

## **Regional Asset Indicators: Human Amenities**

**May 16, 2006**

### **Why Human Amenities Are Important**

Human amenities may be a driving force in the economic growth of some communities. These assets influence both migration and business location decisions. Indeed, population growth in rural recreation counties (1.84%) has consistently exceeded those in other rural areas (0.93%) as well as the national average (1.1%).<sup>1</sup> Human amenities appeal to high-demand professionals who prefer to live in a pleasing environment. Entrepreneurs may also be attracted to amenity-rich regions, particularly those who seek to exploit market niches, or who manage their firm remotely.

### **Measuring Human Amenities**

Places with more human amenities, such as scenic areas and recreational and entertainment opportunities, increasingly attract people who wish to take advantage of these amenities. We measure human amenities by evaluating healthcare access,<sup>2</sup> innovation,<sup>3</sup> recreation areas,<sup>4</sup> restaurants,<sup>5</sup> and scenic amenities (Table 1).<sup>6</sup> Each type of amenity is standardized and equally weighted in the index.<sup>7</sup>

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<sup>1</sup> USDA County Typology Codes, 2004

<sup>2</sup>The percentage of healthcare professionals in the total labor force is an indicator of local healthcare access, EEO, 2000.

<sup>3</sup> Patents per capita indicate regional innovativeness, NBER, 1999.

<sup>4</sup> We utilize a geographic information system to generate the distance to the nearest national park and use this distance to proxy parkland as an amenity. The inverse of the standardized distance to a national park border is used in the index so the measure is positively related to growth (closer to a park is more of an amenity).

<sup>5</sup> Food service and drinking establishments are a proxy for local entertainment and dining. NAICS code 722 establishments, County Business Patterns, 2003.

<sup>6</sup> We use a natural amenity index created by the United States Department of Agriculture. This index accounts for water area, temperature, humidity, sunshine, and terrain. A higher the score indicates more natural amenities in a county.

<sup>7</sup> We average standardized scores for five categories of human amenities to construct the human amenity index. Categories used positively affect regional economic growth and are less common than the traditional measure, human capital, allowing our human amenity asset indicator to incorporate assets communities might otherwise be unable to measure or have not previously considered an asset. We do not construct weights because each region's needs vary geographically and are not equally distributed throughout the country. We use the formula,

The human amenity index is highest in scenic coastal and mountain regions (Figure 1). The average index score for all U.S. counties is 29 on a scale of 0 to 100. In metropolitan counties, or counties with at least one city of 50,000 or more residents, the median score is 31, slightly above the U.S. average. For example, Jackson County, Missouri, home of Kansas City, has a score of 25. In micropolitan counties, or counties with at least one city of 10,000 to 50,000 residents, the median score is 29. In town counties, or counties with no towns of more than 10,000 residents, the median score is lowest—at 27.

### **Implications**

Human amenities may benefit current residents' well-being and future economic growth. Indeed, there is a positive correlation between employment growth and income growth and the human amenity asset indicator.<sup>8</sup> Regions can develop regional economic development objectives—such as tourism, high-technology industries, businesses, or entrepreneurship—that go hand-in-hand with available assets and partner with each other to reduce deficits in important assets.

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(observed-minimum)/ (maximum-minimum), to standardize the measures. Each category has a score ranging from 0 to 1 and the index is the average of the scores, multiplied by 100 for readability.

<sup>8</sup> The human amenity asset indicator has a 0.26 correlation coefficient with both income growth and employment growth over the 1993-2003 period (BEA-REIS).

**Table 1. Index Components, Source, and Potential Dividends**

Component	Source	Potential dividends of asset
Healthcare professionals as a percentage of labor force	EEO, 2000	Nearby hospitals and availability of healthcare is attractive to in-migrants (particularly to young families and the elderly)
Patents per capita	NBER, 1999	Innovation attracts businesses and entrepreneurs May indicate a high level of human capital and/or educational opportunities
Distance to a national park	Calculated	Attracts outdoor enthusiasts Physical and mental fitness may result from access to outdoor recreation and leisure activities
Restaurants per capita	County Business Patterns, 2003	Entertainment and dining opportunities May indicate availability of social activities
Natural amenity index	USDA	Weather and topography make a region pleasant Recruiting talented workers is easier with amenities like mountains, sunny skies, moderate temperatures

**Figure 1. Human Amenity Index**

