

Everybody Loves a Park

| Green Space Is a Premium when Building, Buying or Selling |

By Brad Broberg

Hundreds of homeowners can lay claim to Baltimore's best back yard. That's because it's not really a back yard. It's Patterson Park.

A decade ago, the neighborhoods surrounding the park were in decline. So was the 137-acre park.

"It was in pretty bad shape," said Chris Ryer, president and CEO of the South East Community Development Corporation (SECDC) in Baltimore.

Not anymore.

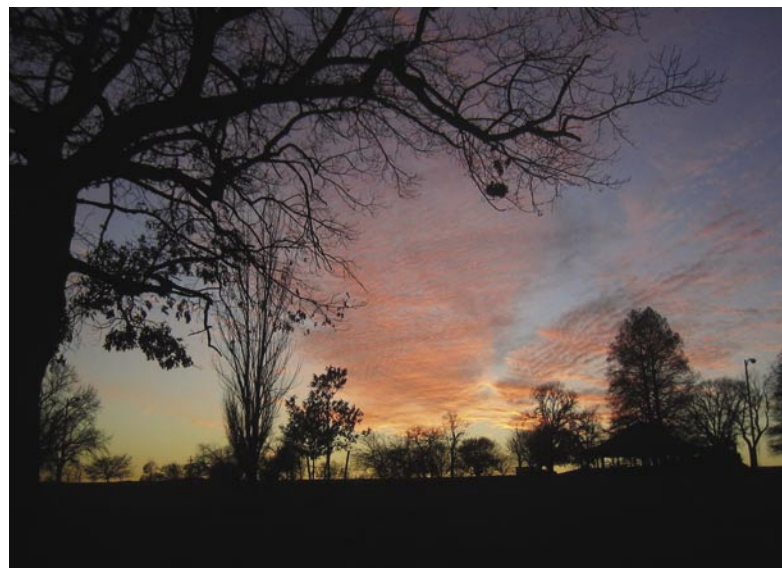
When the SECDC and other community organizations launched a neighborhood revitalization campaign, their strategy revolved around improving Patterson Park. A new group, the Friends of Patterson Park, raised money, recruited volunteers and ultimately convinced the city to create a master plan to overhaul the park.

While many of the plan's recommendations remain to be carried out, many have been completed, including cleaning up a lake, restoring a historic pagoda, renovating a swimming pool and stepping up maintenance. "It's a very attractive park now," Ryer said.

How attractive? A community development organization bought several hundred homes around the park, renovated them and then used the park as a marketing tool, said Ryer. After paying as little as \$60,000, the organization is selling the homes for up to \$200,000 — with some that directly border the park going for \$300-\$400,000.

The park's Web site proudly proclaims Patterson Park as "the best back yard in Baltimore." Ryer calls it a "classic example" of the power of parks to help make neighborhoods more valuable — especially where development is dense.

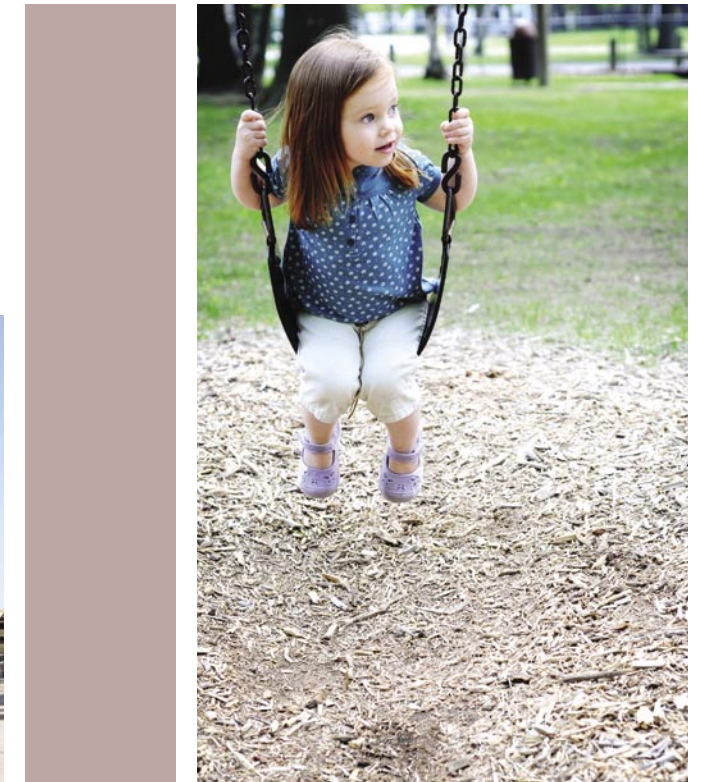
Parks help make neighborhoods more valuable.



Patterson Park in Baltimore, Md.



The premium for homes bordering a park can start at 20 percent and extends to homes within three blocks at a gradually declining rate.



Harnick doesn't buy the argument that dense development around a park sullies its beauty. Putting parks in heavily populated neighborhoods enables more people to walk to them instead of drive — another principle of Smart Growth.

"It's a little counter-intuitive, but you want green space in a high-density area," he said. "The green space is what allows the density to happen. Patterson Park is a great example of that because there is nothing denser than southeast Baltimore. It's street after street of row houses as far as the eye can see."

That strategy — balancing the yin of green space against the yang of greater density — is a cornerstone of Smart Growth.

Smart Growth encourages compact development as an antidote to sprawl. Preserving green space is part and parcel to that approach. The green space makes the density more palatable and the density makes the green space more desirable.

"I'm a fan of density around parks," said Peter Harnick of the Trust for Public Land.

"If you have large estates surrounding a park, you have a smaller population (with easy access to) the park," he said. "The more people you pull up tight to the park ... the more people you have who will use the park and the more benefit you get from the park."

Increased property values are often among those benefits — a fact confirmed by more than a dozen studies, said John Crompton, a professor in the Recreation, Park and Tourism Sciences at Texas A & M University.

Crompton is the author of "The Proximate Principle: The Impact of Parks, Open Space and Water Features on Residential Property Values and the Property Tax Base." His conclusion: the premium for homes bordering a park can start at 20 percent and extends to homes within three blocks at a gradually declining rate.

Thanks to the number-crunching muscle of computers, that's more than an educated guess. It's a scientific observation. Yet it was known — and put to use — more than a century ago.

"If you look at the history of the parks movement, the rationale in those early days for parks was that they generated premiums for real estate," Crompton said.

Crompton browses the archives of every city he visits. "When you look up how their park systems evolved, you see real estate interests coming forward," he said. "They drove the early park systems."

That changed after World War II, said Crompton. Suburbia gave homeowners their own green spaces. Parks, so desirable in urban settings, were no longer viewed in terms of their potential to boost property values.

Now, everything old is new again and the argument that parks make nearby real estate more valuable is once more part of the rationale behind their development. Smart Growth — with its focus on urban infill versus suburban sprawl — is a big reason why.

Example: Highlands' Garden Village, a 27-acre urban infill project in Denver that dedicated a quarter of the site to green space. "There are parks and gardens

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Living 10 minutes from downtown Denver, Highland Park residents value the common park and garden areas, which provide premium open space near the city.



everywhere within the project," said Jonathan Rose, co-developer of the mixed-use community.

Parks are "tremendous value creators," Rose said. "It's always been recognized by some, but I think it's becoming more broadly recognized because the consumer wants it."

Citing a theory known as biophilia, Rose said humans are "biologically designed" to appreciate nature. Translated into practical terms: "The consumer responds strongly to open space."

Rose finds it "entirely counter-intuitive" that measures to save green space are often opposed by the local real estate community. "I guess the inference is that ... preserving land means less land to develop," he said. That may be true, said Rose, but the loss of land is offset by the value green space adds to nearby homes and the dollars it adds to real estate transactions.

The Trust for Public Land recently analyzed the benefits Philadelphia derives from its park system. The study concluded that parks increased adjacent property values by a combined \$688.8 million in 2007 and generated an additional \$181.1 million in property taxes for the city.

When it comes to adding value, not all parks are created equal. "Value is made up of a little bit of a lot of things," Harnick said. The two biggest drivers: distance from the park and the quality of the park.

Highlands' Garden Village is a pedestrian-friendly, mixed-use, mixed-income redevelopment on a historic abandoned amusement park in Denver, Colo.



Parks are tremendous value creators ... it's becoming more broadly recognized because the consumer still wants it.





Parks create a social fabric for the community.



Crompton's rule of thumb calculates the added value at 20 percent for homes abutting or fronting a park, 10 percent for homes one block away and 5 percent for homes two blocks away. Size does matter, though, and large parks may add greater value over greater distances than small ones, he said.

Much hinges on the park itself. "It depends on how good the park is as a neighbor," Harnick said.

Passive parks — also referred to as ornamental parks — almost always add more value than active ones. In fact, the lights, noise and traffic associated with sports fields can actually lower the value of homes near active parks, said Crompton. Likewise, a neglected or unsafe passive park can also drive down values.

One way to gauge the value of green space is to look at property values in golf course communities. Only one in five households in golf course communities includes someone who plays golf, yet people pay a 30- to 50-percent premium to live there, said Crompton.

Image is one reason. The other? "It's the view," Crompton said. "It's the green space."

Like anything else, the value added by green space is a function of supply and demand. "I don't think an ornamental park in a rural area does anything for property values because you're drowning in green space anyway," Harnick said. "You sort of need a tight urban fabric for an ornamental park to work."

Rose, on the other hand, thinks even parks in rural settings add at least some value. "They create a social fabric for the community," he said. "People don't picnic on their own land."



Demand for parks will always provide a driving force in the real estate market.

Chattanooga celebrates the opening of its 21st Century waterfront along the Tennessee River.

Still, it makes sense that urban residents would regard green space as especially precious. Consider the reaction of downtown San Diego residents when the city adopted a new plan that boosted density.

"We expected pushback on the density issue, but we never got it," said Alexandra Elias, former advance planning manager for the Centre City Development Corporation, a nonprofit agency spearheading downtown redevelopment. "People just wanted the amenities that went with it, most of which were parks."

The city obliged by including six new parks in the downtown plan. "The parks became the centerpiece for the redevelopment of downtown to meet growth in the future," Elias said.

Currently in various stages of progress, the parks are situated so that every downtown resident is within a five-minute walk of at least one of them. While Elias can't point to any evidence that the parks are boosting property values, the fact that residents expressed so

much interest in them suggests they're willing to pay more to live nearby, she said.

Another example in Chattanooga, the development of Coolidge Park along the Tennessee River helped revive the dying North Shore commercial district by becoming a magnet, said Chad Wamack, a REALTOR® with Grubb & Ellis/Hudson Companies.

"It was sort of a depressed area (but) it's just thriving today, even in our slowing economy," he said. "At the same time, the residential areas that surround the North Shore district have experienced huge (appreciation)."

If history continues down the same path, demand for parks will always provide a driving force in the real estate market. ●

Brad Broberg is a Seattle-based freelance writer specializing in business and development issues. His work appears regularly in the Puget Sound Business Journal and the Seattle Daily Journal of Commerce.