

APPENDIX E

ECONOMIC DEVELOPMENT

INTRODUCTION

Economic Development and the Willamette Greenway Trail

Economic sustainability can be measured in a number of ways, but generally is defined as the ability of an economy to maintain a healthy level of activity and development for many generations.

Development of greenway trails offer extensive economic opportunities to bring significant positive change to communities.

Greenway trails provide intrinsic environmental, aesthetic, and recreation benefits to our cities. They are also a source of many positive economic benefits, such as:

- Potential property value benefit and net new property taxes
- Potential retail sales from the spending of trail users
- Potential retail space and employees supported by this spending

The purpose of this section is to explore the extent of economic benefits that are associated with trails and greenways. These benefits can provide economic change that will foster a more livable and sustainable community for all.

In the wake of recent demographic and market shifts, cities are rediscovering the many and lasting financial benefits of bikeable and walkable places. At the bottom line, greenways are a good financial investment for a community.

Economic Development Methodology

While researching economic development opportunities attributed to greenways there was an overarching problem of determining exact market values. Bicycle facilities, much like access to open space and a clean environment, represent non-market goods neither bought or sold. Research ranged from general overview articles anecdotal in nature to studies examining ridership data within a traditional benefit-cost framework. There were a small handful published in peer review outlets. Among other concerns, this suggests that most studies have not been prepared to meet the levels of research quality required in peer reviewed publications. An additional finding from the research review determined that studies in different locations use varied data and methodologies to arrive at widely varying conclusions.

Data from regional reports and national data sources were used to draw conclusions about economic benefits related to building the North Portland Greenway Trail. Regional studies and literature citations are linked to and support the economic benefit findings. Generally, quantitative findings and conclusions are drawn from peer-reviewed academic articles and studies and are referenced more heavily than qualitative or advocacy-oriented literature. Studies conducted in the Portland region were also prioritized.

PROPERTY VALUES

When looking at the economic value of greenways, property value benefits should be considered. The addition of active transportation infrastructure to an area has the potential to increase the value and development potential of properties.

The most common and effective way to measure walkability in areas is obtaining its walk score.¹ Neighborhood services closest to the address, within a five-minute walk, receive the highest score, while ones further away receive a lower score, to a maximum of a 30-minute walk.

As well as neighborhood amenities, walkscore.com analyzes the active transportation friendliness of an area by determining the population density, block length, and intersection density. A 2009 study showed that in “13 out of 15 markets, a one point increase in Walk Score was associated with between a \$700 and \$3,000 increase in home values.”²

As increased active transportation infrastructure, such as greenways, are introduced to areas, improved walkability can directly and indirectly result in increased home values. The study further explains, “houses with the above-average levels of walkability command premiums of about \$4,000 to \$34,000 over houses with just average levels of walkability in the typical metropolitan areas.”³

A common concern of residents near multi-use paths is that the homes closest to such facilities will experience declines in property values due to the high traffic of the trail. In reality, a property’s proximity to pedestrian and bicycle facilities has a positive effect on an adjacent property value. A study of the Indianapolis Cultural Trail found that homes closer to the trail sell for an average of 11% more than houses in similar locations.⁴ This shows that the neighborhoods nearest to the trail will experience increased monetary gains despite the increased volume of pedestrians and cyclists.

In addition to residential real estate, improving walkability benefits commercial real estate as well. A study in 2013 by Gary Pivo, University of Arizona, found that “greater walkability increases commercial real estate property values and their developers’ return on investment. He found that a 10% increase in walkability increased property values by 1 – 9%, depending on the type of property.”⁵

REAL ESTATE DEVELOPMENT

Trails can be the catalyst for redevelopment or development of vacant and underutilized property near trail corridors. Economic improvements can be the driving force to help positive change be realized and through the development of trails, thousands of area residents’ lives can be positively impacted. Investments in public amenities, such as parks and greenways can enhance development feasibility of underutilized properties. A study by Fregonese and Associates in Portland found that some of these investments, such as pedestrian facility improvements and bike infrastructure better allow land developers to realize a higher return on investments and help spur property redevelopment.⁶

As trails and greenways help fill in gaps in the active transportation network and improve regional connections, walkability will be increased significantly. The enhancements are anticipated to increase residential, commercial, rental, and retail properties within Portland.

LOCAL BUSINESSES

Bicycle and Pedestrian investments have the ability to encourage increased business to the adjacent communities. One common misconception is that catering towards bicyclists and walkers by will provide little return to business; studies have shown this to be false. Having complete and desirable active transportation infrastructure allows greater regional connectivity, which helps local business.

1 Walkscore website.

2 Cortright, Joseph, Walking the Walk: How Walkability Raises Housing Values in U.S. Cities. CEO for Cities, 2009.

3 Cortright, Joseph, Walking the Walk: How Walkability Raises Housing Values in U.S. Cities. CEO for Cities, 2009.

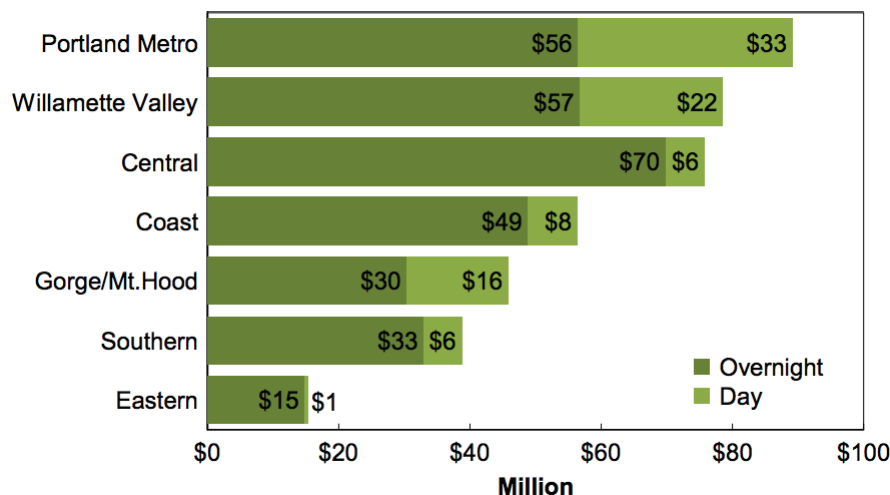
4 CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

5 Fregonese and Associates. 2010. “The Impact of Amenities on Development Feasibility.” Metro Brochure. December 2010.

6 Pivo, Gary, and Jeffrey D. Fisher. “The walkability premium in commercial real estate investments.” Real Estate Economics 39.2 (2011): 185-219.

A transportation study completed by Professor Kelly Clifton at Portland State University concluded that bicyclists, pedestrians, and transit riders' economic activity was competitive to those who chose automobiles as their primary mode of transportation.⁷ The study found that when people of the same socioeconomic class were studied, the chosen transportation mode was not statistically significant in determining spending. It was also found that though these active transportation users did not spend as much in one trip, they frequented the community amenities more often and thus remained competitive with automobile users.⁸

FIGURE 1 - TOTAL BICYCLE-RELATED TRIP EXPENDITURES BY REGION AND TYPE OF TRIP, 2012



Source: Metro, 2013

A study by the Robert Wood Johnson Foundation found retail businesses in walkable areas doing better and attracting patronage beyond the immediate trade area more than their suburban driving-oriented counterpart. The study found rents in walkable areas 27 to 54 percent higher than non-walkable areas. The key difference is the “place dividend” found in walkable areas.⁹

People who choose bicycling and walking also are likely to spend more money locally than taking a lengthy trip to meet their needs. 40% of U.S. trips are less than two miles; when the proper infrastructure is in place, these trips can easily be done by bicycle or walking. This also allows people to discover new businesses that were easily missed when driving. Having a regional trail system in place allows these cyclists and pedestrians to more easily travel to more distant areas to shop.

People who choose not to drive often have more disposable income than automobile users because of the high cost of automobile ownership. A study in Toronto found that people who bike and walk to local businesses spend more money than those who drive.¹⁰

The resulting sales increases of businesses near improved active transportation infrastructure are often significant. The Fort Worth Magnolia St. restaurants saw sales go up nearly 200% after proper bicycling facilities were installed. Providing facilities to cyclists pays off.¹¹

7 Clifton, Kelly, et al., Consumer Behavior and Travel Mode Choices, Oregon Transportation Research and Education Consortium (OTREC), 2013.

8 CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

9 Gary Hack, PhD, Business Performance in Walkable Shopping Areas, Robert Wood Johnson Foundation, November 2013.

10 CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

11 Pivo, Gary, and Jeffrey D. Fisher. “The walkability premium in commercial real estate investments.” Real Estate Economics 39.2 (2011): 185-219.

BUSINESS RECRUITMENT AND ATTRACTION

Businesses are following talent to walkable areas. Around the country, corporations and start-ups are choosing walkable urban centers over their suburban office park counterpart. In their 2014 report, Christopher Leinberger and Patrick Lynch ranked the walkability of the 30 largest metropolitan areas and found that office and retail space in walkable areas had 38 percent higher per capita GDPs and higher percentages of residents with bachelors' degrees. The report also found office rents in walkable areas are at a 74 percent higher premium per square foot over drivable suburban areas.¹²

As many employees have shown more interest in cycling or walking for their commute, having sufficient bicycle and pedestrian infrastructure has been an effective tool when recruiting skilled employees. "A city that fosters a culture of walking and bicycling, including supporting it with infrastructure, is better at attracting the 'creative class.' Knowledge based workers, such as engineers, attorneys, and healthcare providers."¹³

Richard Florida, a professor of economics at University of Toronto found that the 'creative class' values a place based on its authenticity and uniqueness.¹⁴ This is a common trait of cities that cater to the local consumer. Cities that are able to provide the proper avenues for this local mentality have shown great return. The city of Asheville, NC has become successful in attracting the creative class because of its bicycling and walking facilities; Asheville has become recognized for being a great walking town and biking destination and received recent awards and accolades because of it.¹⁵

BICYCLE TOURISM

Cities with denser, more connected bicycle and pedestrian facilities are fostering tourism destinations. Premium active transportation infrastructure will support tourism-related economic development as more and more tourists are seeking locations with attractive and interconnected facilities. Touring an area by bicycle or walking offers an enhanced, outdoor perspective that allows visitors to better experience the city. Not only is bicycle and pedestrian tourism a great way to explore, it provides substantial revenue to the region.

Bicycle network concepts are likely to continue to support bicycle tourism within Portland by increasing the off-street and separated bicycle facilities, especially trails and greenways. The Canadian "Bike on Tours" website lists three primary elements that attract bicycle tourists:¹⁶

- Bicycle-friendly streets and paths that are wide enough for bicyclists and other users
- Access to scenic roads, natural areas, and waterfront, cultural, and historic attractions
- Route maps and effective advertising

Tourists who opt to use a bicycle while vacationing are typically in higher income brackets and spend more per day than the car-oriented, traditional tourist.[footnote] Not only do people enjoy touring by bicycle, they are willing to pay for it. As a whole, the U.S. bicycling industry produces \$133 billion dollars a year towards the economy as well as 1.1 billion jobs; this reflects back into \$17.7 billion in federal, state, and local taxes.¹⁷

12 Christopher Leinberger and Patrick Lynch, Foot Traffic Ahead, Ranking Walkable Urbanism in America's Largest Metros, George Washington University School of Business, 2014.

13 CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

14 CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

15 Sztabinski, Fred. "Bike lanes, on-street parking and business: a study of Bloor Street in Toronto's Annex neighborhood." (2009).

16 "Ontario Bicycle Touring Complete Guide." Ontario Bicycle Touring Complete Guide. N.p., n.d. Web. 10 April 2015.

17 Flusche, Darren. 2009. "The Economic Benefits of Bicycle Infrastructure Investments." Report for the League of American Bicyclists. June 2009.

Oregon tourists are no exception; in 2012, an Oregon tourism study found that out of the 17.4 million people who visited Oregon, 4.5 million rode bicycles while here. In the Portland Metropolitan area, there was \$89 million in bicycle related trip expenditures with \$60 million coming from bicycle sales, rental, and repair. (Metro 2013).¹⁸

TABLE 1 - OREGON BICYCLE-RELATED TRAVEL: PARTY-TRIPS BY TRAVEL REGION, 2012

Trips by region	Total	Overnight	Day
Portland Metro	287,000	60,000	227,000
Willamette Valley	279,000	78,000	201,000
Gorge/Mt. Hood	187,000	41,000	146,000
Central	147,000	93,000	54,000
Coast	131,000	66,000	65,000
Southern	95,000	44,000	51,000
Eastern	25,000	20,000	5,000
Total	1,151,000	403,000	748,000

Source: Metro, 2013

Attractive bicycle and pedestrian infrastructure offer an easy and affordable way for tourists to explore a new area. When tourists stay in an area longer, they will spend more money; without the burdens of a rental car, tourists can spend more time in one place without having to worry about parking costs, which can be substantial in sought after areas like downtowns.

Bicycle and pedestrian facilities not only offer a great way for tourists to explore the city, the facilities attract local residents who chose to stay local for their vacation.

A survey found that 78% of visitors said that the city's bicycle-friendly reputation played a role in their decision to travel here.¹⁹

CONCLUSION

The potential positive economic impacts of the proposed Willamette Greenway Trail have been identified. There are significant economic opportunities locally as well as regionally, once the trail is implemented. Many of the benefits documented here are interconnected and lead to favorable outcomes throughout the community. These positive economic impacts are by no means exhaustive, but should help facilitate additional stakeholder buy-in to accelerate implementation of the trail, and include:

- increase property values within the study area,
- net new property tax revenue for city,
- new companies attracted to the area,
- increase lease income for existing property owners,
- support small business start-ups and increase employment opportunities within the community; and
- promote workforce and business attraction and retention.

¹⁸ CH2MHILL, Prepared for Metro, ODOT. Regional Active Transportation Plan Benefits of Active Transportation and Considerations for Implementation, June 30, 2013.

¹⁹ Blue, Elly. "The Grand Tour: How Bike Tourism Helps Local Economies." Grist.org. N.p., 6 June 2011. Web. 12 Apr. 2015.

People walking, bicycling, shopping or socializing are indicators of a community's health, wealth and overall happiness. Implementing a trail that connects the community is a sound investment that will produce increasing and lasting dividends.

RECOMMENDATIONS

Based on the literature review and stakeholder and technical advisor input, the economic development analysis determines that implementation of the proposed Willamette Greenway Trail would have positive economic impacts for the North Portland area. Recommendations to maximize the potential economic benefits from the trail are as follows:

- Create relationships with large employers in each segment to increase buy-in for the trail to be built.
- Engage with small businesses in the community through North Portland Business Association and St John's Main Street.
- Partner with other advocacy groups who share a similar mission, as Bicycle Transportation Alliance.
- Employ marketing materials at tabling events in the study area to educate and inspire the community to take action and push for an accelerated construction timeline.

