

# Economics of Shoreland Protection

# The Economics of Shoreland Protection

A growing body of research shows that waterfront property owners, local governments, economies and taxpayers benefit economically as a result of the amenities shoreland zoning preserves: clean water, wildlife, scenic beauty, and peace and quiet. Surveys of Wisconsin lakefront property owners and visitors consistently rate these as the amenities that attract them to the water. Here's a sampling of public and private benefits:

## Private benefits

ⓧ Shoreline frontage values in Vilas and Oneida counties increased an average of 7 to 12 % when towns had zoning requirements with a minimum 200 feet of water frontage for lots, according to a University of Wisconsin study based on data collected on 892 vacant lakefront properties from 1986-1995. The study indicated that the zoning requirement, by preserving clean water, natural scenic beauty and peace and quiet, generated an economic gain that more than offset the economic loss resulting from the constraints on development.<sup>1</sup>

- An improvement of 3 feet in the depth of water clarity would result in \$11 to \$200 more per foot of shoreline property value, potentially generating millions of dollars in increased value per lake according to a 5-year Maine study of 900 lakefront properties on 34 lakes. Likewise, declining water clarity accounted for a 10 % to 20 % drop in selling price.<sup>2</sup>
- Peace and quiet, a rural atmosphere, recreational activities, privacy and natural amenities were ranked by recreational homeowners in Burnett and Forest counties as the most important reasons for their property selection, according to a 1996 University of Wisconsin study.<sup>4</sup> These findings echo findings of a 1995 survey of Maine waterfront residents, which found that the reasons for choosing the location to buy included water clarity (98 %), quality of swimming (87 %) and scenic beauty (82 %).<sup>2</sup>
- Housing prices were 32 % higher if they were located next to a greenbelt buffer in Colorado. Nationally, buffers were thought to have a positive or neutral impact on adjacent property values in 32 of 39 communities surveyed.<sup>2</sup> Likewise, California homes near stream restoration projects had a 3 to 13 % higher property value than similar homes along unrestored streams. Most of the perceived value of the restored stream was due to the enhanced buffer, habitat, and recreation afforded by the restoration.<sup>2</sup>
- Corporate landowners can save between \$270 to \$640 per acre in annual mowing and maintenance costs when they keep open lands as a natural buffer instead of replacing it with turf.<sup>2</sup>

## Public benefits

- 400 Wisconsin business executives surveyed in 2000 gave Wisconsin its highest rankings relative to other states for its quality of life, government services, and loyalty to area. **Availability and quality of water were the highest ranked quality of life topics.**<sup>3</sup>

ⓧ Assessed property values increased the most in northern Wisconsin in 2001, fueled by vacation, retirement, and resort property growth; 15 counties recorded double-digit percentage increases, led by Menominee County (16.9 %), Bayfield (15.8 %), Sawyer (15.3 %), St. Croix (15 %), and Burnett (14.1 %).<sup>6</sup> Surveys consistently document that water-based recreation is an important factor in attracting recreational and retiring homeowners.

11-20-01  
The Website! D2, E, H6, G, I

The loss of property value due to lake water clarity declining below the regional average was estimated to be \$256 to \$512 million for 191 Maine lakes, a University of Maine study. The same study was used to determine potential future tax losses in one Maine township where 60 % of the 211 million property tax valuation is from lakefront property. A 3-foot decline in average minimum water clarity would cause a loss of \$10.5 million, roughly 5 % in total property value.<sup>3</sup>

#### **Tourism impacts**

- Scenic beauty and relaxation were the top reasons tourists gave for visiting Wisconsin and spending \$11.4 billion in the state in 2001. Tourism supported 380,000 full-time jobs and generated nearly \$1.8 billion in revenues for state and local governments.<sup>7</sup>
- Without state and local revenues yielded from travel expenditures, each household would have to pay an additional \$932 in taxes to maintain existing services.<sup>7</sup>
- Swimming and fishing are the top main activities visitors mentioned to researchers in a 1997 - 1998 summer study by the Department of Tourism.<sup>8</sup>
- Each year more than 1.5 million anglers spend 17 million days fishing in Wisconsin. They spend \$1.1 billion directly on fishing related expenses which generates more than \$2.1 billion in economic activity.<sup>9</sup>
- Sportfishing supports 30,000 jobs and generates more than \$75 million in tax revenues for the state for use on critical services like education and health care.<sup>9</sup>

---

#### **Sources:**

<sup>1</sup>Spalatro, F. and B. Provencher, 2000. *Analysis of Minimum Frontage Zoning to Preserve Lakefront Amenities*.

<sup>2</sup>Schueler, T.R. and H.K. Holland, editors, 2000. *The Practice of Watershed Protection*. The Center for Watershed Protection, Ellicott City, MD.

<sup>3</sup>Maine Department of Environmental Protection Lake Assessment Program . 2000. *More on Dollars and Sense: The Economic Impact of Lake Use and Water Quality*.

<sup>4</sup>Pressing, J., D.W. Marcouiller, G.P. Green, S.C. Deller and N.R. Sumathi, 1996. *Recreational homeowners and regional development: A comparison of two Northern Wisconsin counties part 2* UW-Extension Staff paper.

<sup>5</sup>Udell, J.G. and N. Navarro, 2000. *Wisconsin's Quality of Life as Seen by Manufacturers and Business Service Providers: A study of the Quality of Business and Personal Life in Wisconsin*.

<sup>6</sup>Department of Revenue press release, 2002. *State Equalized Values Up 7.3%*.

<sup>7</sup>Davidson-Peterson Associates, 2001. *Economic Impact of Traveler Expenditures on Wisconsin*. Department of Tourism.

<sup>8</sup>Department of Tourism, 1998. *In-Market Research Study*.

<sup>9</sup>U.S. Fish & Wildlife Service, 1998. *1996 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, State Overview*.