

Open Space

HELPS BALANCE
MUNICIPAL BUDGETS

Who Demands Community Services?

*The services to support residential land use cost more money
than residential tax revenue.*

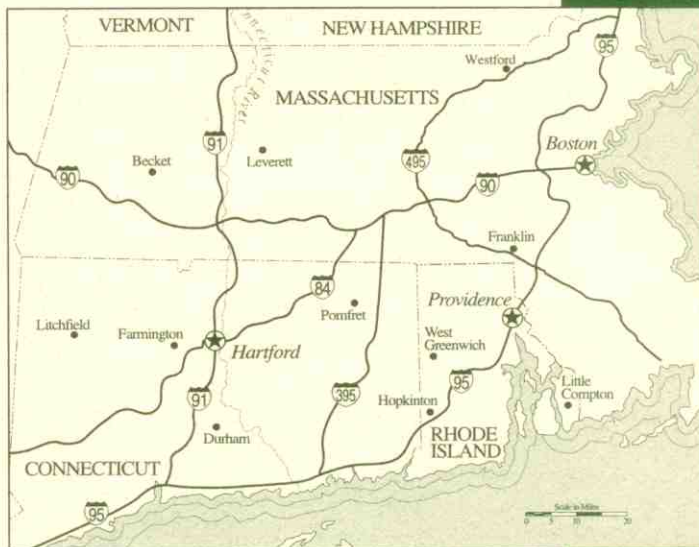
When new residential development comes to town, citizens often believe they'll see a boost to the local tax base. Thinking that a rural acre of new houses will generate more revenue than an acre of corn or trees, local officials often approve sprawling developments at the expense of valuable natural resources. But at what public cost?

THE INVESTIGATION - AN AWARD WINNING STUDY

To help local and regional officials make informed decisions regarding the future of open space, Southern New England Forest Consortium, Inc. (SNEFCI) conducted an unprecedented, region-wide Cost of Community Services study (COCS). Eleven diverse communities across the three southern New England states were closely analyzed. The resulting study has uncovered state and region-wide trends regarding the fiscal impact of various types of land use and development. Two regional chapters of the American Planning Association bestowed 1996 Merit Awards for "An Outstanding Planning Study" to SNEFCI's Cost of Community Services study.

THE RESULTS

The COCS study indicates that the services used by residential development cost more than the tax revenue generated by that land use. But open space lands actually contribute revenue to towns. Conversion of forests and farm land/open space for development is not advisable on a financial basis alone. This is a short term solution which will probably result in future tax increases.



New England Study Towns

LOST FOREST AND FARM LAND COST MONEY AND DAMAGE THE ENVIRONMENT.

In southern New England, many once rural towns have grown into bedroom communities for nearby urban centers. In Connecticut, Massachusetts, and Rhode Island, more than 300,000 acres of forest and farm land went out of production in the past two decades.

Forest and farm lands protect the quality of our air and water – valuable resources that are expensive to clean if polluted. They provide tourist and recreational opportunities. Tourism is one of the leading industries in southern New England, generating billions of dollars annually. Primary forest and farm industries are important economically, earning roughly \$750 million a year. Additionally, they supply raw materials to profitable secondary manufacturing, such as food and wood processing, as well as numerous other industries that fuel our economy.

FOREST AND FARM LANDS HELP BALANCE MUNICIPAL BUDGETS.

The COCS study uncovered regional trends: throughout the southern New England study towns, forest, farm, and open land more than paid their way. In fact, they helped support residential services. For every dollar of revenue raised from the residential sector, the towns spent an average of \$1.14 on residential services. However, for every forest, farm, and open space land dollar, towns only spent an average of 42 cents on public services. That left 58 cents to offset other municipal expenses.

Average Expense/Revenue Ratios By Land Use



CURRENT USE TAX ASSESSMENTS FOR FOREST AND FARM LAND DO NOT CAUSE HIGH PROPERTY TAXES.

Current use programs assess working forest and farm lands at their actual use, not at their “highest and best use”, which is often considered residential development. Taxing lands at their actual use value lowers their tax bill and allows landowners to keep their farm and forest lands. Lands enrolled in “current use” programs are often blamed for high tax rates. The COCS study dispels the myths that residential development improves the tax base and current use programs give landowners an unfair tax break.

By keeping their open space in private ownership, landowners are helping stabilize their town’s taxes and creating a positive financial contribution.

COMMERCIAL DEVELOPMENT CARRIES HIDDEN COSTS.

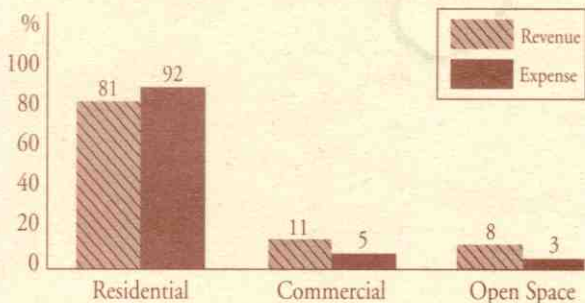
On the surface, commercial development appears to be as beneficial to a town’s financial picture as open space. But there are long term costs and spin-off costs associated with commercial development. For example, if new commercial and industrial facilities are to be located within a municipality, it is evident that significant infrastructure improvements — such as new or improved roads and increased water and sewer line capacity — may be necessary. Also, secondary effects, such as new residential development resulting from the need for new housing to accommodate the increased employment brought into the municipality, may occur. And the cycle continues.

PRESERVING OPEN SPACE WILL NOT FINANCIALLY BREAK A TOWN.

More and more towns are faced with the decision of buying available farm and forest lands or letting them be purchased for residential development. The COCS study shows that residential development of open space today will most likely translate to permanent higher community costs tomorrow. Funding of open space purchase through bonds results in only a short term tax increase. Also, in southern New England, Moody’s Investment Services has increased the bond ratings of some towns that purchased and preserved open space, thereby lowering their cost of borrowing money. In the long run, land preservation will save a town money – not cost money.

The graph below shows that on average only 5% of a town's revenues come from open space. If a small percentage of this land is preserved by the town, it will have only a miniscule impact on tax revenue.

Summary of Revenues/Expenditures by Land Use



OPEN SPACE IS A LONG TERM COMMUNITY INVESTMENT WITH HIGH YIELD.

The COCS study results provide local decisions makers with comprehensive, objective information regarding the fiscal impact of open space versus development. The COCS information provides a long range planning tool for regional and municipal land use, as well as economic and environmental planning. It is SNEFCI's hope that the COCS regional study will serve as a tool to create regional and municipal land use policies and programs that preserve open space and form reasonable land use goals. It is important that local decision makers understand the contribution that forest and farm lands have to offer in the planning, zoning, assessment, and public policy processes. Officials need to discard the notion that natural resources must be converted to other uses to ensure economic stability.

Southern New England Forest Consortium, Inc. (SNEFCI) is a nonprofit forest conservation organization made up of natural resource professionals and advocates from Connecticut, Massachusetts, and Rhode Island. Established in 1985, SNEFCI promotes wise forest conservation ethics and the productive use of the region's forests and natural resources.