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Effects of Community Green Space on Property Value and Community Completeness

Introduction

Recent efforts to create more complete communities with access to different types of useable community green space challenge us to also look at the associated market realities. This bulletin describes the relationship between community open space and property value increase by way of a literature review of recent sources. It finds that proximity to open space is a significant variable affecting property value, and suggests how open space preservation can be self-financing. It also finds that open space is one of many key attributes increasingly valued by residents of complete communities.

Property Value and Community Green Space

A variety of research suggests that the primary factors affecting property value are proximity to open space and the type of open space preserved (Netusil and Bolistzer, 1999; Netusil and Lutzenhiser, 1999; Hamilton and Quayle, 1999). In the Netusil and Bolistzer study, open spaces are categorized according to four basic types: Urban Park, Natural Park Area, Golf Course and Specialty Area/facility (see side-bar). This same study uses data comprised of single-family home sales between 1990 and 1992, household features, local amenities, and type of open space in order to determine a relationship between property value and proximity to open space.

The study finds, on average, that natural park areas have the largest effect on a home's sale price, but also indicates that other types of community green spaces can have a statistically significant effect on a home's sale price, although the magnitude is smaller (Netusil and Lutzenhiser, 1999, 9-13). As shown in Figure 9-1, with the exception of urban parks, homes that are up to 458 metres from all types of open space experience an increase in their sale price, with the greatest increase resulting from proximity to natural park areas.

TYPOLOGY OF OPEN SPACE
(as defined by Neutsil & B.Bolister. 1999)

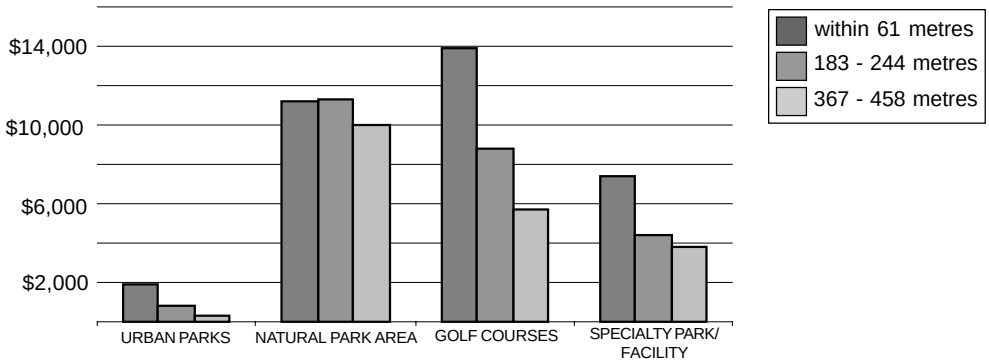
Urban Park
More than 50% of the park is landscaped and developed. (i.e. swimming pools, ball fields, courts, community centres, community gardens)

Natural Park Area
More than 50% of the park is natural vegetation. This definition includes parcels managed for habitat protection only, with no public access or improvements.

Golf Courses

Specialty Areas/ facility
Single-use area or facility (i.e. community gardens, boat ramp facilities).

Figure 9-1 - Increase in Home Sale Price when Located at Varying Distances from Open Space



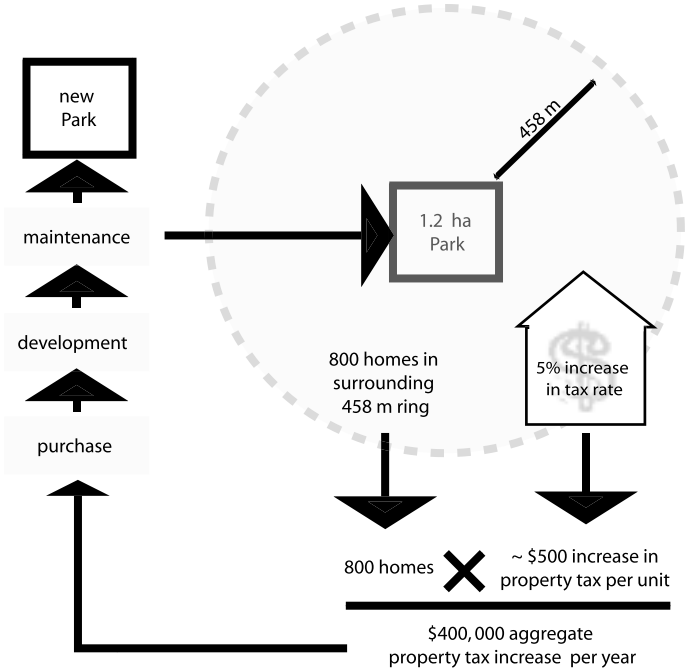
Similarly, a University of British Columbia (UBC) research report, “Corridors of Green and Gold: Impact of riparian suburban greenways on property values”, attributes a ten to fifteen percent increase in property value for homes that are in close proximity to a greenway. The home’s age, location and adjacent amenities were taken into account (Hamilton and Quayle, 1999, 34).

A study by the Center for Rural Massachusetts compares the appreciation of homes with access to open space to those without and, again, accounts for contrasts in home features and adjacent amenities (i.e., schools) (Lacy, 1990, 1-10). It finds that homes with access to community green space appreciate by an average of 20 percent more annually, even with a significant reduction in lot size.

Making Green Space Pay

Some suggest that the increase in property tax revenues from increased property value “raises the possibility that the preservation of certain community green space types may be partially self-financing” (Netusil and Bolitzer, 1999, 16). Figure 9-2 illustrates how increases in property tax revenue could offset the purchase, development and maintenance costs associated with the newly-acquired community green space.

Figure 9-2 - Self-financing Community Green Space through Property Tax Revenues



Valuing Complete Communities

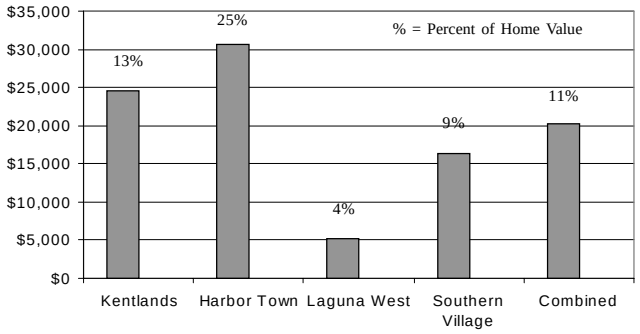
Increasing research into the value of more complete communities, and those designed according to the principles of New Urbanism, suggests that access to quality open space is one of many attributes valued by residents.

A recent consumer report in “Emerging Trends in Real Estate” indicates that consumers are willing to pay a premium for access to open space. New consumers demand developers to “start from scratch and design communities that integrate residential, retail and office ... and provide an environment where people can work, play and live” (Miller, 1999, 7). A related housing preference study in Seattle found 34 percent of the population preferred this type of community and are willing to pay more for a home in a medium-density area with the additional characteristics of affordability, shorter commuting time, amenities, transit quality, neighbourhoods, parks, and strength of community (Criterion, 1996, 10). In fact in a 1999 United States poll, Americans ranked quality of life as a key issue above all other major congressional priorities in that year: “The poll shows no other issue speaks more directly to Americans than ‘quality of life’ or their ability to enjoy community green spaces, parks and wilderness areas” (EEN News, 07/23/99). An estimated 85 percent of Americans polled agree that parks and community green spaces contribute to the property values and economic stability of neighborhoods.

In the study, *Valuing New Urbanism*, the relationship between proximity to community green space and

In a study entitled, *Valuing New Urbanism*, the relationship between proximity to community green space and property value is explored by means of layering in other attributes characteristic of complete communities (Eppli and Tu, 1999, 3-15). The study establishes the premium homebuyers paid for properties in New Urbanist (NU), or Complete Communities in comparison to properties in surrounding conventional neighbourhoods over a three-year period. NU/Complete Community elements include mixed land uses; mixed housing types, interconnected and walkable streets and an integrated, organized system of public space - in the form of village greens, public squares and greenbelts, etc. The study accounts for a property-by-property difference in construction quality, property age and interior and exterior housing attributes, and finds that a cost premium for NU developments still exists compared to similar homes in conventional developments. The results, shown in Figure 9-3, conclude that the price premiums paid for homes in NU communities were on average $20,000US (or 11 percent) more than homes in surrounding conventional neighbourhoods.

Figure 9-3 - Estimates of Premuims Paid in NU Communities and for All Communities Combined



data source: Eppli, Mark J. Valuing The New Urbanism, 73

Market acceptance of NU, or Complete Community, principles was an additional focus of the study, *Valuing New Urbanism* (Eppli and Tu, 1999, 54). In its survey of 619 homeowners in eight NU communities, homeowners expressed they had a greater sense of neighbourliness, were more likely to walk, and believed that their homes would appreciate faster than those in conventional subdivisions.

In the UBC study cited earlier, questionnaires sought to determine the values that residents place on the location in which they they live (Hamilton and Quayle, 1999, 30-33). The survey found that, when deciding where to live in a city or municipality, proximity to greenways or community green space came in second - after affordability and before distance to work and friends. When deciding where to live within a community, proximity to greenways or community green space came in first—before proximity to schools, play areas and shopping. The study further concluded that incommensurable benefits, should also be considered:

> *"Greenways produce externalities which may not be included in the price or market value that the owner-occupant is willing to pay: fresh air, bird songs, recharged water systems; recreational opportunities; opportunities to learn and to see people, and community image" (Hamilton and M. Quayle, 1999, 34).*

"CORRIDORS OF GREEN AND GOLD" SURVEY RESULTS:

99% of those questioned felt proximity to urban open space increased their homes property value.

63% of those questioned felt proximity to urban open space would result in faster sale of their home.

Conclusion

In summary, proximity to different types of community green spaces clearly results in statistically significant and positive effects on a home's sale price. Similarly, homes located in NU/Complete Community contexts seem also to appreciate faster than similar homes in conventional neighbourhoods. While public space design is just one part of the NU/Complete Community formula, it is a key one.

Of additional significance, although not addressed directly by this study, are the associated environmental benefits of using an integrated system of open space as a component of a community's "green infrastructure." This system, comprised of parks, riparian areas and streets, can be instrumental in protecting water quality, riparian habitat and recharging ground water in addition to providing recreational and aesthetic value. While further research is necessary to link the environmental, social, and economic benefits of open space, this bulletin provides compelling reasons for valuing open space as a key component of new and retrofitted communities. (Please see Technical Bulletin No. 8 for a discussion and analysis of a green

infrastructure system proposed for the community of East Clayton, Surrey, BC.).

Resources

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B. Bolitzer and N.R. Netusil. 2000. “The Impact of Open Spaces on Property Values in Portland”, Oregon Journal of Environmental Management, 59:185-193.

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Netusil, N.R., Erin Boyd, Zaid van Giffen, and Michele LaMerrill. 2000. “Can Open Spaces be Self-Financing: Results from Portland”, Oregon Choices (Second Quarter): 21-23.

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