



## **Streamside Setbacks Increase Property Values and Attract Economic Development**

Research compiled by Citizens for a Better Flathead 9/07. The following research is submitted for the record in support of the Whitefish Critical Areas Ordinance.

Property values are influenced by many factors that vary depending on time, location, and purchaser's needs or desires. Appraisal values for waterfront property are typically higher than for non waterfront property. Yet, a growing body of research shows that property located on water bodies that have protections to keep water clean and the habitat vital attract more buyers and a higher price. Additionally, research shows communities that set limits on inappropriate development and maintain the scenic and wild qualities of rivers, streams, wetlands, and lake shores attract and retain economic development. Below is a sample of some of this research.

A study done near Oakland, California, found that a 3-mile greenbelt around Lake Merritt added \$41 million to the surrounding property values.<sup>1</sup> A study done on Portland, Oregon found similar results. Portland has two levels of environmental zoning with strong restrictions on development of parcels in the environmental protection zone (p-zone) and somewhat more accommodation of some development in the conservation zone (c-zone). A study published by the Journal of Land Economics found that properties with a c-zone designation in North Portland sell for 35% more than homes without any environmental zoning.<sup>2</sup> Furthermore, a study of home prices in three California counties found urban stream restoration projects which decreased flooding, stabilized banks, and enhanced fisheries added between 3% and 13% to mean property value.<sup>3</sup>

Research on the effects of Michigan State's Natural River Program, which sets out simple zoning criteria that local communities use to design a plan for protecting their river together across township and county boundaries, also documents the economic benefits of putting in place protections. A comprehensive 1996 Michigan State University study found that property on designated Natural Rivers sells at higher prices and sells more readily than land on non-designated rivers. In particular, the study found:

- The number of property sales on Natural Rivers increased at a rate of 20.8% from 1986 to 1995, while non-designated rivers showed no upward trend.
- Prices paid for Natural River properties were both higher and increased faster — at a rate of 17.8% from 1986 to 1995 — than on non-designated rivers.

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<sup>1</sup> 168. Lerner, S. and W. Poole, *The Economic Benefits of Parks and Open space*. 1999, The Trust for Public Land: Washington, D.C.

<sup>2</sup> 185. Netusil, N.R., *The effect of environmental zoning and amenities on property values: Portland, Oregon*. **Land Economics, 2005. 81(2): p. 227-246.**

<sup>3</sup> Streiner, C.F. and J.B. Loomis, *Estimating the Benefits of Urban Stream Restoration Using the Hedonic Price Method*. Rivers, 1995. **5(4): p. 267-278.**

- Prices paid for vacant, undeveloped land were the same along Natural Rivers and nondesignated rivers. That is, Natural River zoning restrictions had no negative effect on a property's potential in the eyes of buyers.

Of the fourteen rivers under Natural River zoning, ten had building setbacks of 200 to 150 feet and four had setbacks of 100 to 125 feet.<sup>4</sup>

Following a greenbelt acquisition in Boulder, CO, adjacent property values increased by 32%.<sup>5</sup>

In a study of properties located close to streams in British Columbia, it was found that residential property values increase by 15 – 20% when close to greenways.<sup>6</sup>

In 1983, a study was conducted in Madison County, Montana that found “development along the Madison River will adversely affect the important economic and recreational opportunities that so many people depend on...”<sup>7</sup>

In a study conducted by the University of Arizona, it found that housing prices increase by 6 percent for homes near a protected riparian corridor.<sup>8</sup> Other studies indicate that the adoption of enhanced stream setbacks may cause the value of existing homes near streams to go up on the long term.<sup>9</sup>

Local governments also benefit from protecting streamside areas. Such protection may lower servicing and stormwater management costs while increasing the attractiveness of communities as a place to raise families. Johnson County in Kansas saved an estimated \$120 million on engineered stormwater controls by setting aside \$600,000 worth of riparian greenways.<sup>10</sup>

Wetlands and riparian areas protected as open space can reduce overall costs for local governments as well. A study done in Flathead County found that for every dollar generated by residential land in the county in FY 1997, it cost \$0.53 to provide services to open space and agricultural land, while it cost \$1.52 to provide the same services for residential land.<sup>11</sup> Between 1992 and 1997, the population of Flathead County grew by 22.6 percent, while the average homeowners' local tax bill increased 65 percent, which was partially a result of the cost of paying for sprawling development patterns.<sup>12</sup> Studies done by the American Farm Land Trust across the country reinforce that agricultural and open space often provide more in revenue to local governments than they demand in services. Residential land, on the other hand, incurs higher service costs than it provides in revenue.

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<sup>4</sup> Michigan Land Institute, <http://mlui.org/downloads/naturalrivers.pdf>

<sup>5</sup> “A Planning Guide for Protecting Montana’s Wetlands and Riparian Areas.” Published by Montana Watercourse, Montana Department of Environmental Quality, and Montana Audubon. July 2003.

<sup>6</sup> Quayle and Hamilton 1999.

<sup>7</sup> “A Planning Guide for Protecting Montana’s Wetlands and Riparian Areas.” Published by Montana Watercourse, Montana Department of Environmental Quality, and Montana Audubon. July 2003.

<sup>8</sup> Colby, B, PhD, & Wishart, S. Riparian Areas Generate Property Values for Landowners. *Agriculture and Resource Economics*, The University of Arizona, January 2002.

<sup>9</sup> Ibid.

<sup>10</sup> Sandborn, Calvin. 1996. *Green Space and Growth: Conserving Natural Areas in BC Communities*. B.C. Commission on Resources and Environment, Victoria, B.C.

<sup>11</sup> Citizens for a Better Flathead. “A Review of the Fiscal Impacts of Different Land Uses on County Government and School Districts in Flathead County, Montana, for the Fiscal Year 1997 &1998” January 1997.

<sup>12</sup> Montana Smart Growth Coalition. Retrieved from [www.mtsmartgrowth.org](http://www.mtsmartgrowth.org)

In a letter Governor Schweitzer wrote to agency directors, on March 8<sup>th</sup>, 2006, at DEQ, DNRC, and FWP, he stated that:

“Development along rivers and streams that destroys protective riparian areas is possibly the single most urgent ecosystem threat facing Montana today. Not only do these waterways and riparian areas provide fish and wildlife habitat, they also provide jobs and recreation.”<sup>13</sup>

Clean water is directly linked to a strong economy. In the Flathead, tourism is a major component of the economy because of the vast natural resources and amenities people from all over the world come to enjoy. In 2006, visitors to the Flathead Valley spent a total of \$297,092,216. In 2006, the top four primary attractions for visitors were Glacier National Park (48%), mountains/forests (14%), visiting family/friends (12%), and open space/uncrowded areas (10%). For those on vacation their top attractions were Glacier National Park (77%), mountains/forests (68%), open space/uncrowded areas (47%), lakes (41%), and rivers (39%).<sup>14</sup>

The abundance of fish and wildlife species supported by riparian areas provides many outdoor recreational activities, including hunting, fishing, birdwatching, and hiking, that are important to Montanans.

A study published in 1998 by the U.S. Fish and Wildlife Service found that in 1995 over 1,084,000 people participated in wildlife-associated recreation in Montana, spending over \$678 million.<sup>15</sup> Of those participating 336,000 fished, 194,000 hunted, and 554,000 participated in wildlife watching activities.<sup>16</sup> Furthermore, this spending does not include travel related expenses, such as food and lodging. The majority of recreation activities in Montana depend upon the existence of healthy, productive wetlands and riparian habitat.<sup>17</sup>

In summary, as outlined above there are numerous economic, environmental and social benefits of streamside setbacks: they protect private property from flooding and erosion, protect water quality and quantity, provide opportunities for quality recreation, protect valuable water recharge areas, preserve fish and wildlife habitat, contribute to a strong economy and property values while preserving the use and enjoyment of private property.

While some public comments have raised concerns and speculated about the loss in property values these studies do not support such speculation. **Indeed, the real question Whitefish should be asking is what will be the loss in property values if we do not put in place safeguards to preserve our water quality?**

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<sup>13</sup> Governor Brian Schweitzer. Letter to Directors at the Department of Environmental Quality, Department of Natural Resources and Conservation, and the Fish Wildlife and Parks. March 8, 2006.

<sup>14</sup> Nickerson, N & Oschell, C. Niche News: Flathead County Traveler Characteristics. The Institute for Tourism and Recreation Research, University of Montana, April 2007.

<sup>15</sup> Residents and nonresidents are included in these statistics.

<sup>16</sup> All 3 cases studies were taken from “A Planning Guide for Protecting Montana’s Wetlands and Riparian Areas.” Published by Montana Watercourse, Montana Department of Environmental Quality, and Montana Audubon. July 2003.

<sup>17</sup> Ibid.