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.
The Great Suburban Experiment
Growth Ponzi Scheme

Investment in the community... creates new growth...
...which increases tax revenue.

Strong Incentives

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

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

The critical assumptions to this strategy:

1. Either growth continues at ever accelerating rates,
2. The pattern of development ultimately generates more revenue than it costs to maintain.

Invalid Assumptions
Local Street Project

Road Improvement Project

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

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
Industrial Development

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
Cumulative Cash Flow - One Life Cycle

- $100,000
- $80,000
- $60,000
- $40,000
- $20,000
- $0
- $(20,000)
- $(40,000)
- $(60,000)
- $(80,000)
- $(100,000)

Years: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25
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.
What’s the solution?
$1,136,500

$803,200
High Return Investments

Highway Oriented $0.6 million/acre

Traditional Pattern $1.1 million/acre
Carlson’s Law

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.
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