

# Dollars and Sense of Saving Special Places

## Cost of Community Services Studies

Cost of community services studies are increasingly popular as a way to look at the impacts of various land uses on municipal finances. These studies compare the income and expense for different land use types for a single year in a defined geographic area. They allow towns to understand how different land uses affect fiscal stability.

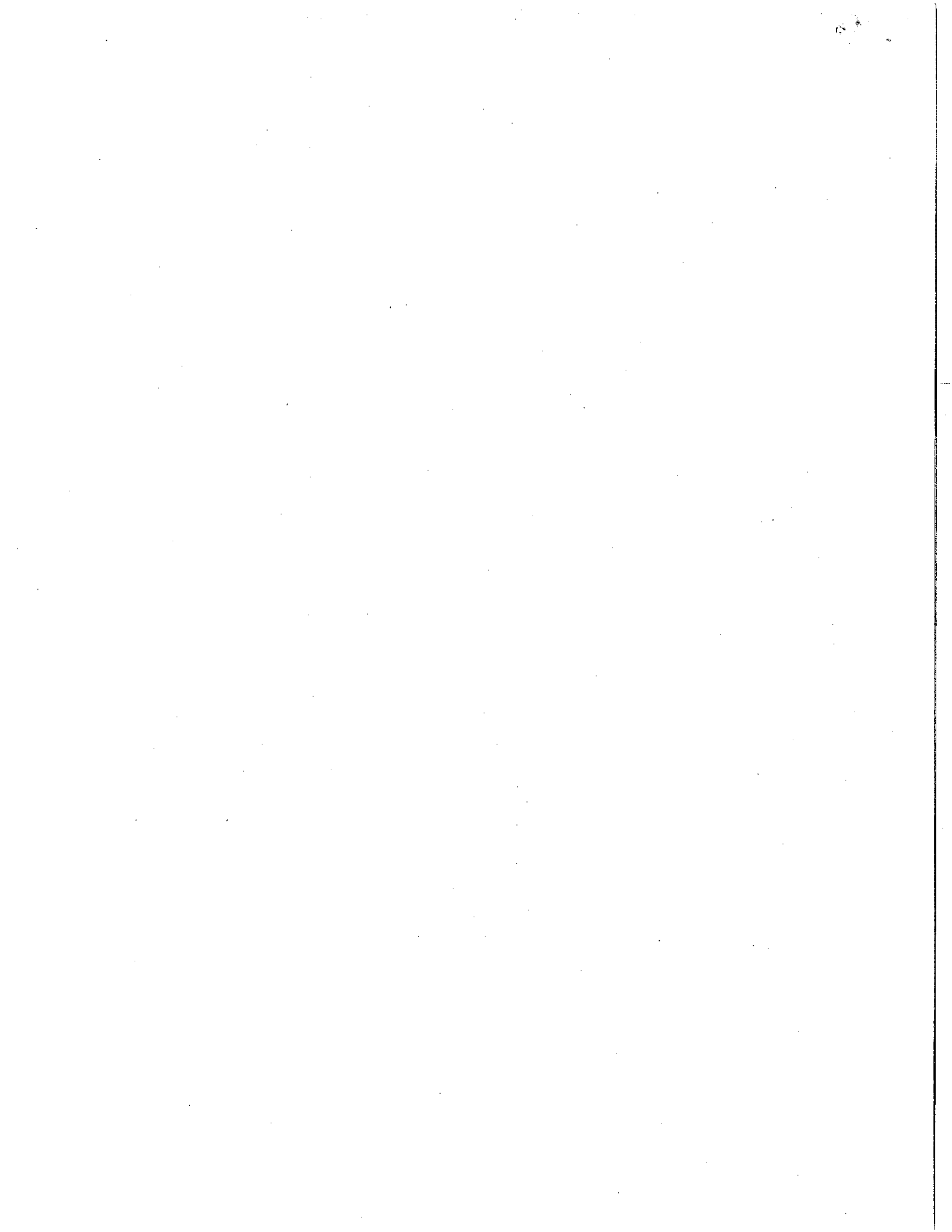
The methodology for conducting these studies was pioneered by the American Farmland Trust. In New Hampshire, studies have been reported from 13 communities as of late 2004. Most communities doing these studies have looked at the income to expense ratio of three land use types: residential, combined commercial-industrial, and open space. Here are the results for the New Hampshire communities, as well as some other information about the towns. The communities differ from each other in many ways, including population, amount of land in open space and location (see map on reverse).

Results of New Hampshire Cost of Community Services Studies						
Community	Date of Study	Population	Land in Open space	Cost per Dollar of Income		
				Residential	Commercial Industrial	Open Space
Alton	1999	3,500	55%	\$0.92	\$0.54	\$0.52
Brentwood	2002	3,197	54%	\$1.17	\$0.24	\$0.83
Deerfield	1994	3,200	52%	\$1.15	\$0.22	\$0.35
Dover	1993	25,500	35%	\$1.15	\$0.63	\$0.94
Exeter	1997	13,000	25%	\$1.07	\$0.40	\$0.82
Fremont	1994	2,700	64%	\$1.04	\$0.94	\$0.36
Groton	2001	339	71%	\$1.01	\$0.12	\$0.79
Lyme	2000	1,537	78%	\$1.05	\$0.28	\$0.23
Meredith	1999	5,000	40%	\$1.06	\$0.48	\$0.29
Mont Vernon	2004	2,034	62%	\$1.03	\$0.04	\$0.29
Peterborough	1997	5,600	55%	\$1.08	\$0.31	\$0.54
Stratham	1993	5,200	35%	\$1.15	\$0.19	\$0.40
Sutton	1998	1,479	72%	\$1.01	\$0.40	\$0.21

In every community studied, open space cost less, usually much less, in services than it generates in income. Residential land use, however, almost always requires more in services than it generates in income. This suggests that conserving selected open space means lower taxes in the long run.

Nationally, studies have been done in over 70 localities in 18 states. People from New Hampshire often wonder if our highly property-tax dependent way of paying for government services affects the outcome of the study. Interestingly, that is not the case. The same pattern of costs to the community for the different land uses is found in locations that depend on a whole range of taxation patterns.

Learn more about Cost of Community Services Studies at [http://www.farmlandinfo.org/documents/27757/FS\\_COCS\\_8-04.pdf](http://www.farmlandinfo.org/documents/27757/FS_COCS_8-04.pdf)



# The Dollars and Sense of Saving Special Places

## Summary

The *Dollars and Sense of Saving Special Places*, developed in 2004, includes a slide presentation and accompanying handouts. The program focuses on open spaces and natural areas, and covers the effects of growth, benefits of open space, economics of land use, and funding sources for land conservation.

### 1. Effects of Growth

New Hampshire has been the fastest growth state in New England for the past four decades. Approximately 15,000 acres of New Hampshire's open space are converted to developed uses each year. New Hampshire's population doubled from 1960 to 2000, growing by 629,150 people. An estimated additional 288,130 people are anticipated by 2025 (based on Office of Energy and Planning population projections).

### 2. Benefits of Open Space

Open space is a significant part of the community character valued by NH communities. Benefits include: clean water, wetlands, wildlife habitats, agriculture, forests, recreation, aesthetics and economics. These important benefits of open space should be considered in land use decision-making.

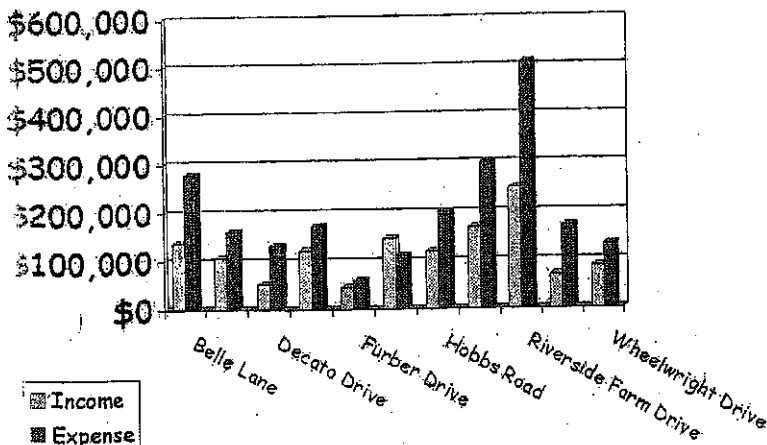
### 3. Economics of Land Use

Open space has measurable economic benefits. A number of studies conducted in NH show that open space brings in more revenue to a town than it requires in services. The studies suggest that conserving selected open space means lower taxes in the long run.

**Resource Systems Group Study:** A statewide study done by Resource Systems Group in 1999 found that open space makes a substantial annual contribution to employment, taxes and the economy of our state. The study found that the open space components of agriculture, forestry, recreation, tourism and vacation/ second homes contribute a total of \$8 billion/year or 25% of the annual Gross State Product, and 35% of local taxes.

**Squam Lakes Association Study:** A study done for the Squam Lakes Association in 1994 looked at tax bills on median value homes in all 234 towns in the state. This study found that on average, taxes are HIGHER in towns with: more taxable property, more residents, and more commercial and industrial development. It also found that on average, taxes are LOWER in towns with: more open space, and a higher proportion of vacation homes (however, keep in mind that vacation/second homes can have a negative economic impact when they are converted to year-round residences).

### Lee Neighborhood Study



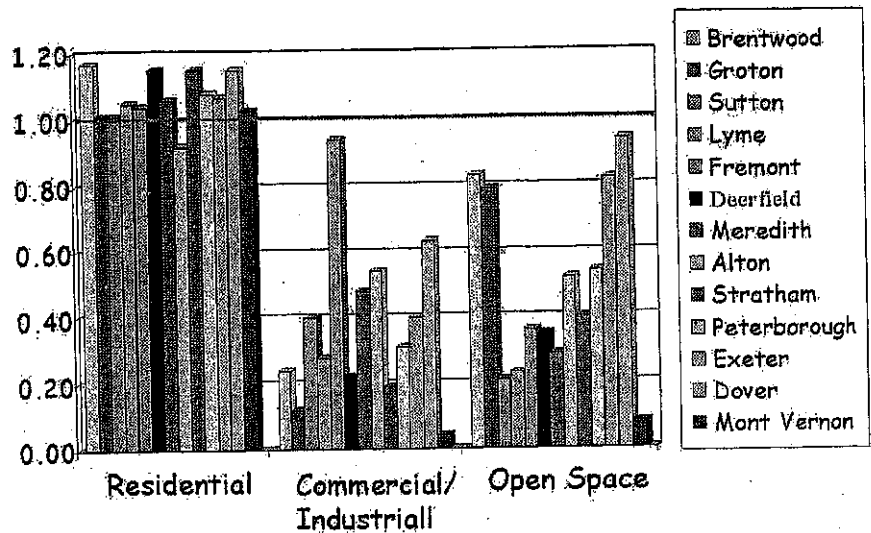
**Neighborhood Studies:** Several towns have conducted fiscal impact studies to compare income and expense for individual neighborhoods. Lee did a neighborhood study in 2004 that looked at 33 residential areas (the graph only shows 11 of them). In thirty of these areas, the income was not enough to cover the expenses, while in three neighborhoods, it was sufficient. Similar studies in Chester and Peterborough, also show that residential land use does not always pay for itself.

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**Cost of Community Services Studies:** A number of NH communities have conducted Cost of Community Services studies. These are simplified economic analyses that look at the income and expense for a single year by land use type (typically used in these studies are: open space, residential, and combined commercial/ industrial). The results of the analysis are a set of ratios that compare income to expense by land use type.

### Cost of Community Services Studies

Thirteen NH communities have done these studies, as of late 2004. In every town, open space pays more in taxes than the cost of the services it requires. In 12 of the 13 towns studied, residential properties require more in services than they provide in revenues. In other words, residential land use frequently does not pay for itself. In this simplified analysis, commercial/industrial land pays more in taxes than it costs to provide the services it requires, but the long term costs of that land use are not well measured by this type of study.



#### 4. Funding Sources

Communities that are concerned about the costs and impacts of growth and development are increasingly turning to land conservation as a tool to address growth. Funds are usually necessary to accomplish conservation goals. There are a variety of local and other funding sources available to support conservation projects.:

<u>TOWN SOURCES</u>	<u>FEDERAL AND STATE SOURCES</u>
<ul style="list-style-type: none"> <li>• Bonding               <ul style="list-style-type: none"> <li>- General</li> <li>- Specific</li> </ul> </li> <li>• Capital Reserve Fund</li> <li>• Conservation Fund</li> <li>• Land Use Change Tax</li> <li>• Line Item in Budget</li> <li>• Town Fund Balance</li> <li>• Town Forest Income</li> <li>• Warrant Article Appropriation</li> </ul>	<ul style="list-style-type: none"> <li>• Forest Legacy Program</li> <li>• Farm &amp; Ranchland Program</li> <li>• Foundation Grants</li> <li>• Land &amp; Community Heritage Investment Program</li> <li>• Land &amp; Water Conservation Fund</li> <li>• NH Fish &amp; Game</li> <li>• Water Supply Land Protection Program</li> <li>• Transaction Grants</li> </ul>
	<p><u>OTHER FUNDING SOURCES</u></p> <ul style="list-style-type: none"> <li>• Private donations</li> <li>• Grants from Foundations</li> </ul>

For more information about the Dollars and Sense of Saving Special Places program, contact: Amanda Stone, UNH Cooperative Extension at 346-5324 or [Amanda.stone@unh.edu](mailto:Amanda.stone@unh.edu)

The University of New Hampshire Cooperative Extension, the Center for Land Conservation Assistance and the Society for the Protection of New Hampshire Forests produced the *Dollars and Sense of Saving Special Places* program. The NH Wildlife Federation and the Society for the Protection of NH Forests sponsored the original *Dollars and Sense of Open Space* presentation.

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## Land Conservation: Getting Our Money's Worth

By Frank Mitchell, Extension Specialist, Land & Water Conservation  
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Municipal funding for land conservation in New Hampshire has grown extremely rapidly in the past three years. In 2003, more than \$40 million is proposed at town meetings and meetings of city and town councils for appropriation of land conservation. This is about double last year's figure of more than \$21 million.

In 2001, the number was almost \$15 million. The vast majority of these measures were approved by voters, often by large majorities. This clearly represents a willingness by citizens to invest in land conservation at the local level. Rapid growth with no end in sight has stimulated much of this activity, so it's no surprise to find much of the money raised by communities in the southern part of the state, especially the southeast.

When residents work to raise funds to conserve land, sometimes through multi-million dollar bonds, they often realize rather quickly that even very large appropriations may not be enough to protect all the land they would like to protect.

The resources available may simply not be enough to enable the community to take advantage of all conservation opportunities that arise. Local boards and commissions responsible for coordinating the acquisition of land and development rights may want tools to help them make decisions when this is the case. Those in this position of responsibility also want to be sure they will spend their own and their fellow taxpayers' money wisely, getting the most conservation value for the dollar. Land trusts, private non-profit organizations dedicated to conserving land, face similar situations.

In response to these circumstances, many communities that have appropriated money for conservation, and those proposing such funding, have developed methods to identify their highest priority conservation objectives. These range from simple lists of the most valued features in a community to relatively sophisticated tools involving databases and geographic information system mapping projects. Whether simple or complex, these methods share some common features.

First, answer the question "why?" Why invest in conservation? What's at stake? The answer is the list of things the community values enough to invest its money. This suggests that as an initial step, placing priorities on certain conservation objectives requires public involvement to identify the values behind the commitment.

Communities may have recent information from surveys as part of a master plan update or Community Profile event. If not, information on *what* people want to protect can be gathered from new surveys, responses to articles in community newsletters or through public meetings. Using such information starts a community on the right track to using conservation funding to accomplish what the voters want. Many communities find people are supportive of land conservation that protects items such as water resources, wildlife habitats, biodiversity and scenic and cultural features that contribute to the elusive but cherished "community character." Townspeople often suggest the location of land they feel will protect these resources if conserved.

For some features, such as significant farm lands, their locations are obvious and easily identifiable by most town or city residents. In other cases, such as groundwater deposits, or aquifers, it won't be. Decision makers may want to use a *natural resources inventory* to identify features of priority value in their communities.

A natural resources inventory is a compilation of maps and other documents and an interpretation and analysis of them. It can form the basis of many land use planning decisions, including setting land conservation priorities.

Most natural resources inventory mapping today employs geographic information system technology (GIS). In GIS, information is mapped in varying combinations, allowing maps to be produced that can answer specific questions such as, "where in our community are concentrations of wetlands, surface waters and groundwater?" Most natural resource inventory GIS mapping uses data

from GRANIT, New Hampshire's statewide source of more than 40 different items that can be mapped using GIS.

Many, but not all things, a community might identify as values to be protected through land conservation can be mapped using GIS data. Locally collected, information can be added to the GIS to supplement the available GRANIT data. An example of this would be scenic vistas identified through a community survey. Some communities have the capacity to generate GIS natural resources" inventories themselves, but most do not. Regional planning commissions and private groups and consultants currently do much of the GIS work for New Hampshire conservation groups.

Once a community has identified its priority conservation values and conducted a natural resources inventory, the next step is usually to decide on factors used to choose conservation projects. There are some considerations that may end up on a community's list of project selection criteria that weren't able to be mapped because they're not land or natural resource based. Examples include:- *The cost effectiveness of conserving the land.* For example, most conservation groups would not want to pay more than an appraised value if purchasing land or development rights and many seek "bargain sales" at less than market value. - *Degree of development threat.* This may be difficult to determine, but sometimes it's obvious.- *Potential problems with the property.* Does the land have buildings that would be a maintenance responsibility? Is there any chance that hazardous materials were used on the land that could raise liability issues?- *Could the property produce any income?* Land acquired for a town or city forest, for example, can generate income from forestry activities, which can offset the loss of property tax from such an acquisition.- *Stewardship responsibilities.* A municipality or conservation group that acquires land for conservation purposes necessarily assumes a responsibility for managing the land for that purpose for the indefinite future. Acquisition of development rights through conservation easements similarly requires a long term, in fact permanent, commitment to monitor the terms of the easement (usually annually) and to take legal action to enforce those terms if they are violated. These "stewardship" responsibilities and their costs are a serious consideration for any group engaged in land conservation.

Once a public board or commission or private conservation group has its values clearly stated, a natural resources completed and criteria for project selection identified, it's ready to apply these to the decisions at hand.

But, this is where an additional factor may enter the picture - timing. A group can never know for certain if the opportunity before them now is better than one that may come along next week or next month. As thorough as the identification of values and the natural resources inventory may be, they can't answer this question. So, at any given time, a group may need to decide on the merits of a project at that time, with little or no ability to compare it with opportunities that may come later. However, they can compare any project at any time with a set of criteria they've established and, by doing so, determine the degree to which the project meets those criteria.

Although following the steps suggested here doesn't guarantee every decision will be perfect, conservation groups will do a better job of investing in conservation if they have a plan. Keys to a good plan are public participation, identifying values, identifying and locating features of interest, defining selection criteria and establishing a process for making decisions. As communities and conservation groups grapple with important decisions about land conservation, preserving community character and financial responsibility, many are getting help from public agencies and land trusts.