The Economics of Low-Impact Development: A Literature Review

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EXECUTIVE SUMMARY

Low-impact development (LID) methods can cost less to install, have lower operations and maintenance (O&M) costs, and provide more cost-effective stormwater management and water-quality services than conventional stormwater controls. LID also provides ecosystem services and associated economic benefits that conventional stormwater controls do not.

The available economic research on some of these conclusions is preliminary or limited in scope. For example, most economic studies of LID describe the costs of installing LID, or compare the costs of installing LID with the costs of installing conventional controls. Few reports quantify the economic benefits that LID can provide in addition to managing stormwater. Fewer researchers report results of studies that measure at least some costs *and* at least some benefits of LID vs. conventional controls.

The costs and benefits of LID controls can be site specific and will vary depending on the LID technology (e.g., green roof vs. bioswale), and local biophysical conditions such as topography, soil types, and precipitation. Including developers, engineers, architects and landscape architects early in the design process can help minimize the LID-specific construction costs.

Despite the fact the LID technologies have been promoted and studied since the early 1990s, for many stormwater managers and developers, LID is still a new and emerging technology. As with most new technologies, installation and other costs of LID are highest during the early phases of development and adoption. Over time, as practitioners learn more about the technology, as the number of suppliers of inputs expands, and as regulations adapt to the new technology, costs will likely decline.

Combined sewer overflows (CSO), and the resulting biophysical and economic consequences, are major concerns for municipal stormwater managers. LID can help minimize the number of CSO events and the volume of contaminated flows by managing more stormwater on site and keeping flows out of combined sewer pipes. Some preliminary evidence exists that LID can help control CSO volumes at lower cost than conventional controls.

Many municipalities have zoning and building-inspection standards in place that were adopted many years ago, long before LID was an option. Municipalities with outdated stormwater regulations typically require that builders file variances if they want to use LID controls. This can increase a builder's design and regulatory costs, which delays construction and can increase a builder's financing costs. Updating building regulations to accommodate LID can help reduce the regulatory risk and expense that builders face.

The large majority of the economic studies on LID focus on the costs of including LID in new construction. Replacing curbs, gutters and stormwater pipes with bioswales, pervious pavers and other LID controls can reduce construction costs. Protecting a site's existing drainage patterns can reduce the need for pipe infrastructure and a developer may be able to do away with surface stormwater ponds, which also increases the number of developable lots. Some researchers report that developments that emphasize LID controls and protected natural grass and forest drainage areas cost less to develop and sell for more than traditionally-developed lots with conventional stormwater controls.

Few studies considered the economic outcomes of including LID in urban redevelopment projects. Some evidence exists that LID controls cost more than conventional controls under these conditions, however, these studies excluded O&M costs of the two alternatives and the economic benefits that the LID controls can provide.

I. INTRODUCTION

Conventional stormwater controls collect stormwater from impervious surfaces, including roads, parking lots and rooftops, and transport the flow off site through buried pipes to treatment facilities or directly to receiving bodies of water. This approach efficiently collects and transports stormwater, but also can create high-velocity flows polluted with urban contaminants, including sediment, oil, fertilizers, heavy metals, and pet wastes. Such flows can erode stream banks and natural channels, and deposit pollutants that pose ecosystem and public health risks (Kloss and Calarusse 2006).The resulting ecosystem and public health consequences can create significant economic costs.

A study of the biophysical and public health damages and associated economic costs of stormwater runoff in the Puget Sound estimates these costs at over $1 billion during the next decade (Booth et al. 2006). These costs include flood-related property damage and financial losses, capital costs of new stormwater infrastructure, cleaning up stormwater-polluted water resources, and habitat restoration and protection efforts. The Natural Resources Defense Council (Kloss and Calarusse 2006) describes similar impacts attributed to conventional controls across the U.S.: stormwater sewers collect and discharge untreated stormwater to water bodies, while combined sewer and stormwater systems overflow during heavy rains, discharging both untreated sewage and stormwater into the nation's rivers and lakes. Both contribute to impaired water quality, flooding, habitat degradation, and stream bank erosion. The U.S. Environmental Protection Agency (EPA) estimates the costs of controlling combined sewer overflows (CSO) throughout the U.S. at approximately $56 billion. Developing and implementing stormwater-management programs and urban-runoff controls will cost an additional $11 to $22 billion (Kloss and Calarusse 2006).

In contrast to conventional stormwater controls, low-impact development (LID) techniques emphasize on-site treatment and infiltration of stormwater. The term low-impact development encompasses a variety of stormwater-management techniques. Examples include bioswales, rain gardens, green streets, and pervious pavers (U.S. EPA 2000). The name LID came into use around the late 1990s, however stormwater managers employed LID techniques prior to this. Technicians in Prince George's County, Maryland were some of the first to install what eventually became known as LID techniques in the early 1990s as an alternative to conventional stormwater controls. Soon after, a few communities in the Chesapeake Bay area followed, experimenting with a number of LID demonstration projects. Over time, interest in LID as an alternative or complement to conventional controls grew, and so did the number of LID demonstration projects and case studies across the United States. The EPA reviewed the early literature on LID and described their assessment of this literature in a report released in 2000 (U.S. EPA and Low Impact Development Center 2000). Their review assessed the availability and reliability of data on LID projects and the effectiveness of LID at managing stormwater. While this report focused primarily on the potential stormwater-management benefits of LID, it concluded that LID controls can be more cost effective and have lower maintenance costs than conventional stormwater controls. In December of the following year, the Center for Watershed Protection published one of the earliest studies that focused primarily on the economic aspects of "better site design," which included many LID principles (Center for Watershed Protection 2001).

The amount of information available on the economics of managing stormwater using LID has grown since the publication of these first reports. Most studies describe the costs of installing LID, or compare the costs of installing LID with the costs of installing conventional controls. Other reports focus on the economic benefits that LID can provide in addition to managing stormwater. These benefits include mitigating flooding, improving water-quality, and providing amenity values for properties adjacent to LID, such as green streets. A few—very few—researchers report results of studies that attempt to characterize at least some costs *and* at least some benefits of LID vs. conventional controls in a *single* study. In this report we summarize our review of the literature on the economic costs and benefits of managing stormwater by LID.

This literature review has three objectives. First, to describe briefly, and in plain language, the methods economists use when measuring the costs and benefits of LID and conventional stormwater controls. This information provides the reader with a context for the economic descriptions of costs and benefits that follow. Second, to summarize the literature that identifies and measures the economic costs and benefits of managing stormwater using LID, or that compares costs or benefits, or both, between LID and conventional controls. Third, to organize and present this information in a way that non-economist municipal officials, stormwater managers, ratepayer stakeholders and others can use as they consider and deliberate stormwater-management plans.

This literature review differs from literature reviews that accompany academic studies. Typically, academic literature reviews provide an introduction and a context for an analysis of a specific economic issue, e.g., a new analytical technique that measures economic benefits. In this case, the literature review is a stand-alone document that summarizes information on the broad issue of economic costs and benefits of LID. Academic literature reviews also target academic and professional economists. This literature review targets non-economist readers.

The technical effectiveness of LID stormwater controls is outside the scope of our review. Our analysis assumes that the LID techniques described in the economic studies that we reviewed provide the necessary or expected stormwater controls. As we understand, there is a growing body of literature on LID effectiveness, and we include some of these references in the Appendix to this report. Also, the more general topic of the economic values of ecosystem services, while somewhat related, was outside the scope of our review. Our analysis focused on the values of ecosystem services as affected by LID techniques.

We began our search for relevant literature by developing a list of key words with which to find reports or articles that contained relevant information. After a cursory search of LID literature, we identified LID- and economics-related key words that researchers and practitioners use when describing LID projects and analyses. The list includes words often used synonymously with LID (i.e., source control, natural drainage systems, sustainable stormwater management), or that describe a set of conservation-design strategies that include LID techniques (i.e., green infrastructure and conservation development). We also searched the literature using economics-related terms (i.e., costs, benefits, and savings). Table 1-1 lists the LID- and economics-related search terms we used in our search of the literature.

Using the terms listed in Table 1-1, we searched databases that contained the widest-possible range of sources including academic literature, reports produced by government agencies and non-profit organizations, news coverage, and articles in the popular press. These databases include information published in peer-reviewed articles, books, reports, conference papers and presentations, and web pages. Table 1-2 lists the databases included in our search.

Table 1-1: Search Terms

LID-Related Search Terms	Economics-Related Search Terms
Low-impact development	Economics
Source control	Benefits, economic benefits
Green infrastructure	Costs, economic costs
Natural drainage systems	Cost comparison
Sustainable stormwater management	Savings
Conservation development	Benefit cost analysis, cost benefit analysis
Alternative stormwater management	Cost effectiveness
Better site design	
Low-impact urban design and development	

Source: ECONorthwest

Table 1-2: Databases

Database	Description
Academic Search Premier	Index of 8,000 academic journals in the social sciences, humanities, and general science, back to 1965.
Article First	Index of 16,000 journal titles in business, humanities, popular culture, science, social science, and technology, back to 1990.
Econlit	American Economic Association's index of economic research, back to 1969.
Environmental Protection Agency (EPA) website	Database of studies, reports, educational material, and newsletters authored or supported by the EPA.
Environmental Valuation Reference Inventory (EVRI)	Database of empirical studies conducted internationally on the economic values of ecosystem services.
Google	Source for non-peer reviewed reports, articles, websites and other publications.
Journal Storage (JSTOR)	Index of over 100 major research journals in a variety of academic disciplines, some back to 1870.
Web of Science	Index of science and social science journals, back to 1975.
WorldCat	Index of bibliographic records of books, journals, manuscripts, etc. archived in university, public and private library catalogs around the world.

Source: ECONorthwest

We reviewed potential sources for relevance. If a source contained LID-related cost or benefit information, we indexed it in our own database, summarized the information on costs or benefits, and reviewed its bibliography for additional sources of information.

This report of our review of the literature is organized as follows. The next two sections provide background information to the discussion of the economic costs and benefits of managing stormwater. This background information provides a context or economic frame-of-reference that will help the reader consider the descriptions of costs and benefits that follow.

In **Section II** we list the range of benefits associated with LID, as identified in the LID literature, along with illustrations of the values of these benefits as reported in the economic literature. We found that many more reports simply list these benefits rather than quantify them.

In **Section III** we describe two of the more common methods of measuring the economic costs and benefits of stormwater controls: the cost-effectiveness and benefit-cost methods. As the names imply, cost-effectiveness studies compare alternatives looking exclusively at the alternatives' costs. This method assumes away benefits or holds them constant across alternatives. A benefit-cost analysis considers the range of costs and benefits for each alternative. The benefit-cost method has greater data demands and can be more expensive than the cost-effectiveness approach—primarily because it adds benefits into the analysis—but it can also yield a more accurate economic picture of the full range of economic consequences of implementing the alternatives.

In **Section IV** we summarize the literature that considers the costs and benefits of LID. The large majority of these studies focus exclusively on the costs of installing LID, or compare the costs of installing LID with the costs of installing conventional controls. Some studies look beyond installation costs to include operations and maintenance costs. Few studies consider both the costs and benefits of LID or compare costs and benefits of LID with conventional controls.[1] When the literature allowed, we described the economic aspects of adopting LID from the perspective of municipal decisionmakers, ratepayer stakeholders, and private developers.

In **Section V** we describe LID from the perspective of property developers. As with other new technologies, adopting LID includes opportunities and risks. We describe the risks and challenges that developers face when they include LID controls in their projects and the successes developers have had adopting LID.

In **Section VI** we discuss areas of future research that would increase our understanding of the economics of LID. For example, limited information exists on the life-cycle costs of LID, the economic benefits of LID beyond stormwater control, and the economic impacts of installing LID in urban-redevelopment settings.

The **Bibliography** lists the references we cite in this report. During our search for information on the economic aspects of LID, we encountered non-economic information that supports the use of LID. We list this information in the **Appendix** to this report.

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[1] We list the reported dollar amounts of costs and benefits without converting to current, 2007-year, dollars because in most cases, the available information prevented such a conversion.

II. Ecosystem Services Provided or Enhanced by Low-Impact Development

Conventional controls and LID techniques both manage stormwater flows. By promoting stormwater management on site using a variety of techniques, LID controls can provide a range of ecosystem services beyond stormwater management. Braden and Johnston (2004), Coffman (2002), and the Natural Resources Defense Council (Lehner et al. 2001) list and describe the kinds of ecosystem services that LID can provide or enhance. Taken together, these researchers describe the following ecosystem services: reduced flooding, improved water quality, increased groundwater recharge, reduced public expenditures on stormwater infrastructure, reduced ambient air temperatures and reduced energy demand, improved air quality, and enhanced aesthetics and property values. We briefly describe each of these services below.

Reduced Flooding

Braden and Johnston (2004) studied the flood-mitigation benefits of managing stormwater on site, including reduced frequency, area, and impact of flooding events. In a follow-up study, Johnston, Braden, and Price (2006) focus on the downstream benefits accrued from flood reduction accomplished by greater upstream on-site retention of stormwater. These benefits include reduce expenditures on bridges, culverts and other water-related infrastructure.

Improved Water Quality

Brown and Schueler (1997), Center for Watershed Protection (1998), U.S. EPA and Low Impact Development Center (2000), and Braden and Johnston (2004) describe the water-quality benefits that LID stormwater controls can provide. These benefits include effectively capturing oil and sediment, animal waste, landscaping chemicals, and other common urban pollutants that typically wash into sewers and receiving water bodies during storm events. Plumb and Seggos (2007) report that LID controls that include vegetation and soil infiltration, e.g., bioswales, can prevent more stormwater pollutants from entering New York City's harbor than conventional controls.

Increased Ground Water Recharge

On-site infiltration of stormwater helps recharge groundwater aquifers. According to a report by American Rivers, the Natural Resources Defense Council, and Smart Growth America (Otto et al. 2002), areas of impervious cover can significantly reduce ground water recharge and associated water supplies. The study found that impervious surfaces in Atlanta reduced groundwater infiltration by up to 132 billion gallons each year—enough water to serve the household needs of up to 3.6 million people per year.

Braden and Johnston (2004) distinguish between two services associated with increased groundwater recharge: the increased volume of water available for withdrawal and consumption, and maintaining a higher water table, which reduces pumping costs and increases well pressure.

Reduced Public Expenditures on Stormwater Infrastructure

The Center for Watershed Protection (1998), Lehner et al. (2001), and U.S. EPA (2005) report that LID techniques, such as bioswales, rain gardens, and permeable surfaces, can help reduce the demand for conventional stormwater controls, such as curb-and-gutter, and pipe-and-pond infrastructure. Braden and Johnston (2004) report that retaining stormwater runoff on site reduces the size requirements for downstream pipes and culverts, and reduces the need to protect stream channels against erosion.

Two recent studies by the Natural Resources Defense Council (Kloss and Calarusse 2006) and Riverkeeper (Plumb and Seggos 2007) report that by managing stormwater on site, LID techniques can help reduce combined sewer overflows. Combined sewer systems transport both sewage and stormwater flows. Depending on the capacity of the pipes and the amount of rainfall, the volume of combined sewer and stormwater flows can exceed the capacity of the pipes when it rains. When this happens, overflows of sewage and stormwater go directly to receiving bodies of water untreated. LID helps to keep stormwater out of the combined system, which reduces CSO events. Thurston (2003) found that decentralized stormwater controls, such as LID, can control CSO events at a lower cost than conventional controls.

Reduced Energy Use

LID techniques, such as green roofs and shade trees incorporated into bioswales and other controls can provide natural temperature regulation, which can help reduce energy demand and costs in urban areas. Plumb and Seggos (2007) estimate that covering a significant amount of the roof area in New York City with green roofs could lower ambient air temperatures in summer by an estimated 1.4 degrees Fahrenheit. The U.S. EPA and Low Impact Development Center (2000) report that the insulation properties of vegetated roof covers can help reduce a building's energy demand, and notes that green roofs in Europe have successfully reduced energy use in buildings.

Improved Air Quality

Trees and vegetation incorporated into LID help improve air quality by sequestering pollutants from the air, including nitrogen dioxide, sulfur dioxide, ozone, carbon monoxide, and particulate matter (American Forests 2000-2006). In a study by Trees New York and Trees New Jersey, Bisco Werner et al. (2001) report similar air-quality benefits of trees and vegetation in urban areas. Plumb and Seggos (2007) cite one study that found that a single tree can remove 0.44 pounds of air pollution per year.

Enhanced Aesthetics and Property Values

Several studies including Lacy (1990), Mohamed (2006), U.S. Department of Defense (2004), and Bisco Werner et al. (2001) report that the natural features and vegetative cover of LID can enhance an area's aesthetics, and increase adjacent property values. The U.S. Department of Defense (2004) highlights how LID can improve the aesthetics of the landscape and increase adjacent property values by providing architectural interest to otherwise open spaces. On commercial sites, Bisco Werner et al. (2001) found that LID on commercial sites provided amenities for people living and working in the area and complemented the site's economic vitality, which improved its competitive advantage over similar establishments for customers and tenants.

III. Economic Framework: Measuring Costs and Benefits of Low-Impact Development

Researchers and practitioners assess the economic aspects of LID using several methodologies. These methodologies range from rough cost evaluations, that compare a subset of costs of LID against the same costs for conventional management techniques, to benefit-cost analyses, that compare a range of costs and benefits of LID to the same for conventional stormwater controls. This section examines the differences in these methodologies.

Most economic evaluations of LID reported in the literature emphasize costs. The overwhelming majority of these studies confined their analyses to measuring installation costs. Evaluators prefer this method perhaps because from a developer's perspective, installation cost is one of the most important considerations when choosing between LID or conventional controls. LID can compare favorably with conventional controls in a side-by-side analysis of installation costs (*see for example* Foss 2005; Conservation Research Institute 2005; U.S. EPA 2005; Zickler 2004), however, focusing on installation costs misses other relevant economic information. For example, such a focus excludes operation and maintenance (O & M) costs, differences in the effectiveness of LID versus conventional systems, and the environmental and economic benefits that LID can provide, but which conventional controls cannot.

Evaluating projects based on installation costs has advantages of costing less than studies that include other economic factors, e.g., O & M costs, taking less time than more extensive analyses, and relying on readily available construction-cost data. The tradeoff for stormwater managers is an incomplete and possibly biased description of economic consequences, especially over the long term.

Some researchers look beyond comparisons of installation costs and evaluate LID and conventional controls using a method know as a life-cycle cost analysis (LCCA) (Powell et al. 2005; Sample et al. 2003; Vesely et al. 2005). This approach considers a comprehensive range of stormwater-management costs including planning and design costs, installation costs, O & M costs, and end-of-life decommissioning costs. An LCCA method requires more data than a comparison of installation costs, and this data, particularly data on lifetime O & M costs, may not exist or is difficult and costly to obtain. The tradeoff for policy makers is more accurate information on the cost implications of alternative stormwater-management options. However, LCCA, like more limited cost comparisons, excludes measures of economic benefits.

Another limitation of cost comparisons is that they ignore differences in effectiveness between LID and conventional controls. For this reason, researchers recommend that LCCA should compare projects that provide the similar levels of services (Powell et al. 2005). Brewer and Fisher (2004), Horner, Lim, and Burges (2004), and Zielinski (2000) found, however, that LID approaches can manage stormwater quantity and quality more effectively than the conventional approaches, either controlling more flow, or filtering more pollutants, or both. In these cases, an LCCA study could conclude that an LID option costs more than the conventional control, without accounting for the fact that the LID option can manage a larger volume of stormwater.

The benefit-cost approach overcomes the limitations of simple cost comparisons or LCCA by considering the full range of costs and benefits of alternative management options. The tradeoff is that the benefit-cost approach requires more data than cost comparison, which increases the time and costs of conducting the economic analysis.

The benefit-cost approach evaluates the net economic benefits of a project, or compares outcomes among projects, by comparing relevant costs with relevant economic benefits (Boardman et al. 2005; Field and Field 2006; Gramlich 1990; Kolstad 2000). Economic researchers in academic, business, and public-policy sectors have for many years conducted benefit-cost analyses in a wide variety of applications. Since at least the middle of the twentieth century, economic evaluations of large-scale public projects included some type of benefit-cost analysis, and since 1981, the federal government required that new programs and regulations include a benefit cost analysis (Freeman 2003). The U.S. Office of Management and Budget (OMB) considers the benefit-cost method the "recommended" technique when conducting formal economic analyses of government programs or projects (U.S. OMB 1992). Over the years, the technique has grown more sophisticated, especially with respect to measuring and incorporating non-market goods and services, such as the values of ecosystem services (Croote 1999).

The economic literature on benefit-cost analysis is voluminous and growing, but the basic process can be broken into four steps (Field and Field 2006).[2]

1. The first step defines the scope of the analysis, including the population that will experience the benefits and costs, and the elements of the project, including location, timing, and characteristics of the work to be done.

2. The second step determines a project's full range of inputs and effects, from the planning and design phase through the end of the project's lifespan.

3. The third step identifies and, where possible, quantifies the costs and benefits resulting from the project's inputs and effects. Where quantification is not possible, qualitatively describe the cost or benefit in as much detail as possible, including degree of uncertainty and expected timing of impacts (long-term or short-term).

4. The final step compares the benefits and costs of the project, either in terms of net benefits (the total benefits minus the total costs) or in terms of a benefit-cost ratio (the amount of benefits produced per unit of cost). If relevant, compare results among alternative projects.

We found few benefit-cost evaluations of LID projects. The large majority of studies estimate installation costs, a few consider additional costs, such as O & M costs, and a handful compared some measures of costs against some measures of benefits. The reported benefit-cost studies of LID include Bachand (2002) and Fine (2002),[3] Devinny

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[2] For a more complete discussion of benefit-cost analysis, see Field and Field (2006), Gramlich (1990) and Harberger and Jenkins (2002).

[3] We reviewed summaries of Bachand (2002) and Fine (2002) because we were unable to acquire copies of the full articles.

et al. (2005), and Doran and Cannon (2006). Data limitations may explain part of the reason for the limited number of benefit-cost analyses of LID. This is especially true for lifetime O & M costs and the economic importance of LID benefits. Sample et al. (2003), Powell et al. (2005), Johnston, Braden, and Price (2006), and Conservation Research Institute (2005), among others, describe the need for more research quantifying the benefits of LID practices.

Another reason may be that economic benefits or lifetime O & M costs have no relevance to a given economic study. For example, property developers pay installation costs of stormwater controls, but not lifetime O & M costs. Nor do they benefit directly from the ecosystem services that LID can enhance or provide. Economic results reported by developers will therefore likely focus exclusively on installation costs of LID or compare installation costs for LID and conventional controls.

Using the benefit-cost approach has challenges that the other analytical methods do not. However, benefit-cost analysis has advantages in that it can provide decisionmakers, ratepayers and other stakeholders with a more complete picture of the economic consequences of stormwater-management alternatives than other analytical methods. This is especially true for costs and benefits of alternatives over the long term. In situations in which time, budget, or other information constraints limit quantifying economic benefits or costs, the next best alternative is identifying the range of costs and benefits, quantifying what can be measured and describing the remaining impacts qualitatively. The federal government takes this approach in that the OMB recommends that when benefits and costs cannot be quantified, agencies should provide qualitative descriptions of the benefits and costs. These qualitative descriptions should include the nature, timing, likelihood, location, and distribution of the unquantified benefits and costs (U.S. OMB 2000).

IV. Costs and Benefits of Low-Impact Development

The large majority of literature that describe economic assessments of LID focus on the costs of installing the technology. Most studies report the costs of building LID stormwater controls, or compare the costs of installing LID to the costs of conventional controls. The organization of this section reflects this emphasis in the literature. We begin by summarizing studies that list the costs of installing various LID techniques. Most of these reports describe the outcomes of case studies of LID installed as new or developing stormwater-management technologies. We then discuss studies that compare the costs of building LID controls with the costs of building conventional controls.

A number of researchers looked beyond installation costs and considered the impacts that operations and maintenance costs can have on economic evaluations of LID. Analysts sometimes refer to these as life-cycle studies because they consider the relevant costs throughout the useful life of a technology. We summarize three studies that took this approach with LID evaluations.

Combined sewer overflows, and the resulting biophysical and economic consequences, are major concerns for municipal stormwater managers. LID can help minimize the number of CSO events and the volume of contaminated flows by managing more stormwater on site and keeping flows out of combined sewer pipes. We summarize five studies that evaluated the costs of managing CSO events using LID.

A relatively small percentage of the economic evaluations of LID reported in the literature include assessments of the economic benefits of the technology. We summarize a number of these reports at the end of this section.

A. Cost of Low-Impact Development

Brown and Schueler (1997) surveyed construction costs for different methods of managing stormwater in urban areas. Their survey emphasized conventional controls but also included a number of LID techniques. At the time of their study, LID techniques were considered "next generation" best-management practices (BMPs). The report lists construction costs for sixty-four BMPs including wet and dry stormwater ponds, bioretention areas, sand filters and infiltration trenches. The authors' major conclusion is that a BMP's construction cost increases with the volume of stormwater the BMP stores. The report's construction costs may be out-of-date, however they provide insights into relative cost differences between LID and other controls listed in the report.

In a more recent study, Tilley (2003) reports construction costs for LID case studies implemented in Puget Sound and Vancouver, B.C. The report describes a range of case studies from small-scale projects implemented by homeowners to large installations completed by universities, developers and municipal governments. The LID techniques studied include rain gardens, permeable pavement and green roofs. The amount of cost information varies by case study. In some cases the report lists per-unit costs to install an LID, e.g., a pervious concrete project cost \$1.50 per square foot for materials (excluding labor). Other descriptions report costs generally, but not costs specific to the case study described, e.g., the cost for pervious concrete is typically \$6 to \$9 per square foot. Some descriptions have no cost information, and others list total construction costs without a detailed breakdown of cost components.

The U.S. Department of Defense (DoD) (2004) developed a manual of design guidelines to incorporate LID into DoD facilities. The manual describes 13 stormwater-management techniques and their most appropriate uses, maintenance issues, and cost information. The list of LID techniques includes bioretention, grassed swales, and permeable pavers. The manual describes costs in some detail but also notes the site-specific nature of construction costs and factors that can influence construction costs for certain LIDs.

Liptan and Brown (1996) describe one of the earliest comparisons of construction costs for LID with that for conventional controls.[4] They focus on two projects in Portland, Oregon, which they refer to as the OMSI and FlexAlloy projects, and the Village Homes development in Davis, California. In all cases, the LID option cost less. The LID design implemented at the OMSI project saved the developer $78,000 in construction costs by reducing manholes, piping, trenching, and catch basins. At the FlexAlloy site, the City of Portland conducted a retrospective study of LID vs. conventional development, after the builder installed conventional controls. The City calculated that the developer could have saved $10,000 by implementing the LID option. The description of the FlexAlloy case study includes a detailed comparison of construction costs for the two options. The Village Homes case study concluded that by using vegetated swales, narrow streets, and a cluster layout of building lots, the developer saved $800 per lot, or $192,000 for the development. The Village Homes description includes no additional details on construction costs for the two options. The report also includes brief descriptions of other LID case studies, some with cost comparisons for LID vs. conventional controls. The authors conclude that involving developers, engineers, architects and landscape architects early in the design of a development that includes LID can help minimizing the LID-specific construction costs.

Hume and Comfort (2004) compared the costs of constructing conventional roads and stormwater controls with the costs of building LID options, such as bioretention cells and pervious pavement. The researchers added complexity to some of their comparisons by paring the same conventional and LID controls, e.g., infiltration trench (conventional) vs. bioretention cell (LID) on a different soil types and with different sources of stormwater runoff (e.g., driveway vs. roof top) to see how this affected construction costs. In some comparisons the LID option cost more than the conventional option, in other cases the results were opposite. These comparisons illustrate the site-specific nature of LID construction costs. Local conditions, e.g., less pervious soils, can influence the costs of LID controls.

In some cases, LID can help lower construction costs by making use of a site's existing or undisturbed drainage conditions in ways that conventional controls cannot. Planners of a 44-acre, 80-lot residential development in Florida took advantage of the site's natural drainage patters to help lower stormwater-management costs (PATH 2005). The site's low-lying areas convey the large majority of stormwater runoff to forested basins. The developer minimized disturbing natural drainage patterns by clustering building sites and connecting sites with narrow roads. Relying on natural infiltration and drainage patterns help the developer save $40,000 in construction costs by avoiding the costs of constructing stormwater ponds.

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[4] In this Section we describe some of the developments associated with costs comparisons reported in the LID literature. The next Section focuses on LID from the perspective of property developers and contractors. In that Section we list results for a larger number of cost comparisons

Comparing construction costs between LID and conventional options, while informative, provides no information on the relationship between the cost and effectiveness. For example, in cases where the LID option costs more to build, it may also control a larger volume of stormwater relative to the conventional option. LID that keeps stormwater out of pipes and treatment facilities help lower operations and maintenance (O & M) costs, and help extend the useful life of the infrastructure, which can reduce future construction costs. The relative importance of construction or O & M costs depends on who pays for them. Builders likely focus exclusively on construction costs, however, cost and effectiveness information would help stormwater managers better evaluate control options and plan for future demands on stormwater infrastructure.

Brewer and Fisher (2004) report the results of four case studies that compared the cost and effectiveness of LID to that of conventional controls. The case studies modeled stormwater costs and conditions on four developments: high- and medium-density residential, an elementary school, and a commercial development. In both residential developments LID controls cost less than conventional controls. LID cost more for the school and commercial development. However, in all four cases, the LID option managed a larger volume of stormwater than the conventional option. We reproduce Brewer and Fisher's results in Table 4-1.

Table 4-1: Comparison of Runoff Controlled and Cost Savings for Conventional and LID Design.

Site Example	Runoff Storage (acre-feet)		LID Net Cost or Savings
	Conventional	LID	
Medium Density Residential	1.3	2.5	$476,406
Elementary School	0.6	1.6	$(48,478)
High Density Residential	0.25	0.45	$25,094
Commercial	0.98	2.9	$(9,772)

Source: Brewer and Fisher 2004

We calculated the economic value of the additional storage provided by the LID designs reported in Brewer and Fisher (2004), using data on the national average of construction costs as reported by American Forests. American Forests' CITYgreen analyses calculate the national-average cost of storing 1 acre-foot of runoff at $87,120.[5] American Forests uses a value of $2.00 per cubic foot of storage, obtained from national estimates of stormwater construction costs. This amount represents the avoided costs of not building stormwater detention ponds. This value may vary, depending on a project's location. In some of its analyses, American Forests uses local estimates of construction costs, which can be lower or higher than the national average. For example, American Forests uses

[5] *See, for example,* American Forests. 2003. *Urban Ecosystem Analysis: San Diego, California*. July. Retrieved August 2, 2007, from http://www.americanforests.org/downloads/rea/AF_SanDiego.pdf, American Forests. 2003. *Urban Ecosystem Analysis: Buffalo-Lackawanna Area, Erie County, New York*. June. Retrieved August 2, 2007, from http://www.americanforests.org/downloads/rea/AF_Buffalo.pdf.

$0.66 per cubic foot of storage in Houston, TX,[6] $5.00 per cubic foot of storage in the Washington D.C. Metro Area,[7] and $6.00 per cubic foot of storage in Portland, OR.[8] Table 4-2 shows the results of our calculation.

Table 4-2: Value of the Difference in Runoff Storage Provided by LID Designs.

Site Example	Runoff Storage (acre-feet) Conventional	LID	Difference	Runoff Storage Difference (cubic-feet)[a]	Value of Difference in Runoff Storage ($2/cf)
Medium Density Residential	1.3	2.5	1.2	52,272	$104,544
Elementary School	0.6	1.6	1	43,560	$87,120
High Density Residential	0.25	0.45	0.2	8,712	$17,424
Commercial	0.98	2.9	1.92	83,635	$167,270

Source: ECONorthwest
Notes: [a] To convert from an acre foot to cubic feet, multiply by 43,560 (the number of cubic feet in an acre-foot).

Based on the results reported in Table 4-1, and taking the perspective of a builder, LID is the higher-cost alternative for the school and commercial development. Including the results from Table 4-2, and taking the perspective of a municipal stormwater manager—that is, considering construction costs and the cost savings associated with reductions in stormwater volume in our example calculation above—the LID option dominates the conventional choice in all four cases. The LID options control a larger volume of stormwater, which helps avoid municipal expenditures on stormwater management.

Doran and Cannon (2006) studied the relationship between construction costs of LID and conventional controls and effectiveness as measured by improvements in water quality. They studied the impacts of incorporating LID into a downtown redevelopment project in Caldwell, Idaho. The analysis modeled construction costs and improvements to water quality as measured by reduced concentrations of sediment and phosphorus in stormwater runoff. The LID techniques used in the project included permeable pavers, bioretention swales, riparian wetlands, and plantings of restored native vegetation. The study evaluated the LID and conventional controls using the cost of a 1-percent reduction in sediment and phosphorus concentrations. Conventional stormwater controls had lower

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[6] American Forests. 2000. *Urban Ecosystem Analysis for the Houston Gulf Coast Region*. December. Retrieved August 2, 2007, from http://www.americanforests.org/downloads/rea/AF_Houston.pdf.

[7] American Forests. 2002. *Urban Ecosystem Analysis: The District of Columbia*. February. Retrieved August 2, 2007, from http://www.americanforests.org/downloads/rea/AF_WashingtonDC2.pdf.

[8] American Forests. 2001. *Regional Ecosystem Analysis for the Willamette/Lower Columbia Region of Northwestern Oregon and Southwestern Washington State*. October. Retrieved August 2, 2007, from http://www.americanforests.org/downloads/rea/AF_Portland.pdf.

installation costs, but also had a lesser impact on water quality. Conventional controls cost $8,500 and reduced sediment and phosphorus concentrations by 5 percent, or $1,700 per percent reduction. LID stormwater controls cost more, $20,648, but had a greater impact on water quality, reducing sediment by 32 percent and phosphorus by 30 percent. The authors calculated a cost of $645 per percent reduction for the LID option. The LID option produced a better return on initial investment, as measured by improvements to water quality, than did investments in conventional controls.

As the previous two studies illustrate, comparing LID and conventional controls based on costs may bias the assessment against the most effective management option, and the option that yields the greatest return on investment. LID may cost more to build, but from an investment perspective, it may also control more stormwater and better improve water quality. The studies above considered separately LID effectiveness as measured by volume of stormwater managed and improvements in water quality of stormwater runoff. A more complete and accurate assessment of effectiveness and costs would consider the impacts on both in a single study. That is, compare LID and conventional controls based on costs and effectiveness as measured by volume of stormwater *and* water quality. We found no such studies in the literature.

Looking beyond construction costs to O & M and other costs gives a more complete description of the economic consequences of adopting LID or conventional controls. Sample et al. (2003) promotes evaluating stormwater BMPs using life-cycle-cost (LCC) analysis. LCC analysis includes the initial capital expenditures for construction, planning, etc., and the present value of lifetime O & M costs, and the salvage value at the end of the BMP's useful life. In addition, the authors suggest including the opportunity cost of land in the cost analysis. BMPs that occupy more land area have a higher opportunity cost valued at the next-best use for the land, e.g., residential value.

Vesely et al. (2005) compared the LCC for LID controls in the Glencourt Place residential development in Auckland, New Zealand with LCC results for conventional controls. The LID option had the added benefit of reusing stormwater collected on site as grey water for laundry, flushing toilets and irrigation. The LID option had LCCs that were 4 to 8 percent higher than the conventional option, depending on the discount rate and number of years in the analysis. These results do not account for the value of recycled stormwater. Including the avoided cost associated with water saved by recycling stormwater as household gray water, the LCC for the LID option were 0 to 6 percent higher, again, depending on the discount rate and number of future years in the analysis. The authors conclude that accounting for the value of water saved, the LID option was cost competitive with the conventional approach, as measured by the LCC method.

Data constraints on this study included difficulty estimating current and future maintenance costs and future decommissioning costs. Accounting for the opportunity cost of land also proved challenging give the available data. Data limitations also prevented the authors from considering the economic aspects of environmental externalities associated with the LID and conventional options.

LCC evaluations are an improvement over comparisons of construction costs in that they provide a more comprehensive assessment of relevant costs. On the other hand, LCC analyses require more data and results are sensitive to the discount rate applied to future values and the number of years of the analysis. Powell et al. (2005) underscore these advantages and challenges associated with LCC analysis. They recommend a checklist of factors to consider when conducting a LCC for LID and conventional controls. The checklist includes *quantitative* assessments of the components of LCC costs including acquisition, construction, O & M, and salvage value. Also included are *qualitative* assessments of the effectiveness of managing stormwater and the benefits attributed to the management option. The authors note that effectively and accurately implementing LCC analyses for LID will require more research into the costs of LID design, construction and O & M. Further research is also need in assessing the monetary benefits of LID controls.

Despite the fact that LID technologies have been promoted and studied since the early 1990s, in many ways, and to many stormwater managers, LID is still a new and emerging technology (Coffman 2002). As with most new technologies, installation and other costs for LID are highest during the early phases of development and adoption. Over time, as practitioners learn more about the technology, as the number of suppliers of inputs increases, and as regulations adapt to the new technology, costs will likely decline.

Foss (2005) describes this relationship between a learning curve and construction costs for greenstreet technology in Seattle. The city spent $850,000 implementing a greenstreet pilot project, known as the "Street Edge Alternative" (SEA) street. The City's street planners expect that based on their experience with the pilot project, building greenstreets in the future will cost substantially less. Foss quotes the manager of the City's surface water program on this point:

> *"You could take $200,000 off the price just from what we didn't know. … The pilot phases that we are currently in are more expensive, but as the project becomes institutionalized, all the costs will come down. Even still, these projects are less expensive than standard projects." (p. 7)*

B. Costs of Managing Combined Sewer Overflows By Low-Impact Development

One of the earliest studies of the economic aspects of managing combined sewer overflows by LID evaluated a project that disconnected downspouts as a means of reducing the number of CSO events and costs (Kaufman and Wurtz 1997). In 1994, the Beecher Water District (BWD) near Flint, Michigan, provided free downspout diversions from home sites to sanitary-sewer pipes for the 6,020 residential customers in their service area. The purpose of the program was to reduce the volume of sewer flows from the BWD to the City of Flint's stormwater facility—and reduce the fees that BWD paid the city to manage these flows—and reduce the number and volume of CSO events in the BWD.

The program was a success on many levels and is an example of a small-scale and inexpensive approach that effectively managed CSO events. Disconnecting downspouts cost the BWD just over $15,000. After the diversions, the mean volume of sewer flows measured across all precipitation events decreased 26 percent. The program saved the BWD over $8,000 per month in reduced fees to the City of Flint's stormwater facility, and in reduced costs of managing CSO events. The program paid for itself in two months. Other benefits included reduced CSO-related customer complaints, improved recharge of groundwater and reduced pollution of the Great Lakes, the receiving waters for CSO from the District.

In another study looking at controlling CSO events on a smaller scale, Thurston et al. (2003) modeled the costs of CSO controls for a small watershed in Cincinnati, Ohio. The modeling exercise was part of a study that evaluated the theoretical considerations of developing a market for tradable stormwater credits as a means of reducing CSO events and costs. One part of the study compared the construction costs of controlling CSO events by building tunnels and storage vaults with the costs of building LID controls on each of the 420 mostly-residential lots in the study area.

They calculated that building the tunnel and vault option would cost between $8.93 to $11.90 per cubic foot of storage capacity. Building LID controls on individual lots would cost $5.40 per cubic foot of capacity. Based on these results the researchers suggest that the costs of managing CSOs by implementing LID throughout the watershed would cost less than building a large centralized tunnel and vault system to store excess flows. They also note, however that their analysis does not include the opportunity cost of land that the LID controls would occupy, and so the cost of the LID option would be higher than they report. Their analysis also excludes O & M costs for both options, as well as the costs of education and outreach to property owners, and managing the construction of a large number of dispersed LID projects as components of the LID option. The project also excludes the economic benefits of the LID option.

Kloss and Calarusse (2006) developed a set of policy guidelines for decisionmakers interested in implement LID controls as a means of reducing CSO events in their jurisdictions. Regarding the costs of LID controls, the authors distinguish between new and retrofit construction projects. In new developments, they conclude, LID typically cost less than conventional stormwater controls. They note, however, that retrofit developments in urban areas that include LID typically cost more than conventional controls. This is especially true for individual, small-scale retrofit projects. The relative costs of LID controls can be reduced when they are incorporated into larger-scale redevelopment projects. The report provides conclusions with limited details on cost information. The report also describes the experiences of nine municipalities across the country that include LID in their policies to control CSO events and related costs.

Montalto et al. (2007) described the relationship between public agencies tasked with controlling CSO events, and private land owners on whose property the large majority of LID controls would be sited. The public agencies benefit from the reduced stormwater flows and CSO events that LID provides. The land owner, however, pays the LID installation and O & M costs, but may see little benefit beyond reduced stormwater fees or increased property values from LID such as greenstreets. These benefits may not outweigh the costs to the land owner, and so they may choose not to install LID controls. Given this disconnect, the authors note the benefits of public policies, incentives and subsidies to promote LID adoptions by private-property owners.

In an effort, in part, to measure the amount of subsidy that may be required, the authors developed a model to assess the cost-effectiveness of mitigating CSO events in urban areas using LID. They applied their model to a case study in the Gowanus Canal area of Brooklyn, NY. The case study compared the costs of installing porous pavement, green roofs, wetland developments and other LID throughout the study area to the costs of installing storage tanks to catch excess stormwater flows. As part of their analysis they collected and report installation and O & M costs for a range of LID techniques.

They conclude that under a range of cost and performance assumptions, LID installed throughout the study area could potentially reduce the number of CSO events and volume at a cost that would be competitive or less than the costs of the conventional storage-tank option. They note that they could improve the performance of their model if more data were available on LID performance, costs and public acceptance.

Plumb and Seggos (2007) studied the impacts of diverting monies currently designated to building storage tanks and other conventional CSO controls for New York City to building LID controls throughout the city. They compared the effectiveness of storage tanks and LID controls based on gallons of stormwater managed per $1,000 invested. We reproduce their results in Table 4-3 below. Except for greenroofs, the LID options control more stormwater per $1,000 invested than the conventional storage-tank option.

Table 4-3: Gallons of Stormwater Managed per $1,000 Invested.

Stormwater Control	Gallons per $1,000 Invested
Conventional Storage Tanks	2,400
Greenstreet	14,800
Street Trees	13,170
Greenroof	810
Rain Barrel	9,000

Source: Plumb and Seggos 2007

They describe their analysis as a simple and preliminary cost comparison and conclude that their results demonstrate that LID controls can be cost competitive with conventional controls, if not more so. The authors recommended further detailed study of the issue. Their analysis focused on the costs of LID vs. conventional controls and did not consider economic benefits of the LID techniques.

C. Economic Benefits of Low-Impact Development

Many reports and articles describe the potential benefits that LID stormwater controls can provide—benefits that conventional controls can not offer.[9] Very few studies, however, quantify these benefits, either in biophysical measures or in dollar amounts. A study by CH2MHill (2001) is a typical example. The analysis compared the costs and benefits of managing stormwater in two residential developments using LID or conventional controls. The cost analysis included detailed information for the LID and conventional controls. In this case, results of the cost analysis were mixed. In one development the LID option cost less to build and in the other development the conventional control cost less. In both cases the LID option had higher maintenance costs but homeowners would benefit from lower stormwater and water fees.

[9] We list a number of these sources in Section II of this report.

The analysis of benefits included much less detailed information. The study lists the benefits that the LID option would provide, benefits that the conventional approach would not. These benefits include reduced auto traffic, increased open space, improved downstream water quality, and increased groundwater recharge. However, the benefits were not quantified in dollar amounts.

In another example, Bachand (2002) studied the costs and benefits of developing wetlands as a stormwater management option. The analysis described the construction and O & M costs associated with the wetlands option, and the benefits including adding new recreational opportunities, increased wildlife habitat and increase property values for near-by homeowners. However, they did not measure the benefits in economic terms. An accompanying study by Fine (2002) quantified some of the recreational benefits that derive from wildlife watching in the wetlands, but left unquantified the benefits of other direct uses of the wetlands, as well as the value of habitat improvements and other non-use benefits.[10]

When researchers cite the needs for further research into LID-related topics, quantifying benefits and measuring their economic importance invariably makes the list. For example, Sample et al. (2003) cites the need for more research into measuring the technical and economic benefits of LID, including benefits to downstream receiving waters. Powell et al. (2005) note the need for more research into monetary measures of the benefits of LID, e.g., the impact that a greenstreet can have on adjacent property values. Vesely et al. (2005) state that future studies should include not only the economic benefits of LID but also the negative economic impacts of conventional controls. Failing to do so will continue biasing management decisions in favor of conventional controls:

> *"Exclusive reliance on profitability and market value will favour [sic] the conventional approach to stormwater management by disregarding both the negative environmental externalities associated with this approach, and the positive environmental externalities associated with the low impact approach." (page 12)*

A number of studies do measure some of the economic benefits of on-site stormwater controls. For example, Braden and Johnson (2004) studied the economic benefits that on-site stormwater management could have on properties downstream. The researchers first estimated the impacts that on-site stormwater controls could have on the frequency and extent of downstream flooding. Using information reported in the literature on the extent to which property markets discount the value of properties in a floodplain, they approximated the economic value of reduced flooding attributed to on-site management of stormwater. They then calculated the value of avoided flood damage as a percentage of property values. They estimate that a marginal reduction in flooding would increase property values 0 to 5 percent for properties in a floodplain, depending on the extent to which the on-site controls reduce stormwater runoff.

They then took a similar approach to valuing improvements in water quality. Based on values reported in the literature, they estimate that the benefits of improved water quality could reach 15 percent of market value for properties that border the water body at issue

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[10] We were unable to obtain a copy of the full report. We base our description on a summary of the analysis.

if water quality improves significantly. The increase is much less for smaller improvements in water quality, for undeveloped properties, and for properties not adjacent to the water body.

They conclude with a best-guess estimate of a 2 to 5 percent increase in property values for properties in a floodplain from on-site management of stormwater. Other benefits that could not be quantified or valued given available information include reduced infrastructure expenditures for culverts, bridges and other drainage infrastructure.

In a follow-up case study, Johnston, Braden, and Price (2006) applied the analytical method developed in the previous study to properties in the one-hundred-year floodplain portion of a watershed in the Chicago area. They estimate the economic benefit of avoided flooding two ways and extend the analysis to approximate reduced municipal expenditures on culverts.

Applying the 0 to 5 percent impact on property values calculated in the previous study to properties in the case study, the researchers estimated an economic benefit of $0 to $7,800 per acre of increased property value attributed to reduced flooding. They also calculated the economic benefit of reduced flooding based on the avoided flood damage to structures and contents for properties in the floodplain. This analytical method included data compiled by the U.S. Army Corps of Engineers on the relationship between flooding and damages to properties in floodplains. This approach yields an economic benefit of avoided flooding of $6,700 to $9,700 per acre for properties in the floodplain.

The researchers approximate that for the case-study portion of the watershed, conservation-design practices such as LID techniques that retain more stormwater on site and reduce flooding could generate $3.3 million in avoided costs for road culverts.

The estimated economic benefit of increased on-site management of stormwater for properties in the case study for both avoided flooding and reduced municipal expenditures on culverts is $380 to $590 per acre.

A series of analyses by American Forests (2000-2006) report the economic benefits of stormwater services provided by trees in various cities and regions throughout the United States. These reports describe results from American Forests' CITYgreen model, which calculates the volume of stormwater absorbed by existing tree canopies and estimates the avoided costs in stormwater management that the trees provide. The model includes city-specific per-unit stormwater-management costs when available. The model substitutes national per-unit costs when city-specific data are not available. In Table 4-4 below we report the results for some of American Forests' city and regional analyses. The dollar amounts represent the costs of expanding stormwater infrastructure to manage the stormwater that existing trees otherwise absorb and transpire.

Table 4-4: Avoided stormwater-construction costs attributed to trees, as measured by the American Forests' CITYgreen model.

Urban Area	Amount that trees save in one-time stormwater-construction costs
Houston, Texas	$1.33 billion
Atlanta, Georgia	$2.36 billion
Vancouver, Washington/ Portland-Eugene, Oregon	$20.2 billion
Washington D.C. Metro Area	$4.74 billion
New Orleans, Louisiana	$0.74 billion
San Antonio, Texas	$1.35 billion
San Diego, California	$0.16 billion
Puget Sound Metro Area, Washington	$5.90 billion
Detroit, Michigan	$0.38 billion
Chesapeake Bay Region	$1.08 billion

Source: American Forests 2000-2006

The Bisco Werner et al. (2001) analysis of the economic benefits of trees attributed to stormwater management also employed the CITYgreen model. Researchers applied the CITYgreen model to a case study that included the commercial corridor along a major highway through central New Jersey. The analysis modeled the change in tree canopy between 1975 and 1995, and calculated the value of lost stormwater services. During this time, the value of services declined from $1.1 million to $896,000, a 19-percent reduction. If existing trends continue, the expected value in 2015 will be $715,000, a 35-percent reduction relative to the value of services available in 1975. As services supplied by street trees declines, demand on municipal stormwater controls, and associated costs, increase.

The researchers extended their study to include the economic benefits of tree cover attributed to removing air pollutants. This portion of their analysis studied the tree cover at a number of commercial properties in the New York and New Jersey area. In this case the CITYgreen model calculated avoided stormwater-construction costs associated with stormwater services provided by trees on site and, using values reported in the literature, the amounts of air pollutants absorbed by trees, and the per-unit value for each pollutant.

In one case study of a shopping mall, the analysis estimated that the trees currently on the site manage approximately 53,000 cubic feet of stormwater. The CITYgreen model estimated the value of the associated avoided infrastructure costs at just over $33,000. The value of air-pollutant removed is estimated at $1,441 per year. The report lists results for fifteen such case studies.

Wetlands that absorb stormwater runoff can help minimize stormwater-related management and infrastructure costs. Depending on their location and makeup, wetlands may provide other benefits, such as wildlife habitat and recreational opportunities. Fine (2002)[11] studied the recreational benefits provided by wetlands proposed as part of the Treasure Island redevelopment in San Francisco Bay. The analysis assumes that the wetlands will attract visitors year round, with the winter months providing the best opportunity to view migratory birds. Based on recreational expenditures for similar sites in the San Francisco Bay area, Fine calculates that area visitors will spend $4 to $8 million annually. Other benefits that Fine was unable to quantify and value include fisheries enhancement and water-quality services.

Devinny et al. (2005) developed a first-approximation of a benefit-cost analysis of complying with water-quality requirements throughout Los Angeles County using LID and other stormwater BMPs. They present their analysis as an alternative to the approach described by Gordon et al. (2002), which relies on collecting and treating the county's stormwater using conventional controls. The Devinny et al. approach assumes widespread adoption of LID and other on-site stormwater BMPs.

The Devinny et al. analysis accounts for the fact that the density of existing development will limit the extent to which LID and other BMPs can be retrofitted into developments. As an alternative they propose a combination of LID and BMPs along with directing stormwater to regional wetlands and other infiltration systems. As the density of development increases, so does the size and costs of developing regional wetlands.

This study differs from other benefit-cost analyses of stormwater-management options in that the researchers quantify a range of potential benefits associated with the approach that emphasizes on-site treatment of stormwater. They estimate the cost of their approach at $2.8 billion if disbursed LID and other on-site BMPs sufficiently control stormwater quality. Costs increase to $5.7 to $7.4 billion if regional wetlands and other infiltration systems are needed. This approach costs less than the estimated cost of $44 billion to implement the option that emphasizes conventional controls (California Department of Transportation 2005).

The estimated value of the economic benefits of implementing LID, other on-site BMPs and regional wetlands range from $5.6 to $18 billion. Benefits include the economic aspects of reduced flood control, increased property values adjacent to new greenspaces and wetlands, additional groundwater supplies, improved beach tourism, and reduced sedimentation of area harbors. The conventional approach would provide none of these economic benefits.

[11] We were unable to obtain a copy of the full report. We base our description on a summary of the analysis.

V. Developers' Experiences With Low-Impact Development

Baring regulations that mandate LID controls, developers adopt LID because they help reduce construction costs, increase sales, boost profits, or some combination of the three. These deliberations focus primarily on the extent to which local property markets account for the direct costs and benefits that LID can provide. Typically these deliberations do not include indirect costs and benefits and the potential non-market impacts of LID that may be important to others such as municipal stormwater managers and area residents. These non-market impacts may include reduced downstream flooding, improved water quality and habitat of water bodies that receive stormwater, reduced CSO events, or impacts on the costs of operating municipal-stormwater infrastructure.

In this section we summarize developers' experiences installing LID. As with other new technologies, adopting LID includes opportunities and risks. We begin by describing the risks and challenges that developers face by including LID in their projects. These risks include uncertain construction delays as the developer applies for variances to local zoning codes because the codes do not explicitly recognize LID as an accepted stormwater control.

Next, we describe some of the efforts by municipal governments to reduce the developers' regulatory risk and uncertainty of using LID. Finally, we list some of the successes developers have had adopting LID and the resulting impacts on construction costs, sales, and profits.

A. Challenges Developers Face Using LID

Much of the general public is still unaware of LID attributes, the benefits they can provide, or their O & M costs. As such, they may not understand or appreciate why a developer included LID in a project. This may give developers pause because they supply products that they believe their customers—homebuyers—want and will purchase. Potential buyers may shy away from homes that include an unfamiliar technology.

A general lack of understanding of LID may concern developers in part because including on-site treatment of stormwater will also require on-site management of stormwater facilities, the LID technologies. Homeowners unfamiliar with LID likely will have no understanding of their maintenance requirements (Lewis 2006; England 2002; Foss 2005). For example, a bioswale clogged with sediment may not control stormwater volume or quality, which could negatively reflect on the builder. Another concern has to do with the lack of understanding as to the life-expectancy of LID controls (Lewis 2006). A builder may be concerned that an untimely failure of stormwater controls could negatively affect their reputation.

Similar to the public's general lack of understanding of LID, many builders are also unfamiliar with the technology. A builder may not be able to identify the most effective and least-cost LID technology for a given development from the wide variety of possible LID controls (Foss 2005; Lewis 2006). A related point is that construction costs for LID technologies are site specific. For example, not all soils can support LID technologies that emphasize stormwater infiltration. Assessing a site and designing LID technologies that will function on the site may also increase a builder's design costs (Coffman 2002; Strassler et al. 1999).

A much-mentioned impediment to builders' adoption of LID is building codes that do not account for LID as stormwater controls. Many municipalities have zoning and building-inspection standards in place that were adopted many years ago, long before LID was an option (Coffman 2002; NAHB Research Center Inc. 2003; Foss 2005; Lewis 2006). These standards emphasize conventional stormwater controls that collect stormwater and transport it off site to a receiving body of water or to a treatment facility. Municipalities with outdated stormwater regulations typically require that builders file variances if they want to use LID controls. Filing variances for LID increases design and regulatory costs, which delays construction and can increase a builder's financing costs (Clar 2004; Coffman 2002; Lewis 2006; NAHB Research Center Inc. 2003).

A related constraint in some jurisdictions with outdated regulations is a lack of technical expertise or understanding by regulators regarding LID stormwater controls. In some cases, regulators unfamiliar with LID technology must be convinced of their effectiveness, which also increases a builder's design and regulatory costs (Coffman 2002; NAHB 2003; Lewis 2006).

B. Municipal Actions To Increase LID Adoption On Private Developments

Some jurisdictions help promote LID adoption on private lands and take steps that reduce the regulatory uncertainty and risk that builders face when including LID in private developments. These jurisdictions may have CSO problems, or are trying to extend the useful life of their stormwater infrastructure in the face of increasing population and economic activity. In any case, they recognize the importance of managing as much stormwater on site as possible and keeping it out of the jurisdiction's stormwater pipes.

One way that jurisdictions promote LID adoption on private lands is by updating their zoning codes and building-inspection standards to explicitly address LID stormwater controls (Coffman 2002; NAHB Research Center Inc. 2003; Foss 2005; Lewis 2006). This helps reduce a builder's regulatory risk because it eliminates the need to file variances. Rather than spending time convincing regulators as to the desirable stormwater attributes or effectiveness of LID controls, builders can instead proceed with their development.

Granting density bonuses for developments that install LID stormwater controls is another way jurisdictions encourage the proliferation of LID techniques. In this case, the jurisdiction grants the developer a greater number of individual building lots than would have been allowed if the development relied on conventional stormwater controls (Coffman 2002; NAHB Research Center Inc. 2003). This type of incentive not only reduces a builder's regulatory risk, and associated costs, but also increases the number of lots that can be sold, which can increase the builder's revenue and profits. Jurisdictions also promote LID installation on private lands by reducing development-related fees, such as inspection fees (Coffman 2002; NAHB Research Center Inc. 2003).

C. Benefits To Developers of Including LID Controls in Their Projects

Developers who accept the regulatory uncertainty and other challenges of adopting LID do so with the expectation that controlling stormwater on site can have economic advantages. These advantages include increasing the number of developable lots and reducing expenditures associated with stormwater infrastructure. Managing stormwater on site using LID controls can mean doing away with stormwater ponds, thus increasing a site's developable area (Coffman 2002; NAHB Research Center Inc. 2003). Selling additional lots can increase a builder's revenues and profits. Replacing curbs, gutters and stormwater pipes with bioswales, pervious pavers and other LID controls reduces construction costs for some developers (Coffman 2002; NAHB Research Center Inc. 2003; Center for Watershed Protection 2001).

An analysis of a development in Prince George's County, Maryland, documented the impacts that controlling stormwater on site with LID can have on the site's buildable area and construction costs. The Somerset Community development installed rain gardens, grass swales along streets, and other LID controls. Substituting LID for conventional controls saved the developer approximately $900,000. Doing away with the site's stormwater ponds gave the developer six additional lots (Foss 2005).

A study of the Pembroke Woods Subdivision in Frederick County, Maryland found similar results (Clar 2004). The developer substituted LID for conventional controls, doing away with curbs, gutters, sidewalks, and eliminated two stormwater ponds. Eliminating the curbs and gutters saved the developer $60,000. Installing narrower streets eliminated impervious area and reduced paving costs by 17 percent. Excluding the stormwater ponds saved $200,000 in construction costs and added two developable lots, valued at $45,000 each. Other economic benefits to the developer include reduced costs of clearing land for development of $160,000, and adding 2.5 additional acres of open space, which reduced the developer's wetland-mitigation requirements.

Conservation subdivisions take a comprehensive approach to stormwater management by combining LID controls with a site design that takes advantage of existing drainage patterns. Narrow streets and clustered building lots make maximum use of natural stormwater controls, thus reducing construction costs (Center for Watershed Protection 2001). A study of ten subdivisions found that conservation subdivisions that emphasized LID and protected natural drainage patterns cost, on average, thirty-six percent less than subdivisions that relied on conventional stormwater controls (Conservation Research Institute 2005).

Researchers note that some conservation subdivisions have an additional benefit in that there's greater demand for lots in these subdivisions compared with the demand for lots in conventional subdivisions. Greater demand for lots means the developer can charge more for the lot and lots may sell faster (Center for Watershed Protection 2001).

A case study of conservation and conventional subdivisions in South Kingstown, Rhode Island quantified the market benefits of conservation developments. The study compared the costs of developing the lots and the market value of the lots (Mohamed 2006). Results show that conservation lots cost less to develop and sell for a higher price. On average, conservation lots cost $7,400 less to produce than lots in conventional subdivisions, and sold for 12 to 16 percent more, per acre, than conventional lots. Lots in the conservation subdivision also sold in approximately half the time as lots in conventional subdivisions.

Another study of cluster developments in New England found that houses in these types of developments appreciate faster than houses in conventional developments (Lacy 1990). Lacy identified developments in Concord and Amherst, Massachusetts that were characterized by smaller individual lots surrounded by natural open space, limited lot clearing, and narrower streets. He compared these with nearby conventional developments. The Concord cluster development appreciated 26 percent more than conventional developments over an eight-year study period. The Amherst cluster development also yielded a higher rate of return on investment over a 21-year study period, compared to nearby conventional development.

In Tables 5-1 and 5-2 below we summarize the results of studies that compared construction costs using LID vs. conventional stormwater controls for residential and commercial developments (respectively). We included information in the tables if a study described the source of the cost difference, e.g., substituting a bioswale for curbs and gutters saved $Z. We excluded studies that reported a cost difference, but did not describe the details of the cost comparison. We found many studies in the literature that did not provide details of cost comparisons.

We distinguish between study results for built developments from results for proposed or modeled developments. In some cases the studies report total cost savings for a development but not savings per lot in the development. In these cases we calculated the per-lot cost savings. We recognize that the cost savings values reported below are in dollars from different years, and so comparisons of cost savings between examples may not be appropriate. We found insufficient data in most case studies to convert all values to the same-year dollars.

The large majority of studies listed in Tables 5-1 and 5-2 describe LID installed or proposed to be installed in new developments. We found very few studies that measured the economic outcomes of including LID stormwater controls in urban, redevelopment projects. We identified these studies as “retrofits” in the tables.

Table 5-1: Cost savings attributed to installing LID stormwater controls in residential developments.

Location	Description	LID Cost Savings[a]
Meadow on the Hylebos Residential Subdivision Pierce County, WA	9-acre development reduced street width, added swale drainage system, rain gardens, and a sloped bio-terrace to slowly release stormwater to a creek. Stormwater pond reduced by 2/3, compared to conventional plan. (Zickler 2004)	LID cost 9% less than conventional
Somerset Community Residential Subdivision Prince George's Co., MD	80-acre development included rain gardens on each lot and a swale drainage system. Eliminated a stormwater pond and gained six extra lots. (NAHB Research Center Inc. 2003)	$916,382 $4,604 per lot
Pembroke Woods Residential Subdivision Frederick County, MD	43-acre, 70-lot development reduced street width, eliminated sidewalks, curb and gutter, and 2 stormwater ponds, and added swale drainage system, natural buffers, and filter strips. (Clar 2004; Lehner et al. 2001)	$420,000 $6,000 per lot[b]
Madera Community Residential Subdivision Gainesville, FL	44-acre, 80-lot development used natural drainage depressions in forested areas for infiltration instead of new stormwater ponds. (PATH 2005)	$40,000 $500 per lot[b]
Prairie Crossing Residential Subdivision Grayslake, IL	667-acre, 362-lot development clustered houses reducing infrastructure needs, and eliminated the need for a conventional stormwater system by building a natural drainage system using swales, constructed wetlands, and a central lake. (Lehner et al. 2001; Conservation Research Institute 2005)	$1,375,000- $2,700,000 $3,798-$7,458 per lot[b]
SEA Street Retrofit Residential street retrofit Seattle, WA	1-block retrofit narrowed street width, installed swales and rain gardens. (Tilley 2003)	$40,000
Gap Creek Residential Subdivision Sherwood, AK	130-acre, 72-lot development reduced street width, and preserved natural topography and drainage networks. (U.S. EPA 2005; Lehner et al. 2001; NAHB Research Center Inc. 2003)	$200,021 $4,819 per lot
Poplar Street Apartments Residential complex Aberdeen, NC	270-unit apartment complex eliminated curb and gutter stormwater system, replacing it with bioretention areas and swales. (U.S. EPA 2005)	$175,000
Kensington Estates* Residential Subdivision Pierce County, WA	24-acre, 103-lot hypothetical development reduced street width, used porous pavement, vegetated depressions on each lot, reduced stormwater pond size. (CH2MHill 2001; U.S. EPA 2005)	$86,800 $843 per lot[b]
Garden Valley* Residential Subdivision Pierce County, WA	10-acre, 34-lot hypothetical development reduced street width, used porous paving techniques, added swales between lots, and a central infiltration depression. (CH2MHill 2001)	$60,000 $1,765 per lot[b]
Circle C Ranch Residential Subdivision Austin, TX	Development employed filter strips and bioretention strips to slow and filter runoff before it reached a natural stream. (EPA 2005)	$185,000 $1,250 per lot

Location	Description	LID Cost Savings[a]
Woodland Reserve* Residential Development Lexana, KS	Reduced land clearing, reduced impervious surfaces, and added native plantings. (Beezhold 2006)	$118,420
The Trails* Multi-Family Residential Lexana, KS	Reduced land clearing, reduced impervious surfaces, and added native plantings. (Beezhold 2006)	$89,043
Medium Density Residential* Stafford County, VA	45-acre, 108-lot clustered development, reduced curb and gutter, storm sewer, paving, and stormwater pond size. (Center for Watershed Protection 1998b)	$300,547 $2,783 per lot[b]
Low Density Residential* Wicomico County, MD	24-acre, 8-lot development eliminated curb and gutter, reduced paving, storm drain, and reforestation needs. Eliminated stormwater pond and replaced with bioretention and bioswales. (Center for Watershed Protection 1998b)	$17,123 $2,140 per lot[b]

Source: ECONorthwest, with data from listed sources.
Notes: * indicates hypothetical or modeled project, not actually constructed.
[a] Dollar amounts as reported at the time of study.
[b] Per-lot cost savings calculated by ECONorthwest.

Table 5-2: Cost savings attributed to installing LID stormwater controls in commercial developments.

Location	Description	LID Cost Savings[a]
Parking Lot Retrofit Largo, MD	One-half acre of impervious surface. Stormwater directed to central bioretention island. (U.S. EPA 2005)	$10,500-$15,000
Old Farm Shopping Center* Frederick, MD	9.3-acre site redesigned to reduce impervious surfaces, added bioretention islands, filter strips, and infiltration trenches. (Zielinski 2000)	$36,230 $3,986 per acre[b]
270 Corporate Office Park* Germantown, MD	12.8-acre site redesigned to eliminate pipe and pond stormwater system, reduce impervious surface, added bioretention islands, swales, and grid pavers. (Zielinski 2000)	$27,900 $2,180 per acre[b]
OMSI Parking Lot Portland, OR	6-acre parking lot incorporated bioswales into the design, and reduced piping and catch basin infrastructure. (Liptan and Brown 1996)	$78,000 $13,000 per acre[b]
Light Industrial Parking Lot* Portland, OR	2-acre site incorporated bioswales into the design, and reduced piping and catch basin infrastructure. (Liptan and Brown 1996)	$11,247 $5,623 per acre[b]
Point West Shopping Center* Lexana, KS	Reduced curb and gutter, reduced storm sewer and inlets, reduced grading, and reduced land cost used porous pavers, added bioretention cells, and native plantings. (Beezhold 2006)	$168,898
Office Warehouse* Lexana, KS	Reduced impervious surfaces, reduced storm sewer and catch basins, reduced land cost, added bioswales and native plantings. (Beezhold 2006)	$317,483
Retail Shopping Center*	9-acre shopping development reduced parking lot area, added porous pavers, clustered retail spaces, added infiltration trench, bioretention and a sand filter, reduced curb and gutter and stormwater system, and eliminated infiltration basin. (Center for Watershed Protection 1998b)	$36,182 $4,020 per acre[b]
Commercial Office Park*	13-acre development reduced impervious surfaces, reduced stormwater ponds and added bioretention and swales. (Center for Watershed Protection 1998b)	$160,468 $12,344 per acre[b]
Tellabs Corporate Campus Naperville, IL	55-acre site developed into office space minimized site grading and preserved natural topography, eliminated storm sewer pipe and added bioswales. (Conservation Research Institute 2005)	$564,473 $10,263 per acre[b]
Vancouver Island Technology Park Redevelopment Saanich, British Columbia	Constructed wetlands, grassy swales and open channels, rather than piping to control stormwater. Also used amended soils, native plantings, shallow stormwater ponds within forested areas, and permeable surfaces on parking lots. (Tilley 2003)	$530,000

Source: ECONorthwest, with data from listed sources.
Notes: * indicates hypothetical or modeled project, not actually constructed.
[a] Dollar amounts as reported at the time of study.
[b] Per-acre cost savings calculated by ECONorthwest.

VI. Directions for Future Research

Despite the increasing use of LID stormwater controls, and the growing number of economic studies of this technique, our literature review found areas for further research. These areas include:

- Additional research that quantifies the costs and benefits of stormwater management. This includes economic research on the lifetime O & M costs for LID and conventional controls, as well as, studies that quantify the economic benefits of LID methods.

- More detailed information on costs associated with LID. Specifically, information on the factors that contribute to cost savings or cost increases of LID relative to conventional controls.

- Economic studies of LID and conventional methods that control for the effectiveness of the techniques regarding managing stormwater volumes and improving water quality. Comparing LID techniques that cost more to install than conventional methods, but control larger amounts of stormwater, is an apples-to-oranges comparison.

- The large majority of economic studies of LID methods apply to new construction. More research is needed on the economic outcomes of including LID methods in urban redevelopment projects.

- Some preliminary evidence exists that LID can help control CSO volumes at a lower cost than conventional controls. Stormwater managers and public-policy decisionmakers would benefit from additional economic research on this topic.

- Economic studies that model theoretical LID and conventional controls, while informative, may be less convincing to some stormwater managers, decisionmakers and ratepayer stakeholders than retrospective studies of installed controls.

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APPENDIX: ADDITIONAL LOW-IMPACT DEVELOPMENT RESOURCES

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