

# Land Trust Alliance *Fact Sheet*



## The Economic and Tax-Base Benefits of Land Conservation

### *What the research shows on how conserving land protects the bottom line*

Communities that conserve land are making a wise investment. In addition to all the intangible benefits land conservation can bring to our families and society as a whole, clear evidence from numerous studies demonstrates that protecting open space—including parks, privately owned natural lands, farm and rangeland, and land protected by conservation easements—can generate real economic benefits and improve the local tax base.

In particular, land conservation helps communities protect the bottom line in five key ways:

- Reducing the tax burden on residents
- Improving property values
- Attracting business investment
- Reducing spending on infrastructure
- Promoting healthy lifestyles and public health

### **I. Open Space Reduces the Tax Burden on Residents**

New residential development helps communities in a number of positive ways, but studies consistently show that more balanced residential development—development that includes the

preservation of open space—helps reduce a community’s overall tax burden. On average, communities with more open space have lower taxes than communities with more residential development and less open space.<sup>1</sup>

A common method used by researchers to evaluate fiscal impacts of different types of land use is to examine the cost of community services. Such research weighs anticipated economic benefits from various forms of development against the cost of delivering infrastructure and services, such as roads and schools, to the development.<sup>2</sup>

These studies conclude that converting open space to residential development almost always costs more in funding new required services than the community can expect to realize in taxes and other benefits from the development. The result is that there is often a tax loss for communities.<sup>3</sup> For example, a recent American Farmland Trust study found that the median cost to provide public services for different land uses was \$1.16 per tax dollar raised for residential land uses—a 16-cent deficit—compared to a 35-cent per tax dollar for open space—a 65-cent surplus.<sup>4</sup>

### **II. Open Space Improves Property Values**

According to numerous studies, over the past two decades, open space also improves the local tax base by enhancing community property values, which leads to increased tax revenue. Economists call this the “proximate principle”—property values near open space (and thus taxes paid on those properties) are generally higher than property values located further away from open

space.<sup>5</sup> The following are a few examples in the research literature:

- Southeastern Pennsylvania: A study concluded that open space in a five-county region increased the value of the region's housing stock by \$16.3 billion and generated \$240 million annually in property tax revenues.<sup>6</sup>
- Suburban Dallas, Texas: A study found that homes facing parks were worth 22 percent more than homes located a half-mile away from parks.<sup>7</sup>
- National Homebuyer Survey: A survey by the National Association of Realtors found that 50 percent of homebuyers would be willing to pay more than 10 percent for a house near a park or protected open space.<sup>8</sup>

### **III. Open Space Attracts Business Investment**

Open space further helps to increase the local tax base and reduce the relative tax burden on residents in communities by attracting new business investment. Researcher Richard Florida, in several high-profile books, has shown how business leaders today recognize that a good environment is a critical factor in where their companies decide to locate and in their ability to attract top workers.<sup>9</sup>

Numerous studies show that open space contributes to a community's quality of life and the amenities the community offers, which attracts businesses and workers to locate in those areas. As the economist John Crompton concluded, "The importance of quality of life in business location decisions has been repeatedly verified in the literature . . . . No matter how quality of life is defined, park and recreational opportunities are likely to be a major component of it."<sup>10</sup>

### **IV. Open Space Reduces Spending on Infrastructure**

Open space can perform critical services that help communities economically in a variety of ways, such as serving as the first line of defense against a hurricane's storm surge. It is often more cost-effective for a community to maintain open space—which can control flooding, filter water runoff, or help to mitigate air pollution—than to invest tax dollars in expensive infrastructure projects to achieve the same function.<sup>11</sup> For example, one study found that by helping to capture precipitation, open space can potentially reduce the cost of managing storm water and the cost of drinking water up to ten-fold.<sup>12</sup> Moreover, according to the Economy League of Greater Philadelphia, "If the open space in southeastern Pennsylvania were to be developed, the region would need to spend more than \$132.5 million per year to cover the costs of environmental services provided by the open space."<sup>13</sup>

### **V. Open Space Promotes Healthy Lifestyles and Public Health**

Open space promotes healthy lifestyles and public recreation, which can reduce the obesity epidemic and the rising cost of health care. Today, more than two-thirds of American adults and almost one-third of American children are overweight or obese.<sup>14</sup> Obese people spend on average 42 percent more on health care costs than healthy-weight people,<sup>15</sup> and overall, because of obesity, the U.S. can expect to spend a staggering extra \$66 billion per year on health care costs.<sup>16</sup> Ready access to open space is a key tool in the fight against obesity, as "living close to parks and other recreation facilities is . . . consistently related to higher physical activity levels for both adults and youth."<sup>17</sup> Ultimately, opportunities for healthy lifestyles through accessible open space can provide greater economic savings to individuals and their communities.

In sum, protecting open space, including parks, privately owned natural lands, lands protected by conservation easements, and ranch and farmland, provides numerous economic benefits to communities. A community that protects open space can promote economic growth, reduce its tax burden, enhance property values, control infrastructure spending, and foster more healthy lifestyles.

For more information see an annotated bibliography of resources at [www.lta.org/ebclc-bibliography](http://www.lta.org/ebclc-bibliography).

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<sup>1</sup>See e.g., Active Living Research, “The Economic Benefits of Open Space, Recreation Facilities, and Walkable Design,” 2010; Crompton, J., “Community Benefits and Repositioning: The Keys to Park and Recreation’s Future Viability,” Virginia: National Recreation and Park Association, 2007; American Farmland Trust - Farmland Information Center, “Fact Sheet: Cost of Community Service Studies,” 2010.

<sup>2</sup>*Id.*

<sup>3</sup>*Id.*

<sup>4</sup>American Farmland Trust, *supra* note 1.

<sup>5</sup>Crompton, J., “The Impact of Parks and Open Space on Property Taxes,” in Trust for Public Land, *The Economic Benefits of Land Conservation*, 2007.

<sup>6</sup>Economy League of Greater Philadelphia, et al., “The Economic Value of Protected Open Space in Southeastern Pennsylvania,” 2010.

<sup>7</sup>Miller, A., “Valuing Open Space,” MIT Center for Real Estate, 2001.

<sup>8</sup>National Association of Realtors Survey of Homebuyers, 2001.

<sup>9</sup>See e.g., Richard Florida, “The Rise of the Creative Class,” 2002.

<sup>10</sup>Crompton, *supra* note 1.

<sup>11</sup>See Trust for Public Land, “Conservation: An Investment That Pays,” 2009; Kline, J., et al., “Toward a Rational Exuberance for Ecosystem Services Markets,” *Journal of Forestry*, 2009.

<sup>12</sup>Trust for Public Land, “Economic Benefits and Fiscal Impacts of Parks and Open Space in Nassau and Suffolk Counties, New York,” 2010.

<sup>13</sup>Economy League of Greater Philadelphia, *supra* note 6.

<sup>14</sup>The Trust for America’s Health, “F as in Fat: How Obesity Threatens America’s Future,” 2011.

<sup>15</sup>Finkelstein, EA, et al., “Annual medical spending attributable to obesity: Payer- and service-specific estimates,” *Health Affairs*, 2009.

<sup>16</sup>Wang, C, et al., “Health and Economic Burden of the Projected Obesity Trends in the USA and UK,” *The Lancet*, 2011.

<sup>17</sup>Active Living Research, *supra* note 1.



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