

# Trails and Greenways: An Economist's Perspective

*The Economics of Land Use*



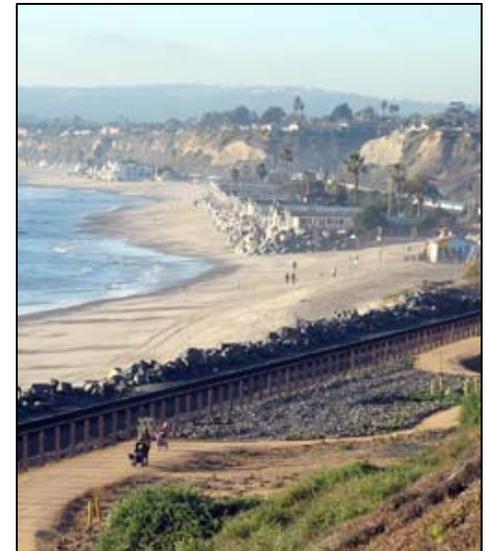
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*presented by*

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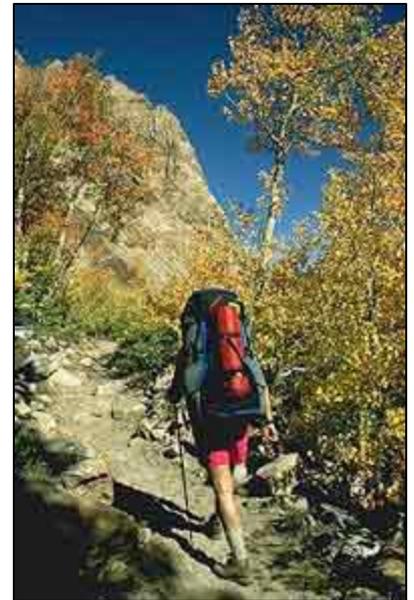
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# Overview

- **Key Concepts**
- **Economic Benefits of Trails and Greenways**
- **Implementation and Financing**



# Key Concepts

- **Green Infrastructure:** Trails, greenways, parks, and open space are infrastructure investments to be considered on par with roads, bridges, and water and sewer utilities.
- **Economic Benefits:** Trails, greenways, parks, and open space confer broad economic benefits that should be recognized and quantified.
- **Quality of Life is Economic Vitality:** Environmental quality and “quality of life” factors underpin regional economic vitality (e.g., “creative class” theory).
- **Multi-faceted Approach Required:** Recognizing broad benefits and economic linkages a key part of financing and implementation of trails, greenways, parks, and open space.

# Economic Benefit Categories

- **Two General Categories of Economic Benefit**
  - **Direct** economic benefits to residents, businesses, and visitors related to proximity and use of trails, greenways, parks, and open space.
  - **Public** economic benefits at local, regional, and global levels related to the availability and functions of trails, greenways, parks, and open space.

# Direct Benefits

- **Purchase of Goods and Services**
- **Property Values**
- **User Utility**



# Direct Economic Benefits – Goods / Services

- Trails and greenways support the large and growing outdoor recreation industry as well as providing opportunities for local businesses.
  - “Low-impact outdoor recreation”\* contributed \$730 billion in 2005 to the U.S. economy.
  - Walking for fun/fitness is most popular recreational activity among all age groups, with day hiking, running, and bicycling showing the highest growth rates.
  - Average day-of-use expenditure estimates for trails in Pennsylvania, Minnesota, Illinois, and California ranged from \$0.85 to \$21 per use, with an overall average in the \$3.50 to \$5.00 range.
  - 24% of business owners along the Cape Code Rail Trail in MA cited the rail-trail as a reason for their business location.

\* hiking, bicycling, camping, fishing, hunting, paddling, skiing, snowshoeing, climbing, backpacking, and wildlife viewing

# Direct Economic Benefits – Property Value

- Proximity and access to well-managed trails, greenways, parks, and open space adds a substantial premium to existing and new home values.
  - Property value increases range from 5 to 30 percent.
  - National Association of Homebuilders found that trails are the number one amenity desired by potential homebuyers.
  - Developers reported a 25 percent premium for properties adjacent to the Katy Trail in Dallas.
  - Analysis of a single, major greenway in Austin estimated over \$10 million in new property tax revenues.

# Direct Economic Benefits – User Utility

- Trails and greenways users derive significant personal benefit at low or no direct cost. “User Utility” studies estimate the equivalent financial value by asking about “willingness to pay”.
  - User utility for a hiking/biking visit at a major park ranges from \$2 to \$7 per visit.
  - User utility for nature study/walks involving bird watching estimated at \$40 per visit.
  - User utility associated with frequently used local trails averages about \$0.50 per use.
  - Annual user utility for East Bay Regional Park District (EBRPD) park and regional trail use estimated at \$74 million.

# Public Benefits

- **Quality of Life and Economic Vitality**
- **Public Health**
- **Urban Form**
- **Climate Change/Air Quality**



# Public Benefits – Quality of Life

- Economically successful regions are increasingly those offering high quality of life to residents.
- Trails, greenways, parks, and open space are a key indicator of quality of life and indicated as such in opinion polling.
- Surveys of CEOs and business owners indicate quality of life one of top three factors in choosing business location.
- Investments in infrastructure that improves quality of life will be a key economic development strategy in the 21<sup>st</sup> century.

# Public Benefits – Public Health

- The U.S. Surgeon General estimates that the economic costs associated with obesity reached \$117 billion in 2000, and has continued to increase.
- Access to trails, greenways, parks, and open space shown to improve overall physical and mental health of people.
- 43% of people with safe walking routes within 10 minutes of home meet recommended activity levels, compared to just 27% of those without safe places to walk.
- Trails safer for pedestrians and cyclists than mixed traffic roadways.

# Public Benefits – Urban Form

- Trails, greenways, parks, and open space help define urban form, create buffers with adjoining urban areas and resource production lands.
- Trails, greenways, parks, and open space provide ecosystem services including watershed management, carbon sequestration, and habitat preservation
- Trails provide a opportunity to reduce vehicle trips as part of transit-oriented development—success of TOD depends on ability to go places once arrive; i.e., pedestrian/bike friendly environments.

# Public Benefits – Climate Change

- Trails, greenways, parks, and open space can help reduce sprawling land use patterns and related impacts on greenhouse gas (GHG) emissions.
- Nearly half of all car trips are less than three miles—well-placed trails can divert significant amounts of traffic and auto-related GHG emissions.
- Creating bicycle/pedestrian-friendly communities can result in a 5 to 15% reduction in vehicle miles traveled in a community.
- Landscaping and maintenance of trails, greenways, parks, and open space can provide a “carbon sink” to absorb and store carbon dioxide in plant materials.

# Implementation and Financing – Current Context and Challenges

- State budget stress has reduced or deferred funding.
- Local governments cutting parks and recreation staff and budgets because of fiscal stress.
- Voter funding initiatives harder to pass during economic downturns.
- Less private foundation funding available.
- Reduced development-related funding (impact fees, etc.) available.
- Unlike during federal investments during the Great Depression, minimal investment in trails, greenways, parks, and open space from 2009 federal stimulus package.

# Implementation and Financing – Required Response

- Continue project planning, promotion, and design.
- Continue to articulate fundamental economic, environmental, and equity benefits of trails, greenways, and associated investments (e.g., EBRPD Economic Study).
- Support fiscal reform at the State and local level to improve financial well-being of State and local government.
- Seek opportunities to make land purchases in “down” market.
- Continue partnerships and other innovative funding approaches.

# Implementation and Financing – Reasons for Optimism

- Increasing recognition of importance of quality of life, economic benefits and reduced fossil fuel dependence.
- Significant recent success in securing voter-support in California for State and local bond initiatives to provide boost to parks, recreation, trails, and greenways investments.
- Advent and opportunities for private development-related investments and funding, private foundations, the federal government, local and regional commitments, and other mechanisms (e.g., “naming rights”).