

# Why LID makes Economic Sense



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Coastal Federation  
*Working Together for a Healthy Coast*

# North Carolina Coastal Federation

- Nonprofit, 501(c) member supported organization founded in 1982.
- 35 staff and 30 board members.
- Cover 20 coastal counties.
- Three offices.
- Key goals -
  - Living Shorelines
  - Thriving Oysters
  - Clean Water Quality
  - Reduced Marine Debris
  - Effective Coastal Management

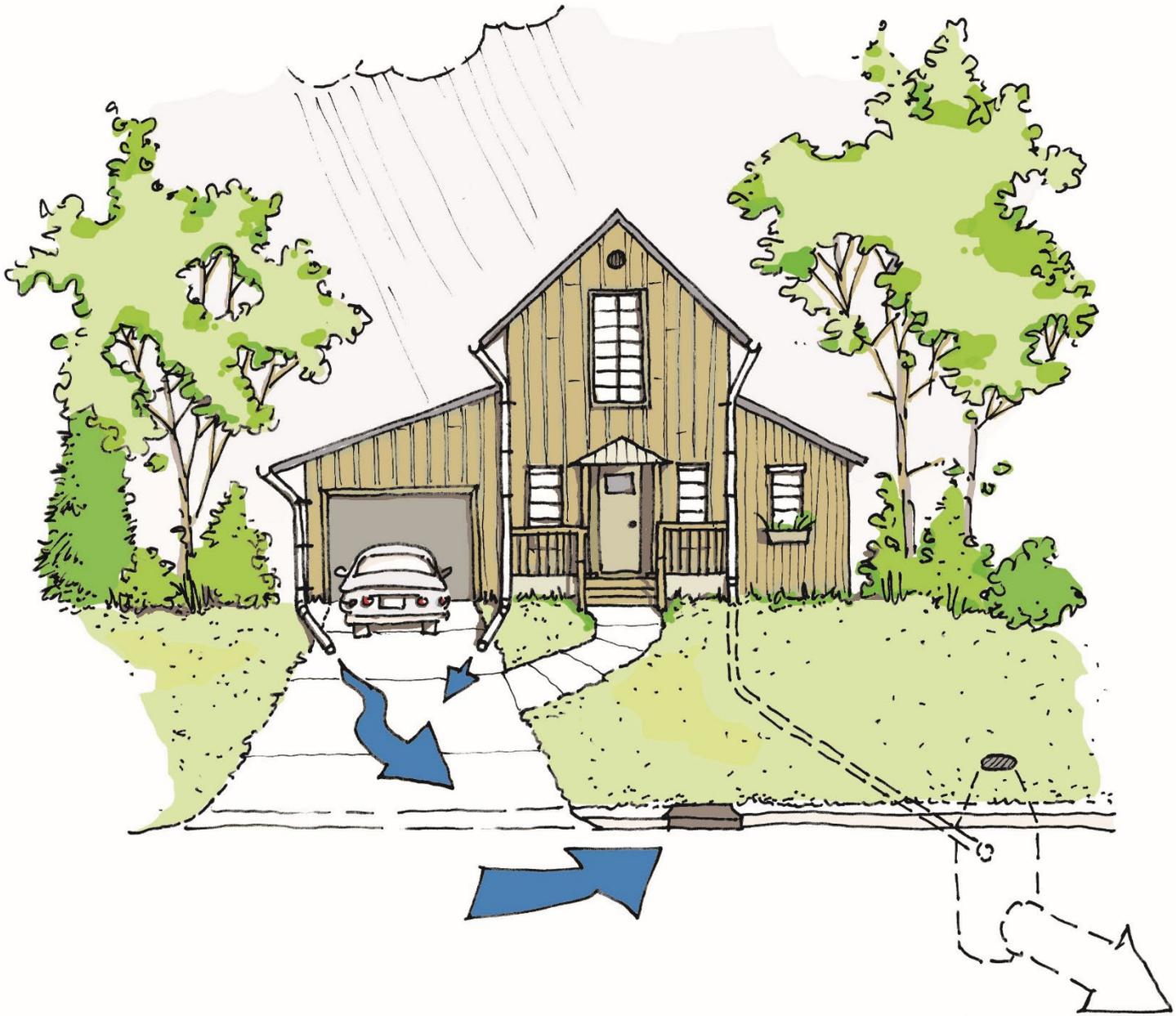


All connecting People, the Environment  
and Economy



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# The Economic Benefits of Low Impact Development

"Such simplistic, nonstructural methods can reduce the need to build large structural runoff controls like retention ponds and stormwater conveyance systems and thereby decrease the overall infrastructure costs of the project."

*US Environmental Protection Agency*

# The Economic Benefits of Low Impact Development

"Planning and designing in concert with nature not only builds for resilience, but also provides amenities for communities and value for investors in development."

*Urban Land Institute*



# The Economic Benefits of Low Impact Development

LID includes development strategies that restore hydrologic function by soaking in the rain close to where it falls rather than conveying it downstream.

These techniques can provide less expensive, and more cost-effective, approaches to managing stormwater.



# The Economic Benefits of Low Impact Development

Research shows that building green does not necessarily cost more, especially when strategies are integrated early into the development process

*AND*

when considering the economic benefits to developers, local governments, consumers and the environment collectively....



# Analyzing the Costs and Realizing the Benefits

**construction costs** considers costs of construction.

**life-cycle cost analysis** includes planning, design, installation, operation and maintenance (O&M)

**benefit-cost analysis**, considers the full range of costs and benefits, including the long term life cycle costs of the construction, but also the economic benefits resulting from LID.

**Environmental goods and services**, such as clean air, clean water for fishing and swimming, are not easily measured in monetary terms because they aren't traded in markets like consumer items such as houses, oil or timber.

**Ecosystem services** are the benefits people get from ecosystems.

# The Economic Value of LID to the:

- Developer
- Local Government
- Consumer/homeowner
- Environment



# Economic Value of LID to the Developer

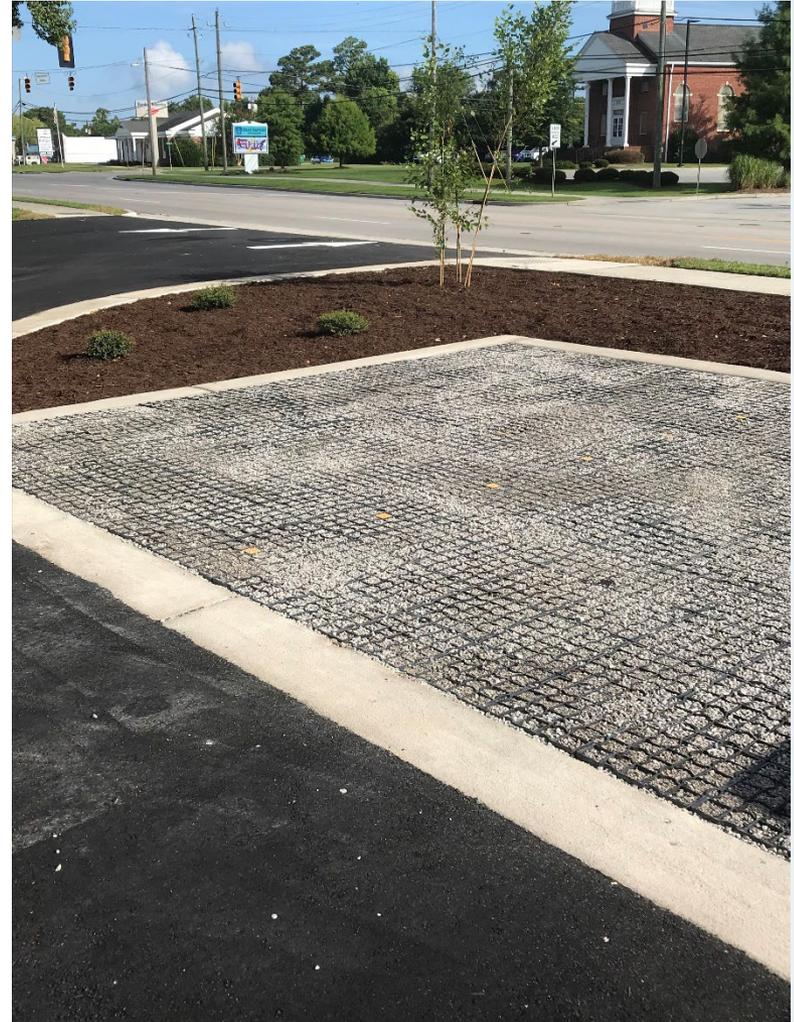
- Reduce land clearing and grading costs
- Potentially reduce infrastructure costs (streets, curbs, gutters, ponds)
- Reduce storm water management costs
- Potentially reduce impact fees and increase number of buildable lots
- Increase lot and community marketability, quicker and more profitable sale?



# Economic Value of LID to the Developer

## Example Benefit of LID Practice:

- Because a pervious parking system **doubles** as a stormwater management system, there is no need to purchase additional land for installing large retention ponds and other water-retention and filtering systems.
- That means developers and property owners can use land more efficiently and maximize the return on their investment.
- Installing traditional curbs, gutters, storm drain inlets, piping, and retention basins **can cost two to three times more** than low-impact strategies for handling water runoff, such as pervious concrete.



# Economic Value of LID to the Developer

some LID materials might currently be more expensive than conventional materials but because they reduce the overall stormwater management needs, the total project construction costs can be reduced.



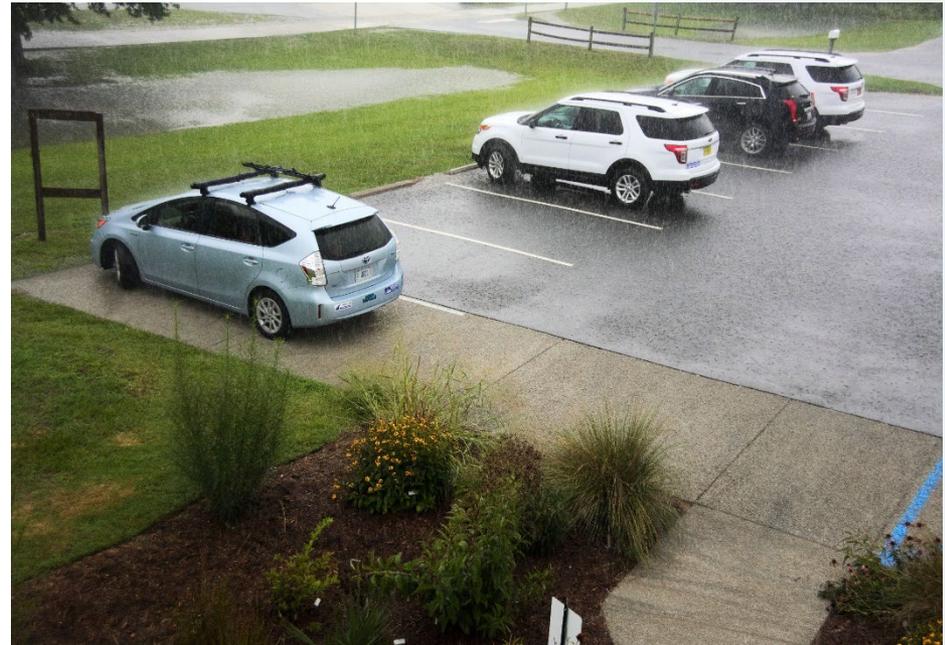
# Economic Value of LID to the Developer

## *Example LID Practice Benefit:*

**Asphalt:** costs between \$.50 and \$1 per square foot installed. This sounds quite cheap, but it does not include the costs of any storm water management system (pond) or drainage piping.

**Porous Concrete:** costs from \$2.00 to \$6.50, per square foot installed. But you can park on the pond.

**A More Accurate Cost Comparison:** consider added costs of storm water management systems. This bumps up costs of the asphalt pavement to between \$9.50 and \$11.50 per square foot of installed pavement. *Paversearch.com*



# EPA LID Cost Comparison Report 12/07

<b>Project</b>	<b>Conventional</b>	<b>LID</b>	<b>Cost Difference</b>	<b>Percent Difference</b>
Bellingham City Hall	\$27,600	\$5,600	\$22,000	80%
Auburn Hills	\$2,360,385	\$1,598,989	\$761,396	32%
Donovan Park	\$52,800	\$12,800	\$40,000	76%
Gap Creek	\$4,620,600	\$3,942,100	\$678,500	15%
Garden Valley	\$324,400	\$260,700	\$63,700	20%
Prairie Glen	\$1,004,848	\$599,536	\$405,312	40%
Somerset	\$2,456,843	\$1,671,461	\$785,382	32%



# Economic Value of LID to the Developer:

## Evaluating LID for a Development in the Lockwood Folly Watershed

Jason D. Wright, EI, William F. Hunt, Ph.D., PE, and Dwane L. Jones 2013

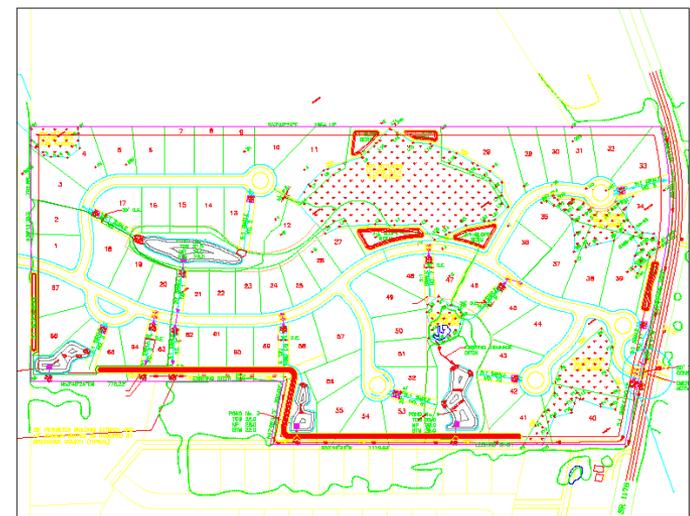
Study evaluated conventional neighborhood design and redesigned it with LID comparing the costs.

Findings: Cost savings with LID practices include:

- shrinking the pond
- narrowing the roads
- eliminating drop inlets and pipe
- eliminating curb and gutter

\*\*By decreasing the surface area of the wet pond, room was created for another home on the lot.

*This is perhaps the greatest benefit to the developer as comparable homes in the area have sold for approximately \$380,000.*



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# Economic Value of LID to the Developer

Imagine the savings if incorporated into the *initial* concept, design and permitting phase of a project.....



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# Economic Value of LID to the Developer



RIVER BLUFFS.

“We saved about \$2 million in development cost on 100 lots by not installing curbing and by using natural areas as infiltration basins and not having to excavate for wet ponds. Other than that, all the other costs were about the same. I also think the trees we were able to save by not clearing for ponds and drainage was an added plus.” *Burrows Smith, developer*



# Economic Value of LID to the Developer

"The added benefit of responsible, low impact development is that it creates a neighborhood that fits in with what was here before, and consumers see that, respect that and generally speaking, are willing to pay a premium for that".

*John Lennon*

*Director of Sales and Marketing, River Bluffs Development Corp.*



RIVER BLUFFS.

# Economic Value of LID to the Developer

**In marketing, River Bluffs Promotes A Commitment to the River and LID.**

It is being developed on a philosophy of sustainability and environmental preservation.

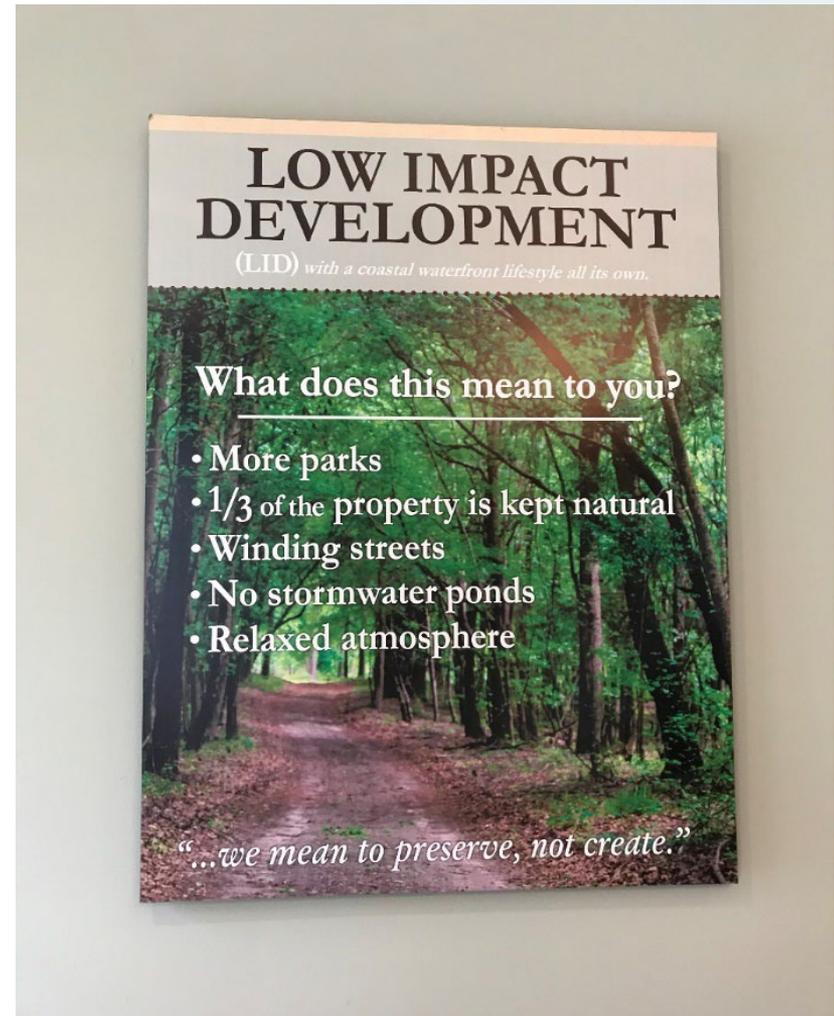
Minimal paved roads & driveways.

Preserved mature trees, natural vegetation & green spaces.

No retention ponds.

Winding streets.

Energy efficient home building.



**RIVER BLUFFS.**

# Economic Value of LID to Local Governments:

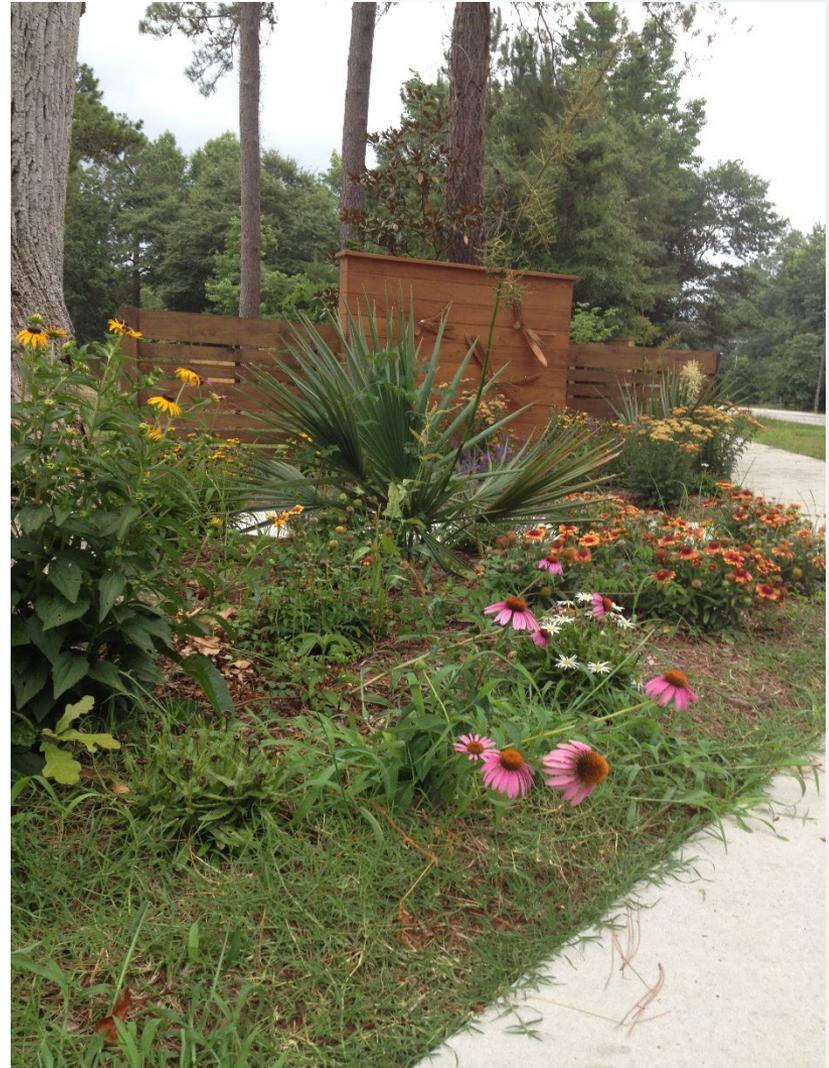
- LID helps protect water quality which helps maintain real estate values, which in turn protects tax revenues
- On-site stormwater volume control can downsize or eliminate larger stormwater conveyance infrastructure
- LID can help reduced public expenditures on stormwater infrastructure maintenance
- Reduced hazardous flooding



# Economic Value of LID to the Consumer

- Increased amenity and property values
- Water quality improvements can increase market value of adjacent properties
- Reduced stormwater fees
- Lots in conservation subdivisions sold in about half the time as lots in conventional subdivisions

*landchoices.org*



# Economic Value of LID to the Consumer

"When designed correctly, most homeowners perceive these systems as value added builder amenities and provide for their maintenance."

*National Association of Home Builders Research Center*



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# Economic Value of LID to Environment

- Clean water quality results in waters that are swimmable and fishable
- Reduced nuisance flooding
- Groundwater recharge

