



**CHAPTER 6 OUTLINE**

1. **Economic Benefits from Property Tax Revenue**
  - a. Principles
  - a. Demonstrations
  
2. **Economic Benefits from Attractions and Quality of Life**
  - a. Attracting Businesses and Residents
  - b. Attracting Tourists
  - c. Attracting and Retaining Retirees
  
3. **Financial Tools**
  - a. Current Tools
  - b Future Tools
  
4. **Goals, Objectives and Actions**

## impact of parks and open space on economic development

### INTRODUCTION

Of the many benefits that parks, open space and recreation amenities bring to a community, one of the most overlooked is the impact that such assets have on economic development and fiscal wellbeing. It is often believed that these amenities are discretionary expenses, useful to support a high quality of life, but that they have little value or benefit on a community's economic health. For that reason, investment in parks, open space, trails and other recreational amenities may be viewed as less important than other types of investment (such as infrastructure improvements or business incentives), particularly when economic development is a primary objective.

On the contrary, as this chapter will show, there is not a trade-off between park development and economic development, but rather that parks are an essential component of a community's economic vitality in the 21st century. Specifically, it explains and demonstrates how the costs of park development are justified by substantial economic benefits. It will also suggest policies that help the City maximize the economic benefit of park investments.

# impact of parks and open space on economic development

## OVERVIEW

Parks, open space and recreational amenities such as trails contribute positively to a community's economy by:

- Increasing the value of nearby properties, and thereby raising the amount of property tax collected. The benefit is most direct for those entities that are funded by property taxes such as Ohio's local school districts.
- Improve a community's capacity to attract and retain sought-after companies and people. A community's amenities attracts desirable jobs, residents and tourism. This benefit is particularly valuable to communities in Ohio which receive most of their revenue from income taxes.

## ECONOMIC BENEFITS FROM PROPERTY TAX REVENUE

One of the most tangible economic benefits of parks and open space is the result of increasing the value of nearby properties, which is passed on to a city through higher tax revenue generated by those properties. The principles below explain various factors that determine this benefit and the assumptions required to measure it. Following the principles are a series of demonstrations which examine several parks in Grove City and the fiscal benefit, in terms of property tax revenue, that can be attributed to each.

### The Proximate Effect

Proximity to parks or open space raises property values, an effect that is known as the proximate effect, or proximate principle. More than 30 studies conducted throughout the United States have supported the principle that parks increase nearby property values, particularly those of residential properties. Even in areas with significant nuisance effects from parks or open space (such as noise or traffic), nearby properties tend to show higher values. Numerous studies have also shown that proximity to parks often significantly increases the value of commercial properties, particularly in urban areas and town centers. Increasing value of commercial properties tends to spur additional development and improvement of nearby properties. In this way, parks can be a catalyst for redevelopment or revitalization.

While the proximate effect is mostly positive (meaning property values are increased) in certain cases parks can have a negative effect on nearby property values. A positive impact on property values is least likely in cases where:

- A park is not well maintained;
- A park is not easily visible from nearby streets and could provide opportunities for deviant behavior; and
- The privacy of properties backing onto a park or trail was compromised by park users.

### Park Proximity Impact on Property Value

The strength of a park's effect on nearby property values is highly variable. There is no definitive guide to the magnitude of the proximate effect due to the high number of variables that determine property values and various park characteristics. These

## REDEVELOPMENT BENEFITS

By increasing the value of nearby commercial properties, parks can be a catalyst for redevelopment or revitalization.

## impact of parks and open space on economic development

variables include land use, building types, size and age, as well as park design, park size and types of amenities. However, a review of multiple studies indicates that on average, a 20 percent premium may apply to properties abutting a passive park. This proximate effect diminishes as the distance from the park increases. Some average considerations for determining the proximate effect include:

- Large parks (over 25 acres) that are attractive, well-maintained and passive may result in a higher proximate property values.
- Small parks and those with more active uses are likely to have a smaller proximate effect.
- If the park is heavily used, such as a recreation center or swimming pool, the value increase on abutting properties may be minimal, but may reach 10 percent two or three blocks away.

The distance over which parks and open space affect nearby property values is also highly variable. Studies show that the greatest impact on property values typically occurs within 500 feet of a park. Yet, for community-size parks (more than 40 acres) the area affected is generally larger, affecting properties up to 2,000 feet away.

### **The Effect of Rising Property Value on Tax Revenue**

Costs for park development can be partially or completely offset by rising values of nearby property in cases where a municipality receives property taxes. However, in Ohio, property taxes mainly benefit local school districts, while municipalities receive only a small portion of the revenue. The following example uses relevant tax information from Grove City to demonstrate the effect of rising property value on tax revenue:

- A 33.3 acre park that costs \$1,000,000 to acquire and develop (\$30,000 per acre). The annual debt cost on a 20-year bond is approximately \$90,000 (at 5 percent interest).
- The average market value of properties within the park service area is \$200,000 and annual property taxes are two percent. Thus, the annual tax collected is \$4,000 per property.
- If values increase by an average of 10 percent after the park is constructed, then the average property value would be \$220,000. In that case, annual tax collected would be \$4,400 per property, an increase of \$400.
- Grove City receives about 3 percent of the tax revenue generated by each property. Grove City Schools receives about 63 percent and the other tax revenue goes to Franklin County (16 percent), Jackson Township (18 percent) and the Library (about 1 percent). Of the extra \$400 of tax generated per property, Grove City would receive \$12.
- Collecting an extra \$12 in tax annually on 400 properties amounts to a total of \$4,800, which does not offset the \$90,000 annual debt obligation. Grove City Schools, on the other hand, would gain over \$100,000 in additional tax revenue annually as a result of the park investment.
- In a municipality that receives most of the tax collected on a property (cities in other states) this scenario would yield an additional \$160,000, which would more than offset the annual debt obligations for the investment.

## Impact of Parks and Open Space on Economic Development

- This example assumes that no federal or state grants or development fees are used to aid the park's acquisition or development.
- While the additional revenue from increased property values generally would not offset the cost of the initial investment, the increased revenue continues to benefit the municipality long after the costs of developing the park are paid.

### The Fiscal Benefits of Park Versus Residential Development

On a given piece of land, park development is often more fiscally beneficial to a community compared to residential development. Developers often argue that a property's "highest and best use" is the most fiscally beneficial scenario. They most often propose residential development as the alternate use for potential park and open space land. Yet, studies have shown that over a wide range of types and densities, the public costs associated with residential development exceed the revenue that it generates. In one study of 58 communities, the median cost for providing public services to residential development per dollar of revenue that development raised was \$1.15—indicating a net loss of 15 percent associated with that development. Single family residential development typically has the worst fiscal impact due to the higher number of people per household and vehicle trips generated.

Since the amount of revenue from park land is likely to be small, the fiscal analysis question involves comparing costs – whether annual operating expenses for the park are less than the annual cost of providing public services to a comparable amount of residential development. A park is likely to be less of a financial burden to the community compared with residential development in this example:

- Assuming the same 33.3 acre site mentioned above is developed as single-family residential at a density of 3 units per acre, the annual revenue per unit (primarily from income taxes) is \$1,200 and the annual cost to provide public services is \$1,500 per unit (25 percent higher).
- The cost would be \$150,000 and the net loss to the community would be \$30,000.
- If the annual cost of operation and maintenance of this park is lower than \$30,000, then this park is a less expensive option for the city relative to the residential development.

## impact of parks and open space on economic development

### ROLE OF PARKS IN ATTRACTING BUSINESSES

Since property taxes make up a small portion of Grove City's revenue, the economic development emphasis should be on the impact that parks have on income taxes, namely their capacity to help attract businesses and high-wage jobs.

### DEMONSTRATIONS

This section demonstrates the impact that specific parks in Grove City have on property values and tax revenues. In many communities, parks boost surrounding land values and, in turn, raise property tax revenues enough to offset the costs of park development and maintenance. However, as explained above, Ohio's system of local government taxation means that most of city revenues come from income taxes rather than property taxes. Grove City only receives about 3 percent of the total property tax collected annually. The largest recipients of property tax revenue are local school districts, with South-Western City Schools receiving about 63 percent of property taxes collected in Grove City. Given this system of taxation, Grove City does not receive enough revenue from park-generated property taxes to offset park expenditures. This section illustrates the property tax revenues attributable to five parks of various size, context and amenities, and the amount of tax received by Grove City and South-Western City Schools. These parks are Gantz, Windsor, Concord Lakes, Westgrove and Creed Lawless.

### Assumptions and Methodology

The demonstration employs conservative assumptions about the effect of park amenities on nearby property values in Grove City. The assumptions are conservative compared to trends exhibited in studies of numerous communities, but are weighted to the characteristics of Grove City (see Principles). Suburban communities, particularly those with ample amounts of public and private open space such as Grove City, tend to show smaller local effect on property values from nearby parks and open space. In contrast, urban areas tend to place a premium on proximity to open space because such space is often limited. With that general context, the assumptions include:

- The proximity effect ranges from 350 to 1,000 feet. Studies have shown that the strongest effect is generally on properties within 500 feet of a park. For large parks primarily with passive uses, the effect may extend properties within 1000 to 2,000 feet. In Grove City, 350 feet was used for mini parks, 500 to 800 feet for neighborhood parks and 1,000 feet for community parks.
- The portion of a proximate property's value attributable to a park ranges from 5 to 8 percent. For large, primarily passive parks such as Gantz Park, a multiplier of 8 percent was applied to all proximate properties. For active recreation areas and smaller neighborhood-scale parks, a slightly smaller multiplier of 5 percent was used.
- Only residential properties are considered.

For each park, the nearby properties were identified using mapping software (GIS). The data for appraised value and annual taxes for each property was obtained from the Franklin County, February 2011 parcel data. The ratio of tax received by Grove City and South-Western City Schools was also obtained from Franklin County.

# impact of parks and open space on economic development

## Gantz Park Economic Analysis

Gantz is a 27-acre community park that most recognized for its scenic qualities and passive recreational amenities. The park features rolling natural terrain, trails, shelters, a popular herb garden, and arboretum. The park also includes active recreational amenities such as tennis and basketball courts. The park is surrounded by single-family residential development and several significant condominium developments.

Due to its overall size, somewhat linear shape and surrounding development density, Gantz affects a large number of residential properties. Given mainly passive amenities, the impact on neighboring property values is estimated to be at the high end of the range, at 8 percent. Given these assumptions, the table below shows that over \$4,400 of the annual property tax revenue Grove City receives can be attributed to the positive effect Gantz Park has on surrounding property values. The school district, on the other hand, benefits more significantly with over \$91,000 of its annual revenue attributable to Gantz Park.

### Affected Properties

Proximity effect radius	1,000 feet
Number of single-family residential properties within radius	367
Number of multi-family residential properties within radius	232
Total appraised value of single-family residential properties	\$56,238,100.00
Total Appraised Value of Multi-Family Residential Properties (Approx.)	\$33,245,600.00
<hr/>	
Total Appraised Value of Residential Properties (Approx.)	\$89,282,700.00

### Affected Value and Property Tax Revenue

Portion of property value attributable to park	8 percent
Total property value attributable to park	\$4,499,048.00
<hr/>	
Total annual tax collected on residential properties	\$1,812,757.56
Portion of total annual tax received by Grove City	\$55,017.79
Portion of tax attributable to park	\$4,401.42
Portion of total annual tax received by SWCS	\$1,140,440.17
Portion of tax attributable to park	\$91,235.21

# impact of parks and open space on economic development

## Windsor Park Economic Analysis

Windsor is 38 acres and is the city's oldest community-scale park. The park is heavily used for youth sports and features active recreational amenities such as ball diamonds, tennis courts and batting cages. It also houses a recreation facility for senior citizens. The park is surrounded by single-family residential properties that are more densely developed than the neighborhoods surrounding Gantz Park. Due to the active character of Windsor Park, it is likely that its effect on property values is slightly less than that of Gantz Park, but the distance of the effect should be similar.

The table shows that more than \$2,300 of annual property tax revenue Grove City receives can be attributed to the positive effect Windsor Park has on surrounding property values. The school district, on the other hand, can attribute more than \$48,000 of its annual revenue to Windsor Park.

### Affected Properties

Proximity effect radius	1,000 feet
Number of single-family residential properties within radius	430
<hr/>	
Total appraised value of residential properties (approximate)	\$45,951,100.00

### Affected Value and Property Tax Revenue

Portion of property value attributable to park	5 percent
Total property value attributable to park	\$3,676,088.00
<hr/>	
Total annual tax collected on residential properties	\$963,337.20
Portion of total annual tax received by Grove City	\$29,237.60
Portion of tax attributable to park	\$2,339.01
Portion of total annual tax received by South-Western City Schools:	\$606,053.71
Portion of tax attributable to park	\$48,484.30

## Concord Lakes Economic Analysis

Concord Lakes Park is a 10-acre neighborhood park that consists of three separate sites. The park features are primarily passive amenities including walking paths, open space, a gazebo and ponds. One of the three sites has play equipment and a basketball court.

As a neighborhood park, the proximate effect primarily involves nearby properties within 500 feet. For its size, Concord Lakes provides a significant property tax contribution. The value is only slightly less than that of Windsor Park, which is because the properties surrounding Concord Lakes are generally more valuable than those near Windsor Park. That difference is not due to the differences between these two parks, but rather in other factors that affect real estate such as lot size, building age, square footage and other amenities. Concord Lakes Park is assumed to contribute a modest 5 percent to the value of nearby properties.

The data on the next page illustrates that, given the above assumptions, over \$1,900 of annual property tax revenue Grove City receives can be attributed to the positive effect

## impact of parks and open space on economic development

Concord Lakes Park has on surrounding property values while the school district can attribute over \$39,000 of its annual revenue to the park.

### Affected Properties

Proximity effect radius	500 feet
Number of single-family residential properties within radius	317
<hr/>	
Total appraised value of residential properties (approximate)	\$57,565,400.00

### Affected Value and Property Tax Revenue

Portion of property value attributable to park	5 percent
Total property value attributable to park	\$2,878,270.00
<hr/>	
Total annual tax collected on residential properties	\$1,257,377.44
Portion of total annual tax received by Grove City	\$38,161.82
Portion of tax attributable to park	\$1,908.09
Portion of total annual tax received by SWCS	\$791,040.00
Portion of tax attributable to park	\$39,552.00

### Westgrove Park Economic Analysis

Westgrove Park is a 6-acre neighborhood park not far from Concord Lakes Park. The park features open fields, play equipment and a basketball court. The park primarily serves the Westgrove neighborhood, which is bordered by Walmart's regional distribution center and Beulah Park to the east. The neighborhood park amenity most likely helps to offset the negative effects of these nearby land uses. For that reason, the park's effect on surrounding property values is assumed to be slightly greater than that of Concord Lakes Park.

The table on the next page demonstrates that about \$1,700 of annual property tax revenue Grove City receives can be attributed to the positive effect Westgrove Park has on surrounding property values and the school district can attribute over \$35,000 of its annual revenue to the park.

The benefit to local schools that parks create are even more apparent if you consider the fiscal impact of alternative development. Suppose Westgrove Park had instead been completely developed with residential lots. If the value of homes in the Westgrove neighborhood is 8 percent less without Westgrove Park, the school district would lose over \$35,000 in tax revenue. However, the homes that replace the park would pay taxes. Would the property tax collected on these additional homes make up for the loss?

The table illustrates that the revenue from property taxes on these new homes would be around \$32,000, which is less than the revenue created by the park's effect on the remaining neighborhood. Furthermore, the new homes would likely contain students,

## impact of parks and open space on economic development

which would incur additional costs on the school district. The net cost to the school district of those additional homes in place of a park could be as much as \$100,000 annually.

### Affected Properties

Proximity effect radius	800 feet
Number of single-family residential properties within radius	228
Total appraised value of residential properties (approximate)	\$32,248,800.00

### Affected Value and Property Tax Revenue

Portion of property value attributable to park	8 percent
Total property value attributable to park	2,579,904.00
Total annual tax collected on residential properties	\$700,145.32
Portion of total annual tax received by Grove City	\$21,249.64
Portion of tax attributable to park	\$1,699.97
Portion of total annual tax received by SWCS	\$440,474.70
Portion of tax attributable to park	\$35,237.98

### Creed Lawless Park Economic Analysis

Creed Lawless is a quarter-acre mini park near the historic center of Grove City. Due to its small size, it likely impacts only very nearby properties, up to 350 feet away.

The data below shows that \$217 of annual property tax revenue Grove City receives can be attributed to Creed Lawless Park while the school district can attribute over \$4,500 of its annual revenue.

### Affected Properties

Proximity effect radius	350 feet
Number of single-family residential properties within radius	65
Total appraised value of residential properties (approximate)	\$6,751,400.00

### Affected Value and Property Tax Revenue

Portion of property value attributable to park	5 percent
Total property value attributable to park	\$337,570.00
Total annual tax collected on residential properties	\$143,138.34
Portion of total annual tax received by Grove City	\$4,344.30
Portion of tax attributable to park	\$217.21
Portion of total annual tax received by SWCS	\$90,051.05
Portion of tax attributable to park	\$4,502.55

# impact of parks and open space on economic development

## Conclusions

Taken together, these parks contribute approximately \$10,000 annually to Grove City through their impact on property tax revenue. The school district benefits substantially more, with over \$219,000 in revenue attributable to these parks.

Since property taxes make up a small portion of Grove City's revenue, the economic development emphasis should be on the impact that parks have on income taxes, namely their capacity to help attract businesses and high-wage jobs. The next section explores these other economic impacts.

## ECONOMIC BENEFITS FROM ATTRACTIONS AND QUALITY OF LIFE

Aside from increasing property values, parks and open space contribute a number of other economic benefits to a community. In Ohio where cities rely on income taxes for most of their revenue, the fiscal impact of parks and recreation amenities are directly related to the extent to which parks and recreation amenities can promote business growth and attract high-wage jobs. These benefits arise from the positive impact that parks and recreation amenities have on local quality of life. They include:

- Attracting businesses and residents
- Attracting tourists
- Attracting and retaining retirees

### Attracting Businesses and Residents

Companies that make up today's growing knowledge economy, which is dominated by the technology and service sectors, are generally able to choose where they locate. This fact has created a highly competitive environment among communities nationwide to attract and retain businesses. Among the top factors that influence where these types companies locate are perceptions about the ability to attract and retain talented and highly skilled workers.

A number of recent studies of business leaders reveal that quality of life is the third most important factor when choosing where to locate, following access to domestic markets and availability of a skilled workforce. Evidence also suggests that small companies may place even more importance on quality of life, specifically recreational opportunities, rather than on the absolute bottom line. For these companies whose greatest assets are the ingenuity and skills of their workers, emphasizing quality of life has been shown to improve employee retention, satisfaction and productivity. These studies do not indicate that financial incentives are irrelevant, but rather that they have become secondary. In an increasingly competitive environment where similar financial incentives may be offered by multiple communities, decisions often hinge on perceived differences in quality of life.

The primary factors businesses cite in quality of life specifically involve education, housing and parks/open space and recreation. A 1995 Quinnipiac College poll of citizens nationwide found that the elements of quality of life most frequently cited were low crime with safe streets and access to greenery and open space. Businesses know that a high quality of life is not just an amenity, but is becoming increasingly

## impact of parks and open space on economic development

important in attracting and retaining the type of workers that are critical to the country's leading industries. A spokesperson for the company Intel sums up this trend: "Companies that can locate anywhere will go where they can attract good people in good places."

Grove City attracts business by promoting its convenient location, business-friendly environment, past growth trends and high quality of life with a low cost of living. The Grove City Development Department works with the local business community to promote retention and expansion of existing commerce within the city. The city offers a number of incentives including:

### ***Community Reinvestment Area (CRA)***

The Community Reinvestment Area (CRA) is an economic development tool that provides real property tax exemptions to land owners making investments in their property. Grove City has four Community Reinvestment Areas including one in the Town Center that has recently been expanded. Properties within a CRA are eligible to receive real property tax abatement for real property improvements.

### ***Tax Increment Financing (TIF)***

A TIF is an economic development tool available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. There are five Tax Increment Financing (TIF) Districts within Grove City. A TIF aids in financing public infrastructure improvements and secures the taxable worth of real property at the property's value when the TIF area is created. Payments derived from the increased assessed value of any improvement are directed towards a separate fund to finance the construction of the public infrastructure defined within the TIF legislation.

### ***Enterprise Zones (EZ)***

Enterprise Zones (EZ) is an economic development tool administered by local governments that provides real and personal property tax exemptions to businesses making investments in Ohio. In early 2004, Grove City passed Ordinance C-123-03 designating itself as an EZ.

Useful as these incentives are, they are not unique to Grove City. A company's decision about where to locate often will be influenced by other factors. Within the regional context, Grove City is competitive in important quality of life indicators including housing, education and recreation amenities. In terms of housing, the city benefits from the lowest median home cost of comparable Columbus suburbs including Gahanna, Hilliard, Dublin and Westerville. The city's schools are highly regarded, receiving an excellent rating in the most recent statewide evaluation. However, the schools may not be perceived as superior to the other suburbs mentioned.

## Impact of Parks and Open Space on Economic Development

### Attracting Tourists

Parks and recreation amenities can help attract visitors to a community. These visitors spend money in the community that helps to support jobs in the local economy. Out-of-town visitors may come for special parks and recreation programs such as cultural events and festivals, as well as competitive athletic events like races, golf tournaments and regional sports competitions.

A wide variety of events are held throughout the year that appeal to various audiences and utilize the city's parks. These events include: a historical reenactment at the Encampment, an impressive Independence Day fireworks show at Blast at Beulah, hot air balloon launches at Balloons & Tunes, and various youth sports competitions.

Sports competitions occur nearly every weekend during the summer and fall seasons. They utilize fields at Windsor, Fryer, Buckeye Woods and Evans Park. The facilities are currently programmed near capacity. Expansion of these programs may require additional staff, improved restrooms and lighting.

While, the economic impact that these events and programs have on the city has not been measured, such an analysis could be conducted. Utilizing existing staff resources and expertise, an economic impact study could be conducted that measures the impact from out-of-town visitors that is directly attributable to parks and recreation events or amenities. The economic impact study would identify the number of visitors for a given event, the average spending per visitor, and a multiplier amount. The multiplier represents the ripple effect of new money brought into the local economy. In simple terms, the impact equals the number of visitors times the average spending per visitor times the multiplier. A detailed guide to conducting an economic impact study is contained in the NRPA's paper entitled "Measuring the Economic Impact of Park and Recreation Services."

### Attracting and Retaining Retirees

Active and relatively affluent retirees are a group that can have a significant impact on a community's economic health. Those retirees at high socioeconomic levels are most likely to choose where they live. That choice is determined partially by climate, local cost of living, and proximity to relatives, but also the richness of amenities available. Communities must offer competitive levels of parks and recreation amenities to both attract and retain these individuals.

In some regards, focusing on attracting retirees can be more beneficial than focusing on attracting businesses alone. Retirees do not require direct economic incentives or infrastructure improvements. Capital improvements done to attract retirees also benefit other members of a community. Furthermore, retirement income often comes from pensions or social security, sources outside of a community, yet the income is spent locally, which helps the local economy. Lastly, retirees generally use fewer services than they pay for in taxes.

### ANNUAL GROVE CITY COMMUNITY EVENTS

The Amazing Grove City Race  
Blast at Beulah

Boo on Broadway

The Encampment

Family Fishing Day

Fryer Flicks on the Hill

Grove City's Balloons & Tunes

Homecoming Celebration

K-9 Carnival

Mayor's Cup Golf Outing

Mud Volleyball Tournament

Old-Time Harvest Day

Soggy Dog Swim

Summer Sizzle Concert Series

Winter Lights Christmas Celebration

## impact of parks and open space on economic development

In addition to the city's parks and recreational trails, Grove City offers recreational amenities aimed specifically at the senior population. The Evans Center organizes senior exercise classes and entertainment programs and coordinates excursions to shopping and attractions locally and regionally. The center also serves as a hot-meal site for LifeCare Alliance's Meals-on Wheels program.

### Recreation Development Fund

Year	Revenue	Expenditures
2010	\$112,065	\$153,627
2009	\$208,591	\$48,175
2008	\$87,721	\$225,088
2007	\$172,001	\$462,806
2006	\$189,212	\$116,794
2005	\$310,488	\$222,493

Development fees are collected to enhance parks, open space areas and green space

### FINANCIAL TOOLS

#### Current Tools

The following are tools that Grove City currently employs to finance park land acquisition and development.

#### **Recreation Development Fees**

The City of Grove City currently imposes development fees to support parks and recreational facilities. These fees are imposed on all new development and on expansion of commercial office or industrial uses. The current fees are:

- \$550 per new residential unit
- \$200 per acre plus \$.02 per square-foot of all buildings for new non-residential development. The per square-foot fees also apply to any additional floor area added during a building alteration.

The fees are deposited in a Recreation Development Fund which is designated for constructing, purchasing or otherwise upgrading parks and recreational facilities. Historically, these funds have mostly been used for maintenance rather than land acquisition or new park development.

#### **Open Space Requirement**

The city's goal is to provide 20 acres of open space per 1,000 residents. To meet that goal, the city requires that open space be dedicated upon the submission of all proposed new residential developments. The dedication requirement is equal to the future projected population of the development when complete, multiplied by 20 acres. For example, in a development with 100 housing units, the dedication requirement would be:

- 100 units multiplied by the average household size in Grove City as determined by the most recent US Census (2.29 persons) for a population estimate of 229.
- Multiplying 229 (people) by 0.02 (acres per person) yields 4.58 acres of open space that must be dedicated.

In cases where sufficient desirable land is not available to fulfill the requirement, a fee-in-lieu may be paid at a rate of \$30,000 per acre. In the case above, the developer could pay \$137,400 in-lieu of dedicating the 4.58 acres. Alternatively a combination of land dedication and fee-in-lieu can fulfill the requirement at the discretion of City Council and the Planning Commission.

#### **Urban Forestry Fee**

In addition to the above, fees are also collected on development for the purpose of purchasing, planting, replacement and maintenance of trees under the Urban

## impact of parks and open space on economic development

Forestry Program. A fee of \$6 per linear foot of curb/street pavement frontage is imposed for newly platted public street.

### Potential Tools

The following are financial vehicles commonly used by communities to capture increases in property values to pay for park and open space land acquisition and development. These tools are mentioned as possibilities for consideration. This section should not be construed as a recommendation that Grove City pursue each tool.

#### ***Special Assessment Districts***

Levies the cost of park development directly on the properties that benefit. The municipality would levy an additional tax on properties in proximity to the park. The amount of the additional tax may vary depending on distance, with the properties nearest the park paying more.

- Special assessments do not work well in areas with high land values and high rates of poverty.
- May contribute to creating a tiered system of park amenities that reinforces inequalities among different communities.
- Special assessment districts initiated by business leaders are called business improvement districts (BIDs)

#### ***Tax Increment Financing (TIF)***

A city or development authority issues bonds and uses the proceeds to finance capital improvements in a defined area (TIF district). The tax increment bonds are secured by the projected increase in revenues from existing and new development in the TIF district. TIF financing is currently used for certain capital improvements in Grove City.

#### ***Exactions***

Frequently cities will accept a fee in lieu of parkland dedication for developments that are too small to meet an open space dedication requirement. However, by the time enough fees are collected to purchase park land, it is often the case that all suitable land has already been developed. To combat this problem, some cities will purchase significant acreage for park dedication five to seven years in advance of development. The city will then repay the cost through collecting fees in lieu from developers and from increases in tax collected from nearby properties.

### FOR MORE INFORMATION

More information about park development, including an assessment of potential park land and tools for land acquisition are discussed in Chapter 7.

# impact of parks and open space on economic development

## POLICY FOUNDATION DEFINITIONS

### Goal

A goal is a broad policy statement expressing a desired outcome in simple terms.

### Objective

An objective is a refinement of the goal necessary to give more detailed policy direction to strategies to implement the goal.

### Action

An action is a detailed action step, program, project, or policy necessary to initiate and complete an objective.

## GOALS, OBJECTIVES AND ACTIONS FOR ECONOMIC DEVELOPMENT AS IT RELATES TO PARKS AND OPEN SPACE

### G1. Grove City benefits economically from parks, recreation, and open space amenities.

#### O1. Demonstrate the economic impact of major park investment.

A1. Prepare a report (annually or every three years) that assesses the short-term and long-term fiscal returns on park investment through local changes in rents and property values

A2. Use community opinion surveys to assess the value Grove City residents attribute to various park and recreation amenities. Could involve surveys of real estate professionals and property owners to determine their perceptions about the impact specific parks or types of amenities have on property values

#### O2. Review existing recreation development fees to determine if rates are appropriate and make necessary changes as needed to ensure that the park system will properly serve the growing population.

A3. Create a separate Parkland Acquisition Fund, for the sole purpose of acquiring land for parks

A4. Create a new Trail Development Fund, delineating funds exclusively for trails

#### O3. Identify and secure land for park creation, before adjacent land is developed in order to maximize the value of park investment.

A5. Purchase park land in advance of development and use development fees collected in the future to pay for that park land

#### O4. Demonstrate a positive economic impact from parks and recreation-related tourism.

A6. Conduct an economic impact study on a major event, such as a state-level sport tournament, which attracts significant numbers visitors to the community