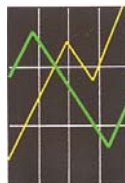


The Economic Value of Active Transportation



A Fact Sheet Compiled by Ryan Snyder

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THE ECONOMIC VALUE OF ACTIVE TRANSPORTATION

INTRODUCTION

A rapidly growing number of communities, public health professionals, urban planners, architects and others promote urban form and design that fosters walking and bicycling. The reasons are many. Soaring rates of obesity, air quality, traffic and a desire for an improved quality of life top the list.

The purpose of this fact sheet is to show that “new urbanism,” “designing for active transportation,” “smart growth,” “livable communities,” and other ways of describing this emerging community form makes good economic sense for developers, businesses, cities and residents. There is *economic value* to designing desirable communities and neighborhoods. In an era of scarce public funds, this economic value justifies the *investment* in livable communities. **Active transportation and livability should be funded because governments can recover their investment through enhanced tax revenues, and developers can recoup their investment in higher sales or rents.**

No original research was conducted for this fact sheet. A number of other similar fact sheets have been assembled. This one brings those together with some other research. The bullet pointed facts are organized in several categories:

- Economic Value of Livable Communities
- Economic Value of Walking and Bicycling
- Economic Value of Trails
- Costs of Not Designing Livable Communities.

ECONOMIC VALUE OF LIVABLE COMMUNITIES

- Homeowners are willing to pay an average of 11% more for homes as compared with similar houses in nearby neighborhoods in four new urbanist communities studied. They were willing to pay 13% more in Kentlands, Maryland; 25% more in Harbor Town, Tennessee; 4% more in Laguna West, California; and 9% more in Southern Village, North Carolina. (“Valuing The New Urbanism, The Impact of the New Urbanism on Prices of Single Family Homes,” Mark Eppli and Charles Tu, Urban Land Institute, 1999, p 73.)
- Homebuyers ranked community design with low traffic and quiet streets 1st out of 39 attributes used to select a home, according to a 1994 study by American Lives. (“The Economic and Social Benefits of Off-Road Bicycle and Pedestrian Facilities,” National Bicycle and Pedestrian Clearinghouse, No. 2, Sept. 1995.)

Taken from “The Economic Benefits of Walkable Communities,” by the Local Government Commission for the California Department of Health Services.

- One study showed that a 5 to 10 mph reduction in traffic speeds increased residential property values by about 20%. A second study found that traffic calming that reduced traffic by several hundred cars increased home values by an average of 18%. (“Evaluating Traffic Calming Benefits, Costs and Equity Impacts,” Todd Litman, Victoria Transport Policy Institute, 1999.)
- A \$4.5 million investment in streetscape and pedestrian improvements on School Street in Lodi, California, as well as some economic development incentives, are credited with attracting 60 new businesses, decreasing the vacancy rate from 18% to 6% and increasing downtown sales tax revenue by 30%. (“The Economic Benefits of Walkable Communities,” by the Local Government Commission for the California Department of Health Services.)
- The City of Mountain View, California created a pedestrian-friendly district along previously run-down Castro Street. Since then, \$150 million in nearby private investments have brought new commercial and residential development creating a regional retail attraction with restaurants, bookstores, pubs and lots of pedestrians. (“The Economic Benefits of Walkable Communities,” by the Local Government Commission for the California Department of Health Services.)
- West Palm Beach, Florida turned a run-down downtown into a lively commercial area with a \$10 million investment in traffic calming, a fountain, public event space and building restoration. In the five years between 1993 and 1998 property values went from \$10-\$40/sq.ft. to \$50-\$100/sq.ft., and commercial rents went from \$6/sq.ft. to \$30/sq.ft. This brought occupancy up to 80% and attracted \$350 million in private investment to the area. (“The Economic Benefits of Walkable Communities,” by the Local Government Commission for the California Department of Health Services.)

ECONOMIC VALUE OF WALKING AND BICYCLING

- Homebuyers ranked walking and biking paths 3rd out of 39 attributes used to select a home, according to a 1994 study by American Lives. (“The Economic and Social Benefits of Off-Road Bicycle and Pedestrian Facilities,” National Bicycle and Pedestrian Clearinghouse, No. 2, Sept. 1995.)
- After investing \$191,893 in Maryland’s Northern Central Rail-Trail, state revenues increased by \$303,750 that same year as a direct result to the economy’s growing sales, property and income taxes. (Analysis of Economic Impacts of the Northern Central Rail-Trail, Maryland Department of Transportation, 1994.)

- The total economic benefit of active transportation amounts to \$3.6 billion (Canadian) per year in Canada. This is from a combined walking (6.6%) and bicycling (1.2%) mode share of 7.8%. If the mode share of walking and bicycling rose to that of Victoria (the highest in Canada - 15.2%) the value would increase to \$7 billion per year. Economic benefits of active transportation occur from:
 - Reduction in road construction, repair and maintenance costs
 - Reduction in costs due to greenhouse gas emissions
 - Reduction in health care costs due to increased physical activity and reduced respiratory and cardiac disease
 - Reduction in fuel, repair and maintenance costs to users
 - Reduction of costs due to increased road safety
 - Reduction in external costs of traffic congestion
 - Reduction in parking subsidies
 - Reduction of costs of air pollution
 - Reduction of costs of water pollution
 - Positive impact of bicycle tourism
 - Positive impact of bicycle sales and manufacturing
 - Increased property value along trails
 - Increased productivity and a reduction of sick days and injuries at the workplace

(“The Business Case for Active Transportation: The Economic Benefits of Walking and Cycling,” Richard Campbell and Margaret Wittgens for Better Environmentally Sound Transportation, 2004, p. 42-43.)

- The economic health benefits of active transportation alone in Canada amount to \$92 million (Canadian) per year. At Victoria’s mode share of 15.2% this would be \$179 million. (“The Business Case for Active Transportation: The Economic Benefits of Walking and Cycling,” Richard Campbell and Margaret Wittgens for Better Environmentally Sound Transportation, 2004, p. 42-43.)

ECONOMIC VALUE OF TRAILS

Taken from the Economic Benefit of Trails and Greenways by the Rails-to-Trails Conservancy

- The Great Allegheny Passage brought in \$14 million per year in direct economic benefit (rentals, meals, lodging, trinket purchases, etc.) even as it was only half completed. (Stephen Farber, University of Pittsburgh and Pennsylvania Economic League, Inc. *An Economic Impact Study for the Allegheny Trail Alliance*, January 1999)

- Leadville, Colorado received an increase of 19% in sales tax revenue in the months following the opening of the Mineral Belt Trail. People visiting to ride the trail eat at local restaurants and stay in local lodging. (*Enhancing America's Communities: A Guide to Transportation Enhancements*, National Transportation Enhancements Clearinghouse, November 2002, p. 11.)
- The Mineral Wells-to-Weatherford Rail-Trail near Dallas, Texas generates \$2 million in local revenue from the 300,000 annual users. (*Enhancing America's Communities: A Guide to Transportation Enhancements*, National Transportation Enhancements Clearinghouse, November 2002, p. 11.)
- The 150,000 annual visitors to the Little Miami Scenic Trail in Ohio spend an average of \$13.54 per visit on food, beverage and transportation to the trail. They also spend an estimated \$277 each year on clothing, equipment and accessories during these trips. (Ohio-Kentucky-Indiana Regional Council of Governments, *Trail Users Study, Little Miami Scenic Trail*, 1999, p. 15-32.)
- Lots adjacent to the Mountain Bay Trail in Brown County, Wisconsin sold faster and for an average of 9% more than comparable lots not next to the trail. (*Recreational Trails, Crime and Property Values: Brown County's Mountain-Bay Trail and the Proposed Fox River Trail*, Brown County Planning Commission, Green Bay, July 6, 1998.)
- Trails ranked 2nd among 18 community amenities in a 2002 survey of home buyers conducted for the National Association of Realtors and the National Association of Home Builders. (*Consumer's Survey on Smart Choices for Home Buyers*, National Association of Realtors and the National Association of Home Builders, April 2002.)
- Developers of the Shepherd's Vineyard housing development in Apex, North Carolina added \$5,000 to the price of 40 homes located adjacent to regional greenways. These homes were the first to sell. (Don Hopey, "Prime Location on the Trail," *Rails-to-Trails*, Fall/Winter 1999, p. 18.)

Taken from North Carolina Department of Transportation Division of Bicycle Transportation

- A \$6.7 million capital investment in off-road paths and wide paved shoulders for bicyclists in the northern Outer Banks of North Carolina (coastal region) brings in \$60 million annually from tourists spending on accommodations, meals, recreation, shopping, etc. ("Pathways to Prosperity: Economic Impact of Investing in Bicycle Facilities: A Case Study," North Carolina Department of Transportation Division of Bicycle Transportation, 2004, p. 39.)

COSTS OF NOT DESIGNING LIVABLE COMMUNITIES

- Physical inactivity costs California \$13.3 billion per year in medical care, workers' compensation and lost productivity. Employers shoulder most of the burden. If California's residents improved their physical activity and lose weight by 5 percent over the next 5 years, it will save more than \$1.3 billion per year. ("The Economic Costs of Physical Activity, Obesity and Overweight in California Adults During the Year 2000: A Technical Analysis," David Chenworth for the Cancer Section and Nutrition Section of the California Department of Health Services, 2005, p. 27-29.)

Taken from "The Economic Benefits of Walkable Communities," by the Local Government Commission for the California Department of Health Services.

- The federal Office of Technology Assessment estimates that a single house built on the urban fringe requires \$10,000 more in public services than one in the urban core. ("The Ahwahnee Principles for Smart Economic Growth," Local Government Commission, 1998.)
- Agribusiness in the San Joaquin Valley of California estimates that smog from vehicles reduces their multi-billion-crop yield by 20-25%. ("The Ahwahnee Principles for Smart Economic Growth," Local Government Commission, 1998.)