Project Feasibility Predictor Overview

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This tool is designed to provide a high-level analysis of the financial feasibility of different MMH types based a set of simplified inputs:

- Selected County – to tailor the analysis to local conditions.
- Land Value – categorized as low, medium, or high, based on statewide data.
- Rental Rates – categorized as low, medium, or high, based on statewide data.
- Target Internal Rate of Return (IRR) – between 0% and 20%.

By simplifying complex financial modeling into a few key variables, the tool provides a rough feasibility indicator that shows how different MMH development scenarios perform in different conditions across the state.

This tool assesses feasibility based on a profit driven development model. Developments identified as “Not Feasible” by this tool may still be feasible for non-profit, mission-driven and stewardship-oriented development projects. Projects where land cost can be reduced or eliminated, such as if it is already owned by a jurisdiction or organization, can help to significantly improve project feasibility. Use of statewide data means that results may be skewed for counties where the real estate market is stronger or weaker than statewide averages.

Purpose

This tool shows how a variety of factors influence return on investment for real estate projects. While jurisdictions cannot necessarily control factors such as land cost or prevailing rents and housing sales prices, they can improve project feasibility by reducing regulatory hurdles that add time and cost to the development process, reducing the rate of return.

Why IRR Matters

IRR (Internal Rate of Return) is a widely accepted metric in real estate finance that represents the annualized rate of return a project is expected to generate over its lifetime. It captures the relation-ship between initial investment, cash flow performance, and exit (sale) value. In feasibility analysis, IRR serves as a proxy for project viability because it reflects both the project's profitability and tim-ing of returns. When IRR is higher than a developer’s required return threshold—typically ac-counting for risk, financing, and opportunity cost—the project is generally considered feasible. Conversely, if the projected IRR falls short of this threshold, the project may warrant reevaluation or redesign since investors would likely choose to put their money where they can realize higher returns.

By anchoring feasibility analysis around IRR and layering in market-specific data and input ranges, this tool offers a quick, comparative lens to compare different MMH types in different conditions around Utah.

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