



GreenStep Cities: A Return on Investment

What could it mean for your city?

Best Practice #18 Parks and Trails: Support active lifestyles and property values by enhancing the city's green infrastructure.

Action 18.3 Achieve minimum levels of green space.

Best Practice 18.3, *Achieve Minimum Levels of Green Space*, is one of the common actions that GreenStep Cities have taken. In spite of the large investment and long-term nature of achieving this action, almost half of the participating cities (as of the end of 2013) have completed this action. Meeting minimum green space levels takes time and can take considerable commitment of public funds. Yet city residents demand park and green space services of their city, and show strong support for green space initiatives.

What is the "return" on Minnesota B3 Benchmarking investment?

Investing in green space within a city provides both an economic return and a quality of life return (see text box below). The economic return comes in the form of higher property values and greater tax revenues. The quality of life returns come through providing active living opportunities, protection and maintenance of natural infrastructure, scenic benefits, and protection of community or neighborhood character.

What is "return on investment"?

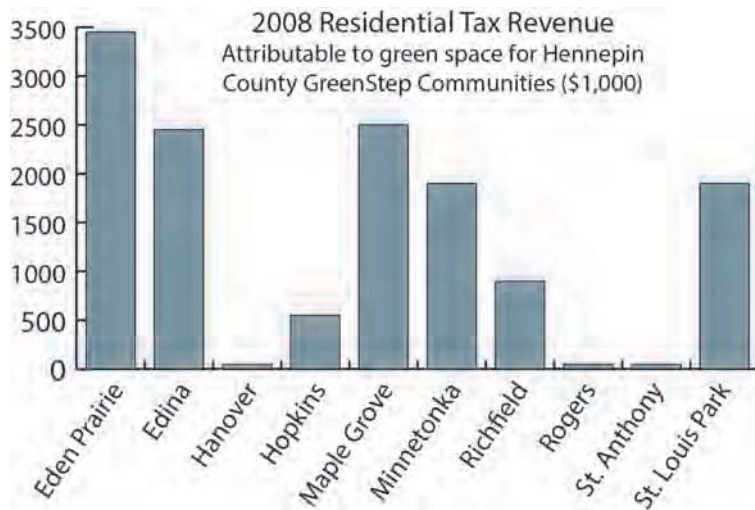
When local governments make "investments" on behalf of the community, the "return" comes in the form of improved or protected health, safety, or welfare. The GreenStep Cities program is designed to help cities sustain residents' health, safety and welfare over time. The return on investment (ROI) approach includes two concepts that justify many local government activities: improving residents' quality of life; and, creating economic opportunity.

1. **"Economic" returns.** Cities take a number of actions and initiatives whose purpose is to generate an economic return. Elements of economic return include using tax dollars more efficiently, creating economic opportunity for individuals or businesses, and creating tax base to support community investments and institutions.
2. **"Quality of life" returns.** A wide array of city actions and investments are intended to improve the quality of life of residents. Elements of quality of life returns include improving environmental quality, protecting or advancing the health of residents, enhancing the sense and functioning of community, and providing access to superior services and facilities.

Economic ROI

Properties near to green space have greater value than properties farther away from green space. Numerous studies, both national in scope and within Minnesota, have documented that properties close to protected green space have a market value premium of between five percent and 18%, depending on the type of green space. The increase in market value, and consequently tax revenue, typically affects properties within a half a mile of the green space.





The Trust for Public Land conducted a detailed study in 2008 on the property tax impacts of green and open space on single family homes in Hennepin County. Ten cities that are now GreenStep Cities were included in this analysis. The tax revenue benefit of these cities' open space, based on 2006 property tax data, ranged from approximately \$100,000 in additional annual revenue from residential properties (Hanover) to over \$3.4 million (Eden Prairie).

Quality of Life ROI

Local government investment in protected green space provides a significant "quality of life" return on investment, realized by city residents and visitors. This quality-of-life return is the one most cities value highly; cities routinely provide for parks, park programs, trail development and maintenance, and specific amenities (such as beaches) associated with green space. Green space provides a return in the form of recreation opportunities, healthy lifestyles, scenic value, and the functions of natural infrastructure and ecosystems.

Measuring the quality-of-life (QOL) return is generally done by assessing the ease of access that residents have to protected green space and associated amenities and programs. Quantitative measurements for meeting QOL returns include:

- Percentage of residents within a set distance (quarter to half mile) of protected green space
- Green space within a 10 minute walk of home
- Number of acres of protected green space per resident
- Percentage of total city area that is protected green space
- Median size of parks or protected green space areas
- City spending per resident on park services

Case Study - Minnetonka

Minnetonka is a suburban community west of Minneapolis with a population of 51,000 and has been a GreenStep City since 2013 (Step 2). Founded in 1956, Minnetonka primarily developed during the 1960s and 70s, with continuing significant growth through the turn of the century.

Implementation history. From the time of incorporation in 1956, Minnetonka had a vision of ensuring residents access to green space. Minnetonka created a comprehensive park plan, and created its first park, Gro Tonka Park, by 1960. As the city rapidly developed over the 1960s and 70s, the park and open space system grew alongside other development. The city used a combination of bonding for direct acquisition of land for parks (\$1.3 million in 1972) and park dedication requirements for



Grand Rapids, GreenStep City since 2013, offers residents green spaces within the city and connections to regional areas outside the city. (Photo: CR Planning)





new subdivisions to expand its green space as the population grew.

In the 1990s, the city incorporated a natural resource focus to its green space efforts and began intergovernmental collaborations with the Minnehaha Creek Watershed District and other entities to protect and restore sensitive wetland, floodplain, and natural areas. Continuing development pressure led the city to engage a citizens' task force in the late 1990s to identify strategies for preserving open space and develop criteria for the level of natural resource preservation in appropriate locations. The effort led to a successful 2001 referendum for funding natural resource protection and restoration.

Minnetonka now provides substantial green space resources for its residents. In 2014, almost 24% of the city's total area was in protected green space (about 4,100 acres). Sixty five percent of single family homes, and over 70% of the population, are within a half mile of large (50 acres) protected open space areas.

Economic Return on Investment. The residents, businesses, and property owners in the City of Minnetonka reap both an economic and quality of life return on the city's historic and ongoing investment in green space. The 2008 value-of-open space (Trust for Public Land) study of Hennepin County communities documented property tax benefits of the city's green space to be almost \$2 million, or about 5.2% of total tax revenue from single-family homes. In 2013 (assuming all other things are equal) the tax revenue return from open space is approximately \$3.3 million. The city's ongoing commitment to continue to add green space and integrate natural systems into new development and redevelopment means that the green space tax revenue return will likely increase over time.

Property Tax ROI

In 2008, the property tax return from the City's green space system **increased** tax revenues from single-family homes by **\$2.0 million**. In 2013, the benefit **increased** to approximately **\$3.3 million**.

Quality of Return on Investment. As has been extensively documented, access to green space provides substantial quality of life benefits.¹ In 2014, 17,416 of Minnetonka's single family homes were within a half mile of protected open space, providing not only economic benefit but ensuring a minimum level of access for the vast majority of residents. Other measures that demonstrate Minnetonka's commitment to ensuring quality of life benefits for residents:

- Parks, recreation, activities programs budgets: \$365/household
- Acres of protected green space: 0.2 acres per household
- Miles of trails and sidewalks maintained: 89 (2 miles added in 2013)

Current Implementation Tools. Minnetonka continues to invest in green space and expand access to green space for its residents. Tools used by the city to realize these returns include:

- Annual financial support for its park department
- Adoption of park/trail/open space plans, and capital improvement plans for implementation
- Park dedication requirements in the subdivision ordinance
- Conservation development ordinances for development or redevelopment that includes permanent protection of green space
- Acquiring land or conservation easements in natural resource areas by purchase or donation
- Intergovernmental cooperation with the Minnehaha Creek Watershed District, Three Rivers Park District, and the State of Minnesota to create park and protected areas

1. Ian Alcock, et al. "Longitudinal Effects on Mental Health of Moving to Greener and Less Green Urban Areas. Environmental Science & Technology, 2013.





Minnetonka's Bundle" of Sustainability Best Practices. Minnetonka's implementation of best practice 18.2 is not an isolated initiative. The city's green space and green space implementation tools work in synergy with a number of other sustainability best practices to further enhance the overall benefit to residents and businesses. For instance, continued expansion of Minnetonka's trail system is providing greater and higher quality access to green space for residents, in addition to providing non-automotive transportation and encouraging healthy living practices (consistent with GreenStep Cities Best Practice #12 Mobility Options, Actions 1 and 2). Minnetonka's green space efforts have helped them implement or move substantially toward implementation of the following additional GreenStep City best practices:

- #11 Complete Green Streets: Create a network of multimodal green streets that add value to the surrounding properties
- #19 Surface Water Quality: Improve local water bodies
- #17 Efficient Stormwater Management: Minimize volume of and pollutants in rainwater runoff
- #10 Conservation Design: Adopt development ordinances that protect natural systems.

Case Study – St. Louis Park

St. Louis Park is a first tier suburban community west of Minneapolis with a population of 46,000 and has been a GreenStep City since 2013 (Step 2). The city incorporated as a village in the 1886 but did not actually incorporate as a city until 1955, when the population was already at 30,000 people. Most of the city's growth occurred after World War II, where the population increased by almost 500% over 25 years. Since 1970, the population declined, then leveled off and is now growing slowly.

Green Space Implementation History. St. Louis Park's green infrastructure system started in its village era. However, the village's early green space additions were more accidental than planned: most of the early "parks" were acquired via tax forfeiture, primarily parcels that were effectively unbuildable. Until the city was incorporated in 1955 it did not have the ability to plan and implement a coordinated green space system.

The city has substantial green space resources for its residents, with more than 51 parks. Over 17% of the city's total land area was in parks and other protected green space (about 1,200 acres, 900 in City parks).

The city has also adopted a natural systems protection effort, working to restore and protect water quality through creation of linear green space and use of conservation easements (with willing property owners) on private land to improve recreation, habitat, and water quality. The city has worked in collaboration with the Minnehaha Creek Watershed District on acquisition of easements, restoration of shoreland and meanders, and incorporation of water quality best practices on private lands.

Economic Return on Investment. The residents, businesses, and property owners in the City of St. Louis Park reap both an economic and quality of life return on the city's historic and ongoing investment in green space. The 2008 value-of-open space (Trust for Public Land) study of Hennepin County communities documented the property tax benefits of the city's green space to be almost \$1.8 million additional property tax revenue from single-family residential homes. Assuming at least the same level of

Property Tax ROI

In 2008, the property tax return from the City's green space system **increased** tax revenues from single-family homes by **\$1.8 million**. In 2013, the benefit **increased** to approximately **\$2.1 million**.



benefit in 2014, this translates to approximately a \$2.1 million property tax benefit. Access to the growing network of trails increases this benefit (studies have demonstrated a similar property value/tax dividend for proximity to regional trails).

Quality of Return on Investment. As has been extensively documented, access to green space provides substantial quality of life benefits.² In 2014, all of St. Louis Park's single family homes were within a half mile of a park, and over 15% were immediately adjacent to protected open space, providing not only economic benefit but ensuring a minimum level of access for the vast majority of residents. Other indicators of St. Louis Park's quality of life return for green space investments include:

- Parks budget of approximately \$6.5 million, or about \$304 per household
- Parks CIP budget of \$1 million per year, continuing to improve quality and access
- Paved walking and bicycle trails, 24 miles (excluding sidewalks)
- Healthy living and community engagement actions enhance:
 - o Adopted an Active Living Policy
 - o Health in the Park initiative (with Blue Cross/ Blue Shield) started in 2013
 - o Environmental & Sustainability Commission created in 2013
 - o Grants for organized neighborhood associations, often used for neighborhood park items/infrastructure



Minnehaha Creek. Photo: CR Planning

2. IBID.





Current Implementation Tools. St. Louis Park continues to invest in green space, expand access to green space for its residents through trails and linear greenways, and provide a variety of recreation and programming options for use of park and recreation areas that add value to the park and trail system. The city uses the following tools to generate return on investment for residents and taxpayers:

- Regulatory tools
 - Created a "Trail and Sidewalk 10 year master plan" implemented in 2014
 - Park dedication ordinance/fee for new development
 - Tree preservation ordinance/fee
 - Native Vegetation Permit to promote native yards/native vegetation
- Funding new acquisitions
 - Conservation easements with Minnehaha Creek Watershed District
 - Partnership with Three Rivers Park District for regional trails through St. Louis Park

St. Louis Park's "Bundle" of Sustainability Best Practices. St. Louis Park's implementation of best practice 18.2 is not an isolated initiative. The city's green space implementation tools work in synergy with other sustainability best practices to further enhance the return on investment to residents.

St. Louis Park is continually expanding its trail system by including annual capital improvements in the budget. This improves access to open space by providing dedicated trails for non-motorized travel (consistent with GreenStep Cities Best Practice #18 Mobility Options, Action 1). St. Louis Park's green space efforts enable or facilitate the implementation of other GreenStep City best practices:

- #10 Conservation Design: **Conduct a Natural Resource Inventory or Assessment (NRI or NRA)** (City wide NRI conducted with Hennepin County)
- #12 Mobility Options: **Promote walking, biking and transit** (Annual trail/sidewalk map updates)
- #12 Mobility Options: Launch an **Active Living campaign** (Health in the Park initiative)
- #16 Urban Forests: **Budget for and achieve urban canopy/tree planting goals** (\$60,000 annual CIP budget item for boulevard and Park tree planting)
- #18 Parks and Trails: **Create park management standards/practices** (adding alternative landscaping around pond/lake perimeters and has added prairie in park open spaces)



100% of the city is within one half mile of protected open space. (Source: City of St. Louis Park)