

Settlement development and municipal budgets

Settlement development is associated with financial challenges for many cities and municipalities. Greater numbers of residents and jobholders spur a corresponding increase in the demand for public services and infrastructure. Using its own simulation model, EBP has long been helping municipalities and private real-estate developers assess the impact of settlement development on municipal budgets.

Many cities and municipalities in Switzerland have experienced sustained growth in population and real-estate development over the past several years. And while the trend is expected to continue, many municipal authorities find themselves grappling with budget shortfalls as a result of stagnating tax revenues, demographic changes and new societal demands.

The ability to forecast the financial impact of long-term settlement development has therefore become ever more important for many cities and municipalities. But it is not just long-term settlement development. The advantage of being able to anticipate a financial impact also applies to individual real-estate projects, especially when one considers the increasing significance of ensuring public acceptance for such projects.

EBP has many years of experience when it comes to helping public agencies and private real-estate developers assess the interdependencies between settlement development, population growth, job growth and municipal budgets.

EBP has developed a simulation tool that enables municipal planners to analyze the impact of long-term settlement development and individual real-estate projects on municipal budgets. The tool's area-development component calculates future resident and jobholder figures on the basis of analyses of area-development potential. The results can then be used as a basis for estimating corresponding infrastructure needs. The tool's financial-planning component allows planners to model the resulting monetary flows in investment appraisals and in a given municipality's current account. This permits one to ascertain cash-flow and investment needs, as well as the corresponding net present value. Since its development in 2007, EBP has used the tool in around 20 different cities and municipalities.

Using its analyses of the financial impact of settlement development, EBP offers expertise in the following areas:

- Municipal settlement development
- Site and project development
- Property appreciation tax and urban development contracts

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- Provision of public services
 - Financial aspects of municipal mergers