

# **Bond Case Briefs**

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## **Land Use Policy: Do the Math!**

Have you considered how you can use data to look at your city in a different way – to find out what it’s really worth? In his Monday conference presentation, “The Financial Impacts of Land Use Policy,” Joe Minicozzi, principle of Urban3, a consulting firm created by a real estate developer, discussed the importance of data modeling to determine your real potential for increasing tax revenues. His advice is, in short, “Do the math!”

The traditional development model favors big box retail – which does present a substantial tax payoff. But studying all the data can create a different picture. In other words, you have to measure everything to know what you really have.

Minicozzi told the audience to “divide the land into the value.” His research shows an exponential jump in the amount of county property tax received from one- to two-floor residential, and an even bigger jump from two- to three-floor residential. Adding in street-level retail makes the increase even greater. Adding the parcels of land a big-box store would require and comparing the numbers to expected tax returns from the retail development shows that overall, the smaller parcels lead to greater potential tax returns.

Minicozzi noted that this analysis often seems overly simplistic, but he added that simple doesn’t necessarily equate to wrong. After all, he pointed out, “We put a man on the moon before we put wheels on luggage.”

Finance officers can provide the information that makes this kind of analysis possible. Minicozzi noted that when we look at real estate, we tend to look at total value, which isn’t necessarily the best way to understand land use. Taxable value per acre is a better measure. He suggested ditching the spreadsheet and using modeling technology to demonstrate the true value of property.

Take a look at Minicozzi’s [conference session slides](#), which show a number of interesting modeling possibilities.

Learn more about using modeling to affect land use policy in Minicozzi’s August 2013 article for Government Finance Review, [“Thinking Differently about Development.”](#)

Further information is available from GFOA’s best practice, [Monitoring Economic Development Performance](#).

**Government Finance Officers of America**

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