



BREAKING OUT OF THE RESOURCE TRAP: AN ECONOMIC PLAN FOR RESOURCE-BASED COMMUNITIES

Created by Strong Towns

**STRONG
TOWNS**

INTRODUCTION

We all want to live in a prosperous place, one where our hard work creates a better life for ourselves, our families, and the next generation.

In many instances, people are willing to sacrifice, to put off immediate satisfaction, if it means a more prosperous tomorrow.

People living in resource-based communities—places where people mine, drill, log, farm—are no different. In fact, in most places where the people labor with natural resources, hard work and sacrifice are a way of life.

Yet, despite the wealth they create for others, they rarely share in it. Resource-based communities rarely experience the prosperity their labor makes possible for others. Financially, they are often some of the poorest places in North America.

It doesn't have to be this way.

At Strong Towns, we made this guide to help resource-based communities grow stronger and more prosperous. We know that success is possible, no matter a community's size or resources. The steps we outline have not only been proven effective, they are available to any place that wants to pursue them.

There is no quick fix, but nobody lives in a resource-based community looking for the easy path. Easy is not who you are.

If you want your place to be stronger and more prosperous, read on.

Cover Photo Credit: Flickr (Mike McBey)

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MEASURING SUCCESS: HOW DO WE KEEP OUR KIDS FROM LEAVING?

The measurement of success that comes up over and over again in resource-based communities is simple: Will the next generation stay or leave?

Do our kids have enough of a future here to stick around and make a life, or will they leave and never come back?

It's a simple measure, but there is a lot wrapped up in it. A lot of hope. A lot of tension. Here are some of the comments we often hear in resource-based communities.

“ *I find value in hard work and a good life, but not enough value to watch my kids stay here and do this.*

“ *I want them to continue here, but I know they need to leave if they are to have a better life.*

“ *I'm proud of what I do, but I am ashamed for my kids to follow this path.*

“ *I'm sacrificing for them so they can have something better. I just wish that better could be here. I wish there was a good reason for them to stay.*

“ *I'd love to have my kids continue ranching, but there's just no money in it.*

Stay and live a hard life with fleeting hope of really getting ahead, or leave—escape to someplace else—and start over in a new place. Are these the only choices for our kids and their future?

Asking that question reveals the losing battle. Do we want the community to experience a fast or a slow decline? There has to be another option.

And there is, but it begins with different questions: How do we create a life worth living here, where more of the fruits of our labor stay in our community and improve our quality of life?

How do we build a community where our kids see a better future for themselves?

The answer requires growing beyond the resource trap.



Credit: Keweenaw National Historic Park Archives

THE RESOURCE TRAP

For any community, having natural resources can be a blessing, but it can also be a curse. The blessing comes from the jobs and opportunities the resources provide (opportunities to mine, drill, log, or farm) but the curse comes when the community becomes trapped in the resource economy, unable to grow beyond it.

This is easy for Americans to see in countries like Venezuela or Saudi Arabia, where abundant oil has allowed their governments to persist, despite not meeting the needs of their people. Glitzy projects and occasional subsistence handouts have allowed those places to limp along, with high unemployment and low family wealth, despite the astounding amount of resources being brought up from the ground.

It is often more difficult for us to see this effect in our own places. We are close to it. The urgency of today's needs, which are real and overwhelming, crowd out that longer term downward pressure. The drag on local prosperity in a resource-based economy is only visible when measured in generations and stacked up against the hope for the future.



The mechanisms of the resource trap are fairly simple. They begin with a commodity (oil, coal, wheat, timber, corn, etc...) that trades in a global marketplace. If your community can produce a commodity, you can export it to the outside world and import capital. You produce something people want and you get paid for it. This is a really easy way to acquire wealth.

Yet, because you are producing a commodity and because it is traded on massive exchanges, there are very few ways to differentiate one provider from another. There is nuance around quality and grade but, for the most part, the reason there can be such large markets is that a barrel of oil is a barrel of oil. Coal is coal and corn is corn, regardless of what region it comes from.

This means that, instead of great customer service or some other value-added feature, the only way to compete with a commodity is on price. If your corn and my corn are essentially the same, whoever can produce it for the lowest price is in the best position to make the sale.

The ways to a lower price are well known. Industry consolidation takes ownership out of local hands and transfers it to increasingly larger and more distant organizations. Systems become more efficient and purchases can be made in bigger quantities from outside the community.

The greatest cost savings come from labor efficiencies. While the employees that remain may be well compensated by community standards, there are way fewer of them. Perhaps more importantly, the local support industries are now also gone. All the accountants, lawyers, bankers—not to mention the mechanics, technicians, and sales people—that historically kept the town running are no longer needed.

Those tasks are handled elsewhere. The capital that used to stay and be passed around the community, growing jobs and opportunity, now goes elsewhere. The community that works hard to produce resources for others now finds itself starved of resources.

In a resource trap, the community is a cost to reduce. Jobs and wages are expenses to be trimmed. Opportunities for growth and investment are a distraction to the core goal of efficiency. Local history and culture are barriers to be overcome.

In a Strong Towns approach, the community is where we grow our wealth. Jobs and wages are the capital that seed local prosperity. Opportunities for growth and investment are the key to building local wealth and capacity. Local history and culture are the key ingredients of community collaboration.

A vital shift in mindset:

- **Resource Trap**
The community is a cost to be reduced.



- **Strong Towns**
The community is where we grow our wealth.

There are only two ways the resource trap ends. In the first, the community is slowly squeezed into an increasingly marginalized position, one where it grows more and more dependent on outside assistance and quick fixes to keep things going. When the resource is gone, the place disappears, not having the capacity, let alone a good reason, to endure.

The other ending is for the community to break out of the resource trap, to reinvent itself and grow its own capacity, to become a place that does not depend on the resource for its survival, to become a Strong Town.

Escaping From Natural Resource Dependence in Wyoming

Casper and Natrona County, WY

Wyoming's tax structure is overwhelmingly skewed toward dependence on natural resource taxes and royalties collected at the state and federal levels. As fossil-fuel prices have collapsed toward the end of the 2010s, leading to (for example) a 60% decline in severance tax revenue, the shortfalls have thrown the state government into turmoil and left cities and counties struggling to pay for basic functions, such as K-12 education. This tax structure has also dulled the incentive for cities, including Casper, to examine their growth patterns and invest in productive downtown growth that could provide a hedge against the volatility of state revenues.

Read the rest of this case study at StrongTowns.org/growstronger

LEARNING FROM RESOURCE CITIES OF THE PAST

A Strong Town is a place that, at a minimum, has the resources and the capacity to maintain its core systems over time, providing the critical services and ongoing maintenance necessary for the community to endure.

Places that cannot meet this threshold do not control their own future. Such places require ongoing assistance from the federal and state governments, a rising level of debt and taxation, or a Ponzi scheme-style commitment to growth and expansion, just to maintain essential services. They are fragile, dependent on others for their very survival.

Cities of the past—especially small, remote cities that grew up around the exploitation of natural resources—were Strong Towns. They had to be or they would not have survived; there was nobody coming to bail them out. We can learn a lot by studying these places and the incremental way they grew.

Many cities never got beyond that initial phase; they failed before they really got started. Those that endured, however, all grew in the same way: incrementally. Like a culture in a petri dish, the small city would grow incrementally upward and incrementally outward while the popup shacks were converted into more intense buildings.

The process would continue over time, with the city continuing to expand outward while also thickening up within. Rising land values and aging buildings combined to create natural redevelopment pressure that resulted in buildings of even greater intensity, particularly in the core of the city where land values were highest.

With each step in this cycle, private wealth increases the capacity of the community. That capacity was tapped to improve public services, whether it was paved streets, improved drinking water and sanitation,



Brainerd, Minnesota, in 1870, 1894, and 1930s. *Incrementally growing up, step by step.*

The quintessential frontier town was merely a collection of popup shacks assembled along a dirt street. There was very little private investment in them and even less public investment. We can think of this phase as a “little bet,” a small experiment to see whether or not the place would take.

or better parks. This phasing where private investment came first, and then public investment, is one of the primary features of traditional community development.

A different approach to community development grew out of the experiences of the Great Depression and World War II. To avoid economic downturns, federal and state governments, along with the Federal Reserve, banks, and other financial institutions, add capital to the financial system in order to keep the economy growing. A build-it-and-they-will-come mentality has the public sector (especially at the local level) making initial investments to attract and support subsequent private-sector investment.

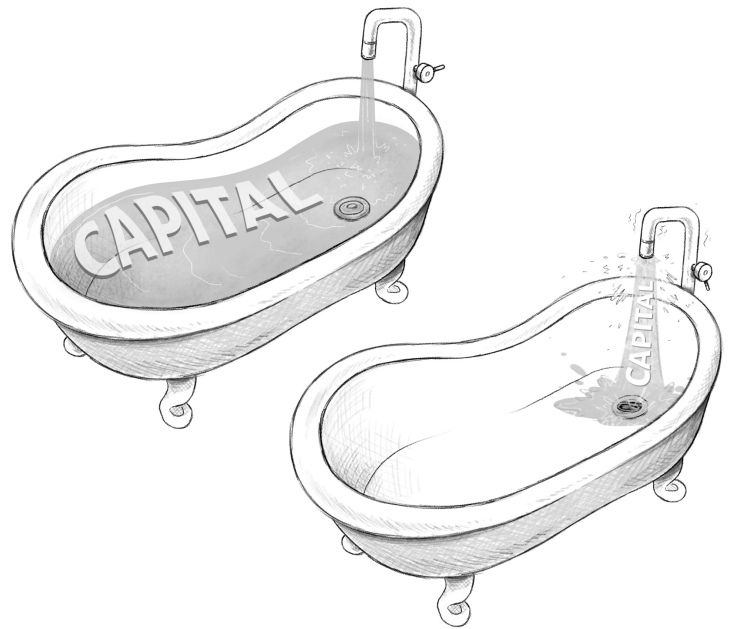
- **Traditional Community Development:**
Increased private investment supports subsequent increases in public investment.
- **Modern Community Development:**
Public investment is used to induce subsequent private investment.

This shift has created tension between what is good for the macro economy and what is best for local communities. The goal at the national level is economic growth, particularly as represented by Gross Domestic Product (GDP), a measurement of transactions in the economy. At the community level, economic growth is positive so long as it doesn't undermine long-term stability. The key to success for local communities (and in particular those that are resource focused) is building community capacity through wealth creation.

- **Traditional Community Development:**
Growing community wealth increases community capacity.
- **Modern Community Development:**
Growing economic transactions increases community capacity.

Traditional cities were designed to retain capital, to have the money that entered the community circulate locally and stick around as long as possible before exiting the community. These places would sacrifice absolute growth in order to experience greater wealth creation. That balanced approach provided stability while increasing capacity to undertake collective action.

Think of traditional cities as a bathtub where money is represented by the water. Turn on the faucet and water (money) pours in. Open the drain and water (money) pours out. The simple strategies for a traditional city were to increase the flow from the faucet while decreasing the flow out the drain.



For modern cities responding to the incentives of a transformed economy, it is all about increasing the flow. Macroeconomic policy has focused on making the flow of capital as great as possible while encouraging local communities not to bother about retaining that capital. So long as the flow keeps expanding, the fact that it flows right through and out the drain is immaterial.

The modern approach theoretically works for the national economy, and it might work for a handful of large cities, but it is ultimately ruinous for most local communities.

Working harder just to stay in place is a common experience for Americans, especially those living in resource-focused communities. To become a Strong Town, a city needs to get off this treadmill and get back to work building their local wealth and capacity.

THE STRONG TOWNS APPROACH TO ECONOMIC DEVELOPMENT

To build a prosperous place—one that is improving so that community members experience and anticipate a future they want to be part of—a community needs to focus its energy and resources on strategies that build local wealth. The Strong Towns approach combines five strategies that do just that.

Cities will build stability and prosperity when they are:

- 1** *Redirecting the flow of capital so that it stays in the community longer, growing local capacity and providing greater community benefits.*
- 2** *Making low-stakes space for entrepreneurs (people in the community with crazy ideas and the passion to run with them) to fail quickly, learn, and get back to innovating.*
- 3** *Accelerating success by aggressively growing enterprises that import capital into the community.*
- 4** *Allowing the community to grow incrementally again, to thicken up and become more productive while shunning the large leaps and silver bullet projects that are a distraction today and a drag on future prosperity.*
- 5** *Reinforcing the Main Street economy that expands the opportunity people have to improve their quality of life, and the lives of those around them, while growing their own financial security and stability.*

The strategies in the Strong Towns approach are within the reach of every community to implement, regardless of size or current capacity. They simply require a change in approach, a mental shift in thinking, that redirects existing resources away from unproductive activities to things that produce local wealth and capacity.

A Strong Towns approach is not a quick fix but a commitment to good habits and more intentional decision making. Think of it like diet and exercise for your community's economic health.

STRATEGY #1: RETAIN CAPITAL WITH IMPORT REPLACEMENT

When money flows into a community and then quickly back out again, it's the economic equivalent of eating junk food: the empty calories may give a small sugar rush but do little to build a healthy body. Similarly, money spent at chain restaurants or corporate retailers provide little opportunity to build local wealth, as the profits that could add to local capacity exit the community too quickly.

For resource-focused communities, the business model of corporate America is wealth extraction. They are not there to build the community's wealth and capacity but to extract it, and to do so quickly, cheaply, and with the lowest amount of long-term commitment. That doesn't make them bad—they are providing a service people value and are willing to pay for—but it is also not wrong to point out that their interests and the community's interests diverge.



Credit: Nicholas Eckhart

After all, who is going to stick around when the going gets tough? Not the multibillion-dollar corporation headquartered elsewhere and operating locally out of a throwaway building. They are not here for the long haul.

To build local wealth and capacity, a community needs to divert money that is being extracted from the community into enterprises and undertakings that keep that capital local. The quickest and easiest way to build local capacity is to have a dollar pass between multiple local enterprises before it leaves the community.

This is sometimes oversimplified to a “buy local” mantra, but that’s not what import replacement is. It’s not about shaming a local consumer to spend double on a hammer from the local hardware store instead of buying it from the national chain retailer; that’s not a viable long-term strategy. Import replacement is about replacing things we send money out of the community for with viable local alternatives.

Some examples of import replacement include:

- *Buying a cup of coffee from a locally owned coffee shop instead of a national chain.*
- *Hiring a local technician to repair a broken refrigerator instead of buying a new one.*
- *Banking at a local bank or credit union instead of one of the nation's large banks.*
- *Choosing to walk or bike to a destination instead of spending money on driving.*

Most of this is about tweaking preferences, not spending more. In fact, a successful import replacement strategy often winds up saving people money. No community is going to replace global supply chains for televisions, computers, or smartphones, but they don't have to. Huge progress can be made with many small, easily achievable steps.



Credit: Brewbooks

A NECESSARY MENTAL SHIFT FOR IMPORT REPLACEMENT

Shifting to an import replacement strategy requires resource-focused communities to think differently about some things.

Not all jobs or business opportunities are equal. The extreme pressure local decision makers feel to create jobs and experience growth leads to a lot of hasty and harmful decisions. Just because something creates a job or a new building doesn't make it a worthy pursuit.

The national economy might be about capital flow, but a local economy is not. The federal government and most state governments tax income, profits, and capital gains, all of which accumulate from transactions. It's no surprise, then, that they tend to favor business models that generate a lot of transactions. Local governments (along with families and small businesses) largely depend on the wealth of the community, not how rapidly the community spends, to make ends meet. Local economic strategies need to focus on building wealth (stability), even if that reduces capital flow (growth).

Chasing low prices is part of the resource trap. The poorer a community becomes, the more the people there benefit from lower prices on essential goods and services. The way for a business to offer lower prices is to increase scale and lower wages. This reduces opportunity and makes the community poorer, making people there more dependent on low-price offerings. This is a trap, a cycle of decline that can only be arrested by shifting away from the resource trap model.

"Buy Local" is not a solution, but import replacement can be part of an overall approach. There is no viable solution that depends on everyone doing the opposite of what is in their own best interest. Import replacement creates local alternatives that are competitive with options from outside the community, allowing natural opportunities for local capital to stay within the community.

IMPLEMENTING AN IMPORT REPLACEMENT STRATEGY

Getting started on an import replacement strategy is easy. Here are some things you can do:

Become more efficient with imports. When a community cannot source something locally, there are outsized gains to be had with improving the efficiency of how that import is used. Take energy, for example: If no electricity is generated locally, all the money spent on electricity leaves the community, so becoming more energy efficient (i.e., using less electricity) will provide the community with more resources to spend locally.

Seek local substitutes. A community retains capital anytime it can substitute something imported with something sourced locally. The list of potential substitutions is endless, from haircuts to food to transportation. For example, a shift to biking and walking instead of driving. Or medical care that emphasizes local prevention over distant and more costly treatment. Or fixing an old appliance instead of ordering a new one. Be creative and recognize that nothing is too small, especially if it builds momentum.

Support local business ownership. It is obvious, but important, to reinforce that there are tremendous advantages for resource-based communities in supporting their local businesses. This doesn't require people to become bad or indiscriminate consumers, but it does require intention. And when the local alternative is not selected, let them know why. Everyone has a stake in making the local option the best option.

Never subsidize corporations, franchise, and other non-local competitors. Some communities have gone so far as to ban franchises, but that is less important, and much more difficult, than simply not subsidizing them. Corporate chains are expert at obtaining direct subsidies (such as tax abatements, tax increment financing and utility rebates) as well as indirect subsidies (such

as the community's assumption of infrastructure maintenance liabilities) to construct buildings their own pro-formas don't expect to last more than 12 to 15 years. Even when there is no obvious local competitor, subsidizing outside corporations to export the community's capital is a costly unforced error.

Start small. Scale to what the community can support. No Strong Towns strategy is a silver bullet, but with import replacement, it is extra important to appreciate the value of small steps. When seeking substitutes, becoming more efficient with imports, or choosing local options, there is no action that is too small. The effects here are cumulative while the actions are habit-forming and self-reinforcing. Go ahead and start small.

LOCAL FOOD IS THE LITERAL LOW-HANGING FRUIT

Looking for a head start on an import replacement strategy? Most of the cost of food on a grocery store shelf is due to transportation and processing, and all of that capital goes to people outside the community. By supporting local agriculture with farmer's markets, food-to-table initiatives, and rentable commercial kitchens, that escaping capital can be redirected locally, quickly expanding opportunity and growing local capacity.

Plus, most people tend to prefer the taste of local food over processed food, making the shift not only economically beneficial but also one that adds to the overall quality of life.

Pueblo's Suburban Experiment

Pueblo, CO

The loss of thousands of steel-industry jobs by the 1980s plunged this Front Range city into decades of economic stagnation and persistently high poverty. During this time, however, Pueblo was doubling down on the short-sighted exploitation of another natural resource: its undeveloped land. Most of Pueblo County's net population growth since 1960 has occurred in the remote, almost entirely residential exurb of Pueblo West, master-developed by land speculators on the rangelands northwest of the city. At one-sixth the population density of the city itself, Pueblo West imposes massive road liabilities and service costs on Pueblo County, and functions as a drag on the rebirth of the area's urban core, even as efforts to build new industries, such as clean energy and cannabis to replace steel, have gained traction in the 2010s.

Read the rest of this case study at StrongTowns.org/growstronger

STRATEGY #2: MAKE SPACE FOR ENTREPRENEURS

As the effects of globalization have worked their way through all aspects of the economy, the way Americans talk about entrepreneurship has changed. Today, we tend to talk about entrepreneurs like we talk about other businesspeople—as persons engaged with commercial activity that take on some level of risk and, if successful, will experience a financial reward.

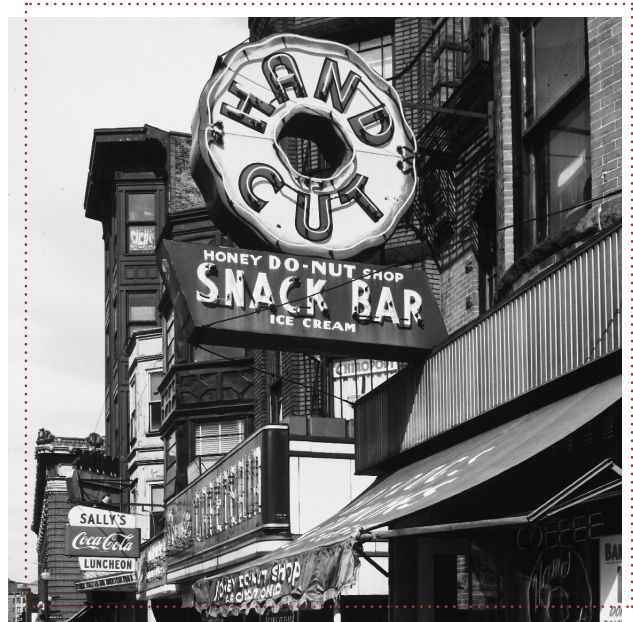
This vastly discounts entrepreneurs and their important role in building a prosperous community. Entrepreneurs are fundamentally different from someone who owns or operates a business, someone who is more properly understood to be an investor.

- **Investor:** *A person that allocates capital with the expectation of future financial return.*
- **Entrepreneur:** *A person with a crazy idea who does not know they can fail.*

First and foremost, entrepreneurs have an idea, passion, or insight that drives them in an almost reckless pursuit. They tend to not make very prudent assessments of risk and they tend to discount their own time and capital in pursuing their idea. An entrepreneur can be a bit of a fanatic.

The person who buys the Dunkin Donut franchise is an investor. The person who starts a doughnut shop in the vacant storefront with only a deep fryer, a folding table, and a smartphone for taking payments is an entrepreneur.

Local communities, especially when they are struggling, need entrepreneurs. They need their energy and passion. They need their risk-taking. They need their ideas. Even if it takes 50 failed entrepreneurs to create one successful one, that success can transform an entire community.



Credit: Massachusetts Institute of Technology

Fortunately, unlike many investors, a strategy to grow entrepreneurs does not require handouts or subsidies. They don't require massive investments in public infrastructure. Entrepreneurs merely require an economic ecosystem that enables them to pursue their passion. They literally just need space to be an entrepreneur.

Nassim Taleb, risk management expert and author of many books including *The Black Swan*, *Antifragile*, and *Skin in the Game*, has suggested that:

“ *In order to progress, modern society should be treating ruined entrepreneurs in the same way we honor dead soldiers.* ”

That is because success for an entrepreneur is in finding a way to make a living by being of service to others, by providing a good or a service that is so valuable that their neighbors will pay them to continue doing so. That's the kind of success every community needs.

A NECESSARY MENTAL SHIFT TO MAKE SPACE FOR ENTREPRENEURS

Making space for entrepreneurs requires resource-focused communities to think differently about some things.

Understand the nature of small bets. An investor seeks steady gains over time, but entrepreneurs are generally engaged in pass-fail types of endeavors. Most entrepreneurs will fail, at least at their first attempt. The nature of small bets is to have many attempts, each with low cost and low risk, as a way to grow into success. Make it easy to fail early, and accept those small setbacks as the cost of large future gains.

Tolerate a degree of messiness. Local governments often prefer to work with investors over entrepreneurs because investors know to keep things tidy. They fill out their paperwork professionally, they pay their fees without much complaint, and they market themselves as good citizens. In comparison, the entrepreneur can come across as disorganized, difficult, and counter-culture. Communities that want the magic of entrepreneurship need to embrace its tendency towards messiness.

Get out of the way. Creating an ecosystem for entrepreneurs is more about removing obstacles than it is about providing assistance and support. Local economic development programs will be more successful when they ask entrepreneurs, "what are you struggling with," and then work to diminish that struggle than developing plans and programs to broadly assist the business community.

Celebrate success and don't personalize failure. Many communities take business failure as indication of a broader community failing. This can lead to finger-pointing, or worse. The reality is that most entrepreneurs will fail, regardless of what the community does. What should reflect poorly on the community is if not enough entrepreneurs are stepping forward to give their ideas a try.

STEPS TO MAKE SPACE FOR ENTREPRENEURS

Making space for entrepreneurs to unleash their creative energy is easy. Here are some things any community can do:

Use pop-up commercial spaces. We think of businesses as storefronts or offices, but often they are not ready for that. A tent or a street table can be a low-cost alternative. Muskegon, Michigan, even bought some storage sheds, painted them up and then rented them out affordably to startup entrepreneurs. These small spaces are great for filling gaps in a streetscape.



Credit: Western Market, Muskegon

Waive home occupation requirements. Would Bill Gates or Steve Jobs be able to start their multibillion-dollar businesses in their garage today? Not with the zoning restrictions found in most cities. If you can do the business inside the house or an outbuilding and nobody passing by can tell, then there is not a lot of

justification for regulating it. We can let entrepreneurs get started by easing up on home occupations.

Ease up on permitting, especially for building reuse.

When one business closes and another comes in, there is generally no need for lengthy permitting processes, especially in established commercial areas. Processes that require someone to prove a negative up front—that they won't be a nuisance—are easy on bureaucrats but a huge obstacle for entrepreneurs. Let that startup know the community's expectations for how to be a good neighbor, then burden them with process only when they don't meet those expectations.

Lower the bar of entry on using existing buildings.

The regulatory default is to require a business owner wanting to use a building to bring it up to the latest codes before doing anything else. This forces entrepreneurs to become developers and building contractors, as well as expend a lot of time and capital, before they can focus on their business venture. Make sure buildings are safe, but then get the entrepreneur working. Allow their success to provide the resources for bringing the building into full compliance.



Credit: Possible Project Makerspace

Use the makerspace and co-working models. The explosion in both makerspaces and co-working office space has created tremendous opportunity for startup entrepreneurs to not only get started, but to learn from others doing similar work. These models are hives for innovation that every community serious about entrepreneurship should be promoting.

LEVERAGING ENTREPRENEURS TO ATTRACT INVESTORS

While there is a difference between investors and entrepreneurs, any community that wants to experience success ultimately needs both. A big part of building local wealth is giving the community the capacity to invest in itself, but investments of outside capital can also be positive.

In the resource trap, the most common way to attract investment capital from outside the community is to provide subsidies. This means using community resources to lower the risk and increase the return for that outside investor. While these transactions can provide the illusion of progress, they rarely make financial sense for the community, especially when compared to other investment opportunities.

A more successful approach is to create an active ecosystem of entrepreneurs that signals to outside investors that they should want to be there. In this case, success creates its own success. An active set of successful local entrepreneurs will lower the risk, and potentially increase the return, for outside investors and make the community a more attractive place for them to put their capital to work, no subsidy required.

STRATEGY #3: ACCELERATE SUCCESS WITH ECONOMIC GARDENING

Conventional economic development practice focuses on recruiting new businesses to relocate to the community. Like transplanting a tree out of its native habitat, sometimes the new business takes, but oftentimes it doesn't, with the many variables for success not aligning in the new location. Even when it works, the expense to the community in direct payments and indirect subsidies—not to mention the cost in time and energy—can hardly be justified, based on the track record.

And when those subsidies end, there's always another community ready to "do what it takes" to steal that fickle catch away. This is economic hunting, and it's part of the resource trap mentality.

Economic gardening recognizes that the most stable and prosperous businesses are those that are home-grown. Generally, those enterprises start with solving a local problem with local resources. They are embedded in the community, relying on local services (accountants, lawyers, marketers, etc.) and local talent.

They put a float in the local parade. They sponsor a youth softball team. They have loyalty to the community and are inclined to stay, especially if their success is part of the community's identity.

Economic gardening focuses on second stage companies, those that are in the best position to accelerate job creation.

STAGE 1

Startups, sole proprietors, and non-scaleable local businesses.

STAGE 2

Businesses with between 10 and 100 employees, generating \$1 million to \$50 million in annual revenue, with the potential to sell goods or services outside of the local community.

STAGE 3

Fully mature business with more than 100 employees.

Almost 80% of companies are Stage 1 and will never grow beyond that, but Stage 2 companies already have. They have proof of concept, are reaching viable markets, and their management has passed the initial tests of competency. They are primed to grow.

Most economic development programs focus on Stage 1 or Stage 3 companies, but an economic gardening approach recognizes that Stage 2 companies create more jobs, more quickly, than either of the other two stages of business maturing. And these Stage 2 jobs tend to pay more and provide greater options for advancement than similar positions in other organizations.

Most importantly for resource-based communities looking to build wealth, Stage 2 businesses generally don't need costly handouts, public subsidies, or expensive infrastructure investments. An economic gardening program provides these businesses with corporate-level tools on markets, trends, and marketing, along with a framework for handling common problems associated with growth, all affordable within a local program.

A successful economic gardening program not only accelerates job creation in Stage 2 companies, it brings outside capital into the community, providing more natural demand and support for Stage 1 enterprises. Economic gardening is a low risk, high reward approach.

A NECESSARY MENTAL SHIFT FOR ECONOMIC GARDENING

Committing to an economic gardening strategy requires resource-focused communities to think differently about some things.

The best jobs are locally grown. We too often discount local job creation in favor of the business from outside of the community we attract to move in. The “grass is always greener” mentality places less value on the local job, even though it is generally more stable and a better fit for the local workforce than a new, transplanted job.



Credit: Terrance Faircloth

Flashy is not automatically better. Ribbon cuttings and grand openings are flashy and feel like progress while growing local businesses is a humbler, and often unnoticed, undertaking. Recruiting that one business with 50 new jobs is the same number of jobs as adding one new job to 50 local businesses. The former will garner attention while the latter builds community wealth.

Public subsidies for business attraction is a sign of failure. Just like successful people do not need to pay their friends to like them, successful communities do not need to subsidize businesses to choose their place over another. The best business attraction strategy is to become a place others want to be, starting where you are and improving over time. Public subsidies for business relocation feels like a shortcut, but it is a trap that needs to be avoided.

Economic development is about the public's risk and reward. All economic development initiatives need to be measured in terms of the public's downside risk and the realized gain. It is not enough to measure success in terms of jobs created or new tax base added without also accounting for the risk and liability assumed.

IMPLEMENTING AN ECONOMIC GARDENING PROGRAM

The National Center for Economic Gardening (www.economicgardening.org) is the premier organization to work with in establishing an economic gardening program. They have the knowledge, experience, training, and support services to help most communities build a successful program. Their approach is particularly effective when paired with the other strategies in this guide.

To prepare your community for an economic gardening program, start with the following:

Introduce the idea to key officials. The people who need to vote on a program, allocate money to support it, and commit to the long-term strategy need to be brought into the conversation as early as possible. Ideally, the idea quickly becomes theirs.

Identify partners and key supporters. To be successful, people working in economic development in both the public and private sectors will need to be partners and supporters of the approach. Briefing them, getting their input, and developing a shared vision is important for early momentum and long-term success.

Create an economic gardening steering committee. There needs to be a group of stakeholders dedicated to seeing a strategy through to initial launch and ongoing implementation. These people will become the local experts, so it's important they are committed to the best interests of the community.



Credit: U.S. Department of Housing and Urban Development

Identify target business partners. Economic gardening programs are a voluntary gift of support to Stage 2 enterprises. To participate, the ownership of these enterprises will need to see the potential benefit of the program without experiencing a disproportionate amount of burden. Start identifying enterprises that are a good fit for the program and do initial outreach

to understand their business, their competitors, and their areas of struggle.

Develop a service delivery approach. Each economic gardening program will be different based on the needs of the participants and the resources of the program. Develop a delivery approach as well as a process for evaluating effectiveness and refining the approach over time.

Commit to ongoing communication, transparency, and fiscal rigor. Economic hunting is all about the next big score, but economic gardening requires an ongoing, rigorous commitment to an approach. Communicating the strategy, being transparent about successes and failures, and holding the program to a high standard will build credibility and sustain support for the effort.

WHEN TO USE PUBLIC SUBSIDIES FOR BUSINESS CREATION

Handing out subsidies for business growth and relocation is a strategy encouraged by the high-flow economy. It's not a wealth-building strategy, but it can create the illusion of wealth when a new business opens or changes locations. There is a lot of pressure in resource-based communities to appear "business friendly" by handing out subsidies. This rarely—rarely—works out well for the community in the long run.

Even so, there are instances where it makes sense to provide public subsidies to businesses. Those cases look a lot more like repairing damage or addressing past failures than welcoming something shiny and new.

For example, a strategic location that has some type of environmental contamination requiring remediation is a good candidate for tax subsidies. A significant historic building that requires extra care to restore instead of demolish is another. Tearing down a mistake, such as a building that should not have been built but hasn't reached the end of its useful life, is a third example.

In each of these instances, the tax subsidy fixes a problem with an important site. So long as the terms of the deal are reasonable (e.g., nothing that would extend terms beyond a decade), this is not a bad use of public subsidy.

Public subsidies are generally not the best way to address blight, which requires a more systematic response. There is also rarely a compelling reason—and even less often, a financial benefit—to either expand public infrastructure or develop a greenfield site using subsidies.

The Roots of a Resilient Economy

Durango, CO

Durango is in many ways an economic success story decades in the making. The city has pivoted its economy from an early dependence on the transport and smelting of mine products, developing a thriving tourist sector and growing entrepreneurship scene. Durango's downtown retail sector outperformed outlying areas of town through the Great Recession, despite adding far less retail space, in large part due to an active ecosystem of local businesses cooperating extensively with each other to promote placemaking. Economic gardening efforts are also well underway in Durango, resulting in a number of successful start-ups in recent years exporting specialty products, such as outdoor gear and cross-laminated timber, to places outside the region.

Read the rest of this case study at StrongTowns.org/growstronger

STRATEGY #4: BUILD COMMUNITY WEALTH WITH INCREMENTAL INVESTMENT

Listen to any economist being interviewed on cable news and it's only a matter of time before they recommend investments in infrastructure. There is a simple reason for this: investments in infrastructure create jobs and provide a platform for future growth. Jobs and growth are metrics that economists highly value. Since the Great Depression, there has not been an economic downturn that hasn't included investments in infrastructure as economic stimulus.

Listen to any local mayor or public works official and they will also talk about infrastructure, but from a very different perspective. Cities experience job creation and increased growth potential when building infrastructure, but the transaction doesn't end there. Local governments also assume the long-term responsibility to provide ongoing service and maintenance, a cost that will ultimately grow to be greater than the initial investment.



Credit: Allen Stanton

This is the major difference between state and federal spending on infrastructure, and local investments is the commitment involved.

- **State and Federal Investments in Local Infrastructure:**
Jobs and Growth
- **Local Investments in Local Infrastructure:**
Jobs and Growth + Long-Term Maintenance and Replacement

This difference in commitment means that the objectives of infrastructure investments must be different for local governments than it is for state and federal policymakers. For a community, not only does an infrastructure investment need to create jobs and economic growth, it needs to generate enough local wealth and capacity to sustain the investment when it needs to be maintained and replaced. Without that, the community grows poorer with each infrastructure project they do.

Unfortunately, the math on infrastructure investments demonstrates just that: Communities have experienced a lot of growth (capital flow) since the end of World War II, but nowhere near the wealth creation necessary to meet the long-term commitments they assumed. The financial productivity is not there and so, like a company founded with a lot of cash but a bad business model, cities have literally grown themselves into decline.

There is no way for a community to grow their way out of this using the same development model. Cities must stop building more infrastructure and switch to a model of intensive maintenance, combined with making better use of what has already been built. Our cities need to thicken up, increasing their financial productivity as they become better places to live.

This happens with incremental development, the time-tested approach cities used for thousands of years to build wealth over a broad area over a long period of time. Instead of building projects all at once to a finished state—locking them in fiscal and regulatory stasis—communities return to their evolutionary roots, allowing neighborhoods to adapt incrementally in response to opportunities and stresses. The Strong Towns approach uses many incremental steps to build momentum instead relying on the luck of a few large leaps.

A NECESSARY MENTAL SHIFT FOR MAKING PRODUCTIVE INVESTMENTS

Building community wealth using incremental investments requires resource-focused communities to think differently about some things.

Infrastructure is not an asset. General accounting practices direct cities to consider infrastructure an asset, but it's not. The community's tax base is an asset, but its infrastructure is a long-term liability, one that never goes away. Do not assume eternal liabilities on a whim.

You don't need (or even want) more infrastructure. Building more infrastructure generates quick and easy growth today in exchange for much greater long-term liability. Such exchanges make cities poorer, a reality North American cities now struggle with. Instead of expanding existing infrastructure systems, cities need to work to make more productive use of infrastructure that has already been built.

Small steps are better than large leaps. The lowest risk, highest returning investments most communities can make are small, incremental, and based on getting more use of existing investments. These kinds of projects (planting trees, painting crosswalks, fixing broken sidewalks, etc.) are not the kind that get ribbon cuttings and grand opening celebrations, but they are the attention to detail that builds lasting wealth.



Credit: Alex Indigo

Maintenance is king. When a local government prioritizes maintenance, it signals to the community that it is serious about the future, that it can be trusted with more substantial undertakings. When a local government does not obsess over maintenance, when it chases the next shiny object instead of sustaining core and critical systems, it does serious damage to the social compact every community needs to function.

STEPS FOR BUILDING COMMUNITY WEALTH WITH INCREMENTAL INVESTMENT

The Strong Towns approach for building community wealth relies on incremental investment and a process of learning and adapting to drive growth and productivity.

Rely on little bets, not transformational projects. In the book *Little Bets*, author Peter Sims describes how low-risk actions can help us discover, test, and refine ideas. Communities can apply this approach to their place as well. The book *Tactical Urbanism: Short-Term Action for Long-Term Change*, by Mike Lydon and Anthony Garcia, is a how-to guide for making low-risk, high-return investments in a place. Identify the minimum viable project, get it up and running, see what happens, then refine the approach.

Emphasize resiliency, not simply efficiency. Darwin's core insight was never "survival of the fittest," but survival of the most adaptable. Systems that are fine-tuned for efficiency of execution lose their adaptability. They become fragile and prone to failure. They lack resiliency. A Strong Towns approach recognizes that success over the long term cannot be mass-produced through some efficient process. It must be built incrementally over time.

Design to adapt to feedback. Cities are complex adaptive systems. They need to be able to respond to feedback at the block level. Neighborhoods that are frozen in place through zoning and other regulatory action become fragile. A Strong Towns approach not only welcomes feedback, it favors approaches that allow individuals and businesses to adapt their places incrementally over time.

Use bottom-up action, not top-down systems. Instead of developing a grand, top-down plan, local leaders must humble themselves to learn from the people in the community. When the effort is made to humbly observe where people struggle to live in the places built for them, and then those observations are followed quickly by the minimum viable project that can make that struggle a little bit easier, communities discover that they can iterate their way to success, even on a limited budget.

Conduct as much of life as possible at a personal scale.

There is an overwhelming correlation between places built for human beings and financial productivity. The more places are built to the scale of a human instead of an automobile, the more financially successful they are going to be.

Always do the math. Local governments budget year-to-year, yet they tend to be amazingly casual about debt and, even more so, about taking on long-term maintenance obligations. When communities don't hold themselves to a rigorous financial approach, they tend to descend into dogmatic thinking and start relying on convenient urges instead of prudence. Cities are not collections of people serving the public balance sheet. Quite the opposite: the public balance sheet needs to serve the people. To ensure the community is doing this, they have to keep score. Rigorously and obsessively.

Focus on reducing debts and liabilities. Cities are burdened with decades of legacy obligations: promises of the past that now rob communities of options. The obligation to maintain a road or repair a pipe has real consequences on people's lives if ignored, so it's not clear how these unpayable local commitments are rebalanced to fit local capacity. Local leaders must be cognizant of not expanding the communities' liabilities while they look for ways to adjust community commitments to match community resources.

THE STRONG TOWNS 4-STEP APPROACH TO CAPITAL INVESTMENT

Improving the financial productivity of a community will not be done at scale. Making better use of what has already been built is a hyper-local undertaking, one done at the block level.

Fortunately, the scale of the activity means that it's the kind of thing any community can undertake, regardless of size, regardless of budget. It begins with the recognition that the best investments—the ones with the highest financial rate of return—address a real and urgent need experienced by someone in the community.

At Strong Towns, we've developed a simple, four-step process for identifying this kind of opportunity and making it happen:

STEP 1

Humbly observe where people in the community struggle to use the city as it has been built.

STEP 2

Ask the question: What is the next smallest thing we can do right now to address that struggle?

STEP 3

Do that thing. Do it right now.

STEP 4

Repeat.

The 4-step approach is not a solution that eradicates struggles from the community, as if that were even possible. Instead, it is a process that can be repeated over and over, creating a feedback loop that prompts low-risk, high-returning investments that not only build community wealth and capacity, but also improve people's lives in the process.

Walking the Line

Sandpoint, ID

Moving past a commodity-based economy is not for the faint of heart. Some places, however, have not only learned to accommodate commodities and recreation but welcome newcomers with new—okay, maybe even weird—ideas on how to make money. Sandpoint, ID has grown into a hub for entrepreneurship and diverse local businesses, including a ski resort, food production factory, aviation company, and much more. Unlike other towns exploring change but still wary of outsiders and their ideas, Sandpoint has welcomed operations far from the commodity galaxy. There's a place for everyone here.

Read the rest of this case study at StrongTowns.org/growstronger

STRATEGY #5: REINFORCE THE MAIN STREET ECOSYSTEM

Resource-focused cities of the past built wealth in a downtown core surrounded by neighborhoods. This configuration concentrated the energy of the community, allowing it to be magnified by powerful feedback loops.

For example, the more successful the downtown became, the more people wanted to live in close proximity to it. The more people who live in and near the downtown, the more patrons there were for local businesses. The more patrons there were, the greater the investment in the downtown to serve them and the more successful it became. This is a positive feedback loop where improvements over time make things better for everyone.

Think of it as a roaring fire where more and more fuel is being added all the time.



Credit: J. Stephen Conn

Modern development practices take the opposite approach. Homes and businesses are spread out, disconnected from each other throughout the system. The failure or success of one property does not impact, for better or for worse, any other property in the community beyond a general trend. There is no direct feedback loop.

This is like taking the logs in that roaring fire and spreading them out over the ground. Some may burn and some may go out, but they don't reinforce each other. Spread out, they can't create a roaring fire.

To accelerate wealth creation, resource-based communities need to concentrate the energy of the community into positive feedback loops. This is done with design, mimicking traditional development approaches that have worked for thousands of years.

A Main Street ecosystem has a core downtown with storefronts, offices, public buildings, and places for people to live. This is all comfortably connected and walkable, making it as easy as possible for someone in the downtown to reach and do business with anyone else in the downtown. Get the logs close together so they heat each other up.

The core downtown is then surrounded by neighborhoods: places with homes, but also with neighborhood-compatible businesses, things like small offices, a home-based hair salon, or a coffee shop. The connections between the neighborhoods and the core downtown are critical; they must ultimately be so easily walkable that people would prefer to walk than drive. This is how the community adds more and more logs to the fire.

Ultimately, the downtown is an amenity for the surrounding neighborhoods while the neighborhoods are the customer base that supports the core downtown. Both reinforce each other in a positive feedback loop. Our ancestors who built cities understood that this is how a largest roaring economic fire possible is created.

We no longer have those cities of the past. Our Main Street ecosystem has been damaged and the energy there dissipated. To build a Strong Town today, we

need to reconnect the core downtown to its surrounding neighborhoods while we also work to make all of it a more enjoyable place to be.

A NECESSARY MENTAL SHIFT FOR BUILDING A MAIN STREET ECOSYSTEM

Reinforcing a Main Street ecosystem requires resource-focused communities to think differently about some things.

Zoning reform is essential. Zoning was originally put in place to separate businesses with smoke and noise from the places people lived, and there was a lot of sense to that. Over time, zoning became the cookie cutter to quickly replicate the post-War development pattern across North America. Today, cities must reform regulations that lock neighborhoods in place and unnecessarily separate things that are easily compatible with thoughtful design.

Connections matter. In an ecosystem, all the different parts act independently but, over time, they grow to work together. It's the connections that make this self-directed altruism possible. Economic ecosystems are collections of homes and businesses where human interaction stimulates growth, and so to create them, the internal connections within a place need to be designed for humans to easily walk everywhere.

Design matters. One thing modern Americans generally admire about humans of the past was their attention to detail, all of the ornamentation and craftsmanship they put into everything they built. They did this because, as poor people, it was how they added value to the places they built and the spaces they walked through. We tend to experience public spaces at the speed of an automobile, but cities that want a successful Main Street ecosystem will need to relearn the old design tricks of placemaking.

The stories we tell ourselves matter. The connections of a successful Main Street ecosystem are not merely physical, they are also social, cultural, and spiritual. Festivals, parades, and other celebrations reinforce our connectedness and help communities face difficult challenges.



STEPS FOR BUILDING A MAIN STREET ECOSYSTEM

Building a Main Street ecosystem creates the positive feedback loops a community needs to turn small wins into large gains. Here are some things any community can do to make their Main Street and surrounding neighborhoods stronger:

Focus on your downtown and an ecosystem of neighborhoods. A strong and prosperous place is a healthy ecosystem. Traditional neighborhoods around a core commercial center form the most adaptable, productive, and strong form of development. These places need to thicken up and become vital again. That's where a community's iterative and incremental efforts should begin.

Regulate neighborhood compatibility, not just usability. Fragile development approaches focus on separating all elements of a city into monoculture pods. Commercial offices are separate from commercial retail, and residential areas are set apart from all commercial space. This is what use-based zoning does, even

though monocultures are uniquely fragile. Development regulations need to focus on overall compatibility of buildings and patterns instead of trying to solve every potential conflict with different degrees of isolation.

Legalize neighborhood-essential services. Obtaining daily essentials shouldn't require everyone to travel to the same big box store. Along with legalizing home occupations, allowing neighborhood-scale commercial activities (things like small grocery stores, pharmacies, hair salons, and other quintessentially neighborhood-focused businesses) to open in residential neighborhoods reinforces every other strategy.

Use a "park once" mentality. There are few things that rob a community of capacity more than imposing the need to park a vehicle with every trip. Businesses are required to provide more parking than is needed while struggling citizens are taxed for the luxury of free and abundant parking. The tax base and financial productivity is reduced. The energy of the community dissipates, reinforcing the practice of spreading things out, one of the worst negative feedback loops a community can get into. Instead of adding or requiring parking, focus on reducing the amount of parking by having people park once and then making it easy for them to get to places outside of a motor vehicle.

Expand housing opportunities. Top-down financing has provided local communities with an abundance of single-family homes and clusters of high-density apartments, but this is like a forest with only two types of plants: sequoias and ferns. Housing types that fall somewhere between these two are often called the "missing middle" and they're "missing" partially because cities make them difficult to build. There is an enormous need for expanding housing opportunities.

Improve the housing stock. People need to have confidence that their investments in the community will pay off. When they don't, neighborhoods experience steady decline, but when they do, people become willing to invest their time, energy, and capital improving their place. This is another opportunity for a positive feedback loop. The Oswego Renaissance Association (www.oswegonyonline.com) uses such an approach to leverage small amounts of capital for tremendous gain.

Leverage public spaces. Too often, communities treat their parks like they are mere recreational amenities. Poorer cities of the past built spectacular parks by recognizing their capacity to improve surrounding property values. When a park, public building, or open space is well designed and connected to the surrounding neighborhood, it radiates wealth to all the nearby properties.

Throw a party. There is a reason nearly every city of the past, no matter how small or how poor, developed its own culture of parades, festivals, and gatherings. These celebrations bind communities together. They make it possible for everyone to experience their common humanity along with a shared future. Don't underestimate the power of getting the community together periodically for a good party.

HOW TO UNDERSTAND THE ROLE OF THE AUTOMOBILE IN A STRONG TOWN

There is tension in a Main Street ecosystem over the role of the automobile, but there doesn't need to be. Resource cities of the past had trains, carriages, and horses that brought people and goods to town in the same way people today travel by automobile. The technological advancement of the automobile has allowed us to travel further, faster, and in greater comfort. This is a good thing.



Credit: Bill Smith

In a traditional city, once a traveler entered the Main Street ecosystem and arrived at a destination—a business or residence they were visiting—they didn't take a horse or a carriage everywhere to their subsequent stops. They walked. They used their two feet to get around within that space.

Much of the economic damage that has been done to cities (the way we have spread out the logs and diminished the once roaring fire) involves a change in assumptions about how we get around within the core of the city. There is no community that can build

an adequate tax base if the expectation is that people drive to every destination. The cost of providing space for parking itself is too overwhelming, let alone the dissipation of economic energy that comes with such an arrangement.

Cities need to accommodate people arriving by automobile, but local communities will only prosper and be economically viable if they can ultimately replace most of the space between buildings—space now used for parking—with something productive, like another revenue-producing building.

Centered on the Next Generation

Musselshell Watershed, MT

The Musselshell Watershed faces problems known to rural and isolated places everywhere: diminishing population, lack of jobs, and bare-bones budgets. One might never guess this area is home to a minor revolution in the rural west. A local nonprofit founded a “grass bank” that allows young ranchers to lease collective grazing land for their cattle. They're also renovating underutilized buildings to create new community spaces. The community is focused on stewarding their land and building up a cooperative economy for now and for the future.

Read the rest of this case study at StrongTowns.org/growstronger

GETTING STARTED WITH A STRONG TOWNS APPROACH

There is a sense of urgency one acquires when grasping the extent of the challenges we face and the amount of work to be done. Meet that urgency with focus and intention.

The work of building a Strong Town will never be completely finished. It's a process, not a destination.

That process is designed to shift a community from a long and slow decline, one where desperation induces bad decisions and short-term thinking, to a future that rewards hard work and sacrifice with greater prosperity and increasing capacity for success.

It's a future where we not only want our children to stay, but one where they see a more prosperous future for themselves and their families.

To have focus and intention means starting where you are and working with what you have. That will be different for each community, but a good start has you:

Forming a working group. Regardless of whether you are an elected official, a city-building professional, or a concerned citizen, you need a team to get something done. Start assembling yours.

Taking stock of where you are. As dispassionately as possible, make an accounting of the challenges your community faces and the assets you have to work with. Get a more complete picture by checking your insights with others who see things differently.

Identifying the easiest first steps. What is the thing you can do right now with what you have? Don't allow your momentum to stagnate by seeking comprehensive solutions. Instead, build up to bigger projects and endeavors.

Getting started. Here is where the focus and intention can yield to urgency. Start making things happen.

Regularly circle back to the Strong Towns approach and the strategies outlined in this guide. They will help you keep the focus and intention you need to sustain success.

Leaving Coal Behind

Big Horn County, MT

Prosperity gained through commodities never seemed to last in Big Horn County, even when given a boost from the Yellowtail Dam project. As coal production declined, poverty, unemployment, and drug use abounded—especially on the Crow Indian reservation, which occupies a third of Big Horn County. Today, tribal leaders are focusing on education and community development, as well as aiming to make better, more diversified use of a major local resource: the Bighorn River.

Read the rest of this case study at StrongTowns.org/growstronger

STATE AND FEDERAL SUPPORT FOR A STRONG TOWNS APPROACH

Generally, with the best of intentions, state and federal lawmakers set up programs and policies to assist local communities and grow the economy. All too often, these approaches create modest short-term benefits with enormous long-term costs, especially for local governments. To support a Strong Towns approach, we need state and federal leaders to be more thoughtful and assist with reform efforts.

Here are four ways that can be done:

1

Fund maintenance, not expansion or new facilities.

Local governments already have more infrastructure, buildings, parks, and other facilities than their tax base can sustain. Helping them build more creates greater burden and makes them even more fragile. Don't give cities more liabilities.

Instead, help them solve their maintenance problems. Shift funding formulas to prioritize basic maintenance, particularly of underground infrastructure in historic neighborhoods. Encourage policies that reconnect and thicken up neighborhoods, allowing communities to experience a greater return from what has already been built.

If communities want to expand their systems, there should be no obstacles for them doing that on their own, but state and federal funds should not encourage that type of response.

2

Recreate economic development offices to support economic gardening.

Align state and federal economic development efforts to support local economic gardening initiatives. States

are particularly well-positioned to shift their approach to support bottom-up job creation.

States can also best measure and document the success of these efforts, allowing the economic development conversation to move beyond superficial ribbon cuttings and subsidies. Don't play the game of hunting for new businesses, outbidding other states in an attempt to import jobs, and don't encourage local governments to operate in this way, either.

Provide staff, technical assistance, and other support for economic gardening efforts. When businesses are ready, help connect them to the private sources of capital they need. Instead of tax subsidies, change the tax code to give local governments more flexibility in how they structure their local economy.

3

Instead of subsidies, invest in platforms for building prosperity.

There is an overused adage about teaching someone to fish that applies here. Instead of subsidizing a new business or project from the top-down, plant the seeds for bottom-up innovation and job creation.

Facilities like commercial kitchens, co-working spaces, and makerspaces provide community capacity to innovate and solve problems. Providing financial support for these kinds of initiatives helps elevate their role in local economic development efforts.

Giving priority to communities that have undertaken zoning reform, repealed parking regulations, and streamlined their permitting processes is another way to accelerate reform.

4

Accelerate the benefits of economic transformation.

The projects cities urgently need to do today tend to be small and nuanced, the kind of work state and federal programs struggle to do well. That doesn't mean state and federal money can't be well spent, but it needs to flow through a different mechanism.

For example, instead of injecting a million dollars into a single project, permanently endow a local entity with a million dollars to fund micro projects and small improvement grants. Support institutions that work at the block level, giving them the authority and capacity to direct funding to where it is needed. Provide technical support and assistance to help local communities as they address their own struggles.

A long-term shift won't occur with a short-term patch. It's only by building the local systems, institutions, and expertise that state and federal governments can support a Strong Towns approach.

The Path that Success Will Take

A final word about the path you are on... The Strong Towns approach is a lot like switching to a healthy diet with regular exercise.

There will be times when the gains come easy and there will be long stretches where it feels like progress is elusive. Stay the course.

There will be periods where the community performs well and others where you regress. Don't beat yourself up. Don't beat others up. Just get back to it.

Some of your little bets will fail. They will fail spectacularly. Remind yourself that you are failing small and failing early and that is a fair price to pay for insight.

Others will fail big and fail late, but you will not be one of them. Stay confident.

Celebrate success. Even small wins. Even when you're tired. You deserve it.

And never lose sight of why.

Thank you for everything you do to make your place stronger and more prosperous. The entire Strong Towns movement honors your hard work and commitment.

MORE INFORMATION AND SUPPORT FROM STRONG TOWNS

STRONGTOWNS.ORG

Strong Towns produces daily articles, podcasts, and videos that ask hard questions about how we build today, and shine a spotlight on a better way forward. We aim to educate, excite, and inspire citizens of all backgrounds to get involved in the conversation about how we build our world, and advocate for a Strong Towns approach.

Visit strongtowns.org to start exploring.

ACTION LAB

The Strong Towns Action Lab provides you the tools and resources you need to take action in your community. On the Action Lab, you'll find:

- *A directory of toolkits, how-to guides, ebooks, web broadcasts, and more;*
- *Case studies and examples of people taking Strong Towns-oriented action; and*
- *Opportunities to connect to people who are gathering for Strong Towns conversations across North America, plus information on how to start your own.*

Visit actionlab.strongtowns.org to dive in.

ACADEMY & COACHING

The Strong Towns Academy offers in-depth courses that will help you, your neighbors, and your local leaders learn to take action now. These courses go deep on a range of topics from housing to transportation to urban design. We also offer customized coaching and executive education, tailored to your group or community's needs.

Visit academy.strongtowns.org to learn more.

EVENTS

Strong Towns events help advocates to connect and communities to see a path forward to apply our approach in their places. Strong Towns staff are honored to speak at gatherings large and small all over the continent (or virtually), and would be glad to come to your place for a presentation or workshop.

Visit strongtowns.org/events to find an upcoming event or bring Strong Towns to your city.
