Introduction to Strong Towns

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Founder & CEO, VERDUNITY
When it comes to managing growth, infrastructure and development in your community, what’s the biggest challenge or frustration you’re dealing with?
Cities’ Biggest Challenge

Addressing Growing Needs (and Wants) with Limited Resources
Race to Be the Best Place to Live, Work and Play

Post WW2, cities have aggressively pursued higher quality of life in the short-term without consideration of the long-term fiscal and environmental impacts.
What About Maintenance AFTER Growth?
Cities, towns and counties are shown in red. Utility authorities and other municipalities are displayed in gray. Click a marker to view details of each filing. Multiple municipalities have filed for bankruptcy in some cities, such as Omaha, Neb., so not all markers are visible without zooming in on the map.
Funding Infrastructure in North Texas

$390B needed to eliminate just the worst levels of congestion (LOS F)

$135B available through 2045, $51B of this is for roads

$339B shortfall for roads alone
Municipal Bond Programs

**2017 BOND REFERENDUM**

Plano City Council has approved six propositions to issue bonds for city projects. Voters will consider each proposition separately on the May 6 ballot and in early voting. If every proposition passes, the city would issue just over $224 million in new bonds.

**Prop. 1: Street improvements**
- Arterial roadway reconstruction: $32M
- Screening wall reconstruction: $13.4M
- Concrete street reconstruction: $8.8M
- Bridge inspection & repairs: $8M
- New sidewalk installation: $7.7M
- Other roadway projects: $20.4M

**Prop. 2: Public safety facilities**
- Fire training center: $15M
- Northwest Plano police substation: $12M
- Fleet service center: $2M

**Prop. 3: Park improvements**
- Land acquisitions: $18M
- Second phase of Carpenter Park renovations: $12M
- Oak Point Park and Nature Preserve: $8M
- Artificial turf field additions: $8M
- High Point maintenance facility and offices: $6.5M
- Other parks and recreation projects: $26.4M

**Prop. 4: Recreation center amenities**
- Oak Point Rec Center pools: $10M
- High Point Rec Center renovation: $2.5M

**Prop. 5: Library facilities**
- Davis Library expansion: $5M
- Harrington Library expansion: $5M

**Prop. 6: Collinwood House and historic preservation**
- $3.5M

If passed, this proposition would fund renovations of the Collinwood House, a 19th-century home, at the building's current site at 5400 Windhaven Parkway. All funds not spent on renovating the building would go toward other historic preservation efforts.
With all the growth, grants and incentive programs, why don’t our cities have enough money to pay for basic services and maintenance?
What is Strong Towns?

Non-profit media organization focused on explaining why cities are struggling financially and benefits of the traditional development pattern.
The "Suburban Experiment"
Understanding long-term impacts of rate and pattern of growth

Diagram:
- Growth phase
- Decline phase
- Avg. age of city infrastructure
- Population

Graph:
- X-axis: Time (Years)
- Y-axis: Average age of infrastructure
Comparing Value Capture of Development Patterns

Old and blighted  Shiny and new

Courtesy of: Chuck Marohn, Strong Towns
Comparing Value Capture of Development Patterns

New Fast Food Restaurant ($/acre)
$803,200

Old & Blighted Block ($/acre)
$1,136,500

Courtesy of: Chuck Marohn, Strong Towns
Comparing Value Capture of Development Patterns

Auto Oriented “Big Box”
$0.6M/acre

Traditional Grid Downtown
$1.1M/acre

Courtesy of: Chuck Marohn, Strong Towns
Comparing Value Capture of Development Patterns

High Point, NC
Total Value Per Acre

Total Value Per Acre
- Exempt
- $0.01 - $300,000
- $300,001 - $700,000
- $700,001 - $1,500,000
- $1,500,001 - $3,300,000
- $3,300,001 - $10,000,000
- $10,000,000+
Comparing Value Capture of Development Patterns

<table>
<thead>
<tr>
<th></th>
<th>Asheville Walmart</th>
<th>Downtown Mixed-Use</th>
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<tbody>
<tr>
<td>Land Consumed (acres):</td>
<td>34.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Property Taxes per Acre:</td>
<td>$6,500</td>
<td>$634,000</td>
</tr>
<tr>
<td>Retail Taxes* per Acre to City:</td>
<td>$47,500</td>
<td>$83,600</td>
</tr>
<tr>
<td>Residents per Acre:</td>
<td>0.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Jobs per Acre:</td>
<td>5.9</td>
<td>73.7</td>
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</tbody>
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* Assumes a retail tax rate of 5% of sales revenue.
Return on Investment

2014 Fort Worth

- Agricultural: Mean ROI = $0.03, Median ROI = $0.00
- Vacant Residential: Mean ROI = $0.15, Median ROI = $0.03
- Vacant Commercial: Mean ROI = $0.24, Median ROI = $0.08
- Industrial: Mean ROI = $0.60, Median ROI = $0.47
- Commercial: Mean ROI = $1.31, Median ROI = $0.77
- Condos/Townhomes: Mean ROI = $2.84, Median ROI = $2.01
- Apartments: Mean ROI = $1.85, Median ROI = $1.25
- Single Family: Mean ROI = $1.16, Median ROI = $0.97

Return on Investment (ROI)

ROI in Equal Count Intervals 2014 (492668)
Case Study: Circle City
Evaluating Impacts of Future Development (Land Use) Types on Tax Rate

Current Appraised Value
$3,667,084,825
Current Tax Rate
$0.855
Revenue:
$31,353,575
Budget:
$31,353,575
Current Revenue for Vacant Land:
$443,092
Circle City: Scenario Comparisons

LU 1
Single Family
Added Population 10,568
Projected Tax Rate: $ 0.786

LU 2
Apartments
Added Population 14,331
Projected Tax Rate: $ 0.775

LU 3
Condos
Added Population 15,156
Projected Tax Rate: $ 0.763

LU 4
Mixed Use
Added Population 18,156
Projected Tax Rate: $ 0.557
Understand Existing Liabilities and Opportunities

$550 MILLION
Property Tax Revenue ($/Acre) Analysis

Compare property revenues to costs required to serve them and identify under/over performing parcels.
Key Insights

- Traditional pattern outperforms suburban by more than double!
- We’ve built more than we have capacity to maintain – and we’ve done it on the backs of those who can least afford it.
- Needs of future generations subsidize needs of the present generations.
- We’re obsessed with chasing dollars for megaprojects when there are small low-risk, high return investments we can make that improve people’s lives immediately.

Lafayette, LA “Red/Green Map”
Courtesy of: Chuck Marohn, Strong Towns
Strong Towns Approach

STANDARD APPROACH
- Large capital investments
- Reliance on grants and debt
- Community focused on state/federal grant programs
- Creates large long-term liabilities

STRONG TOWNS APPROACH
- Small, tactical projects
- Local empowerment/responsibility
- Community focused on incrementally improving what is already present
- Builds local resilience while improving quality of life
Strong Towns Impact: Audience Growth

Audience Growth, 2015 to Present

Unique Visitors, 12-month trailing total
I'm a member of the Strong Towns movement because it doesn't matter if you're Republican or Democrat, black or white, gay or straight, the fiscal health of our federal and local governments affect all of us.

- Ryan Short,
Indianapolis, IN

www.strongtowns.org/membership
Strong Towns Impact: Members
Next Steps

- **Strong Towns Regional Summit** in NTX Oct 3-5
- **Regional ROI Study** (5 County Area)
- **Fiscal Impact Analysis and MYFP**
  - Lubbock, Fulshear, Fate, Bastrop, League City
- **Cultivating Strong Towns Workshops**
Helpful Resources

- General Education/Information
  - Strong Towns [www.strongtowns.org](http://www.strongtowns.org)

- **Strong Towns** Podcast

- Workshops and Consulting Services
  - CULTIVATE! Strong Towns Workshops [www.cultivatecollaborative.org](http://www.cultivatecollaborative.org)
  - VERDUNITY [www.verdunity.com](http://www.verdunity.com)

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let’s discuss
City of Fate: A Different Point of View on Development
First Reactions to Strong Towns ....
Lafayette, LA – Net Revenue to City by Acre

Courtesy of: Chuck Marohn, Strong Towns
### Sample Neighborhood in Fate

<table>
<thead>
<tr>
<th></th>
<th>General Fund Ongoing Expenses</th>
<th>Depreciation</th>
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<tbody>
<tr>
<td>Expenses</td>
<td>$338,928</td>
<td>$31,740</td>
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<tr>
<td></td>
<td>Property</td>
<td>Franchise</td>
</tr>
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<td>Tax Revenue</td>
<td>$114,490</td>
<td>$43,332</td>
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https://www.cbr.com/tag/kc-green/
Road Repair Project

Taxable Value: $747,552
Tax Received: $2,176
Cost of Repair: $36,484
Life Expectancy: 5 to 7 yrs

Based on the current taxable value and the current tax rate, it would take 16.77 years for the properties to repay the repairs – that is assuming all of the future tax revenues are dedicated to the replacement costs and no other city services are provided during that same period.
$2,300,542
Business Strategy – Build Revenue-Positive

$2 in revenue for every $1 to serve
Business Strategy – Different & Cool, “Fate Funky”
Business Strategy – Missing Middle Housing
Business Strategy – Preserve Rural Spaces
Key Takeaways

1. Quantify and communicate the cost of existing infrastructure obligations, current value/acre and service costs.

2. Educate citizens and policymakers about the challenge and strategies to close the gap.

3. Develop a plan to align services with what residents are willing and able to pay for – today and in the future.

4. Prioritize maintenance and invest in existing neighborhoods first.

5. For capital projects, putting back what’s there may not be the best option.

6. Evaluate redevelopment and new development through ROI lens.
let’s discuss

City of Fate: A Different Point of View on Development