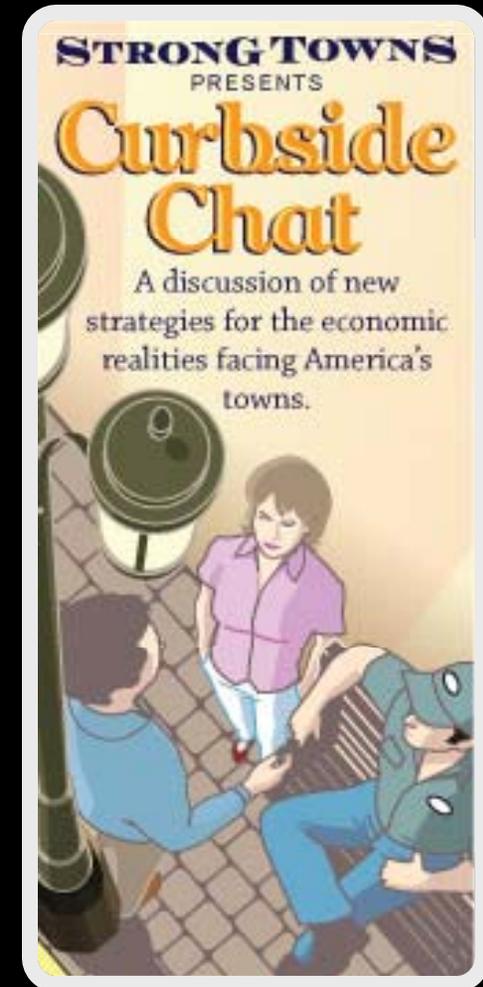
**STRONG  
TOWNS**

prepared by  
**A Better Brainerd**



# Curbside Chat BIG Concepts

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**Now Available...**



**[www.StrongTowns.org](http://www.StrongTowns.org)**

**[www.StrongTowns.net](http://www.StrongTowns.net)**

**[membership.strongtowns.org](http://membership.strongtowns.org)**

