

Return on Investment: Open Space Conservation

Investments that Sustain Recreation, Water Supply, and Habitat

Governments and private landowners invest in landholding, conservation easements, and stewardship activities that protect natural landscapes and provide many market and non-market benefits. Natural capital investments often present a low financial risk while providing a high level of benefits and a productive life that is often significantly longer than that of built capital investments. Private or public, demonstrating the positive returns from these investments will help to bring more investors and dollars to these important projects.

The Coyote Valley Open Space Preserve

Acquired by the Santa Clara Valley, California Open Space Authority in 2010, the Coyote Valley Open Space Preserve (CVOSP) supports a mixture of oak woodland and grassland habitat. The Preserve provides a network of multi-use trails, grazing opportunities, and wildlife habitat.

If the CVOSP had not been protected in perpetuity, it is likely that at least 50 acres of the land would have been developed per zoning proposed in the City of San Jose’s Coyote Valley Specific Plan.⁵



Figure 4: Coyote Valley Open Space Preserve

Return on Investment

Earth Economics conducted a return on investment (ROI) analysis of the CVOSP.⁶ Multiple categories of benefits were considered in the analysis, including recreation (hiking, wildlife viewing), ecosystem services (flood protection, water quality, among others), and grazing revenue from leases to ranchers.

Though many of the project investments represent one-time costs, the benefits accrue year after year for decades, yielding a positive ROI. The investment in acquisition, capital improvements, and ongoing stewardship of the CVOSP yield at least \$6 in public and private benefits for each \$1 invested after 20 years.

Total Project Cost	Calculated Benefit	Return on Investment
\$352,000	\$2.5M	6.23x

*Calculated over 20 years with a discount rate of 3.5%

⁵ City of San Jose, 2008. Coyote Valley Plan: A Vision for Sustainable Development.

⁶ Batker, D., Schwartz, A., Schmidt, R., Mackenzie, A., Smith, J., Robins, J. 2014. Nature’s Value in Santa Clara County. Earth Economics, Tacoma, WA & the Santa Clara Valley Open Space Authority, San Jose, CA