Economic Benefits of Conservation Lands to Real Estate Values

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What I Will Cover

- Do Conservation Lands Add Value?
- Real Estate Economic and Market Issues
- Case Studies, Examples
- TDR Programs
Do Conservation Lands Add Value?
Study: proximity to park increases land value

- Study of 10-acre neighborhood park in Lubbock, Texas:
  - Within a 2 - 3 block area around park land values declined with distance from the park
    - (Kitchen and Hendon 1967)

- Study of five parks in Columbus, Ohio:
  - 7% to 23% on property values where properties faced open space
    - (Weicher and Zeibst 1973)

Source: RCLCO
Study: proximity to open space increases land value

- Boulder, Colorado: Greenbelts impact adjacent residential property values 32%+  
  – (Correll et al. 1978)

- Land use restrictions in Maryland to protect Chesapeake Bay caused increased housing prices 14% - 27% within 1000 feet inland  
  – (Parsons 1992)

Source: RCLCO
Parks impact property value

- Frederick Law Olmstead, Jr. observed that “a local park ... adds more to the value of the remaining land in the residential area which it serves than the value of the land withdrawn to create it”
  

Source: RCLCO
Study: Higher rates of appreciation

- Appreciation rates average about 2.5% greater in open space or “cluster” subdivisions
  - (Lacy, 1990)

- Trend is more significant in urban and urbanizing areas than rural
  - (Lacy, 1990)

Source: RCLCO
• Parks and recreation areas can increase the value of nearby building sites by 15-20%.

• Fiscal – improve property taxes of adjacent lots.

• Should encourage clustering homes around open space.

Source: RCLCO
Real Estate Market/Issues
Top Concerns from the Public

- Traffic congestion
- Environmental protection
- Education, school overcrowding
- Land use
- Housing affordability
- Safety, security

SOURCE: FLORIDA STATE UNIVERSITY STUDY
Public’s Desired Smart Growth Strategies

- Infill, higher density development
- Urban growth boundaries
- Transit-oriented design
- Walkable villages
- Conservation subdivisions
- Master planned communities

SOURCE: FLORIDA STATE UNIVERSITY STUDY
Type of MPC Preferred
Among Master Planned Community Prospects

Age Targeted
- Older Family
- Young Family
- Empty Nester/Retiree
- All

Water
- Older Family
- Young Family
- Empty Nester/Retiree
- All

Golf
- Older Family
- Young Family
- Empty Nester/Retiree
- All

TND
- Older Family
- Young Family
- Empty Nester/Retiree
- All

Nature/open space
- Older Family
- Young Family
- Empty Nester/Retiree
- All

Parks
- Older Family
- Young Family
- Empty Nester/Retiree
- All

Source: RCLCO
<table>
<thead>
<tr>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>300-500 Ac+</td>
<td>Infill/Fringe 40-80 AC</td>
</tr>
<tr>
<td>1-3 units/acre</td>
<td>5 + units/acre</td>
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<tr>
<td>Country Club</td>
<td>Village Center</td>
</tr>
<tr>
<td>Auto Oriented</td>
<td>Walkable, Biking, Transit</td>
</tr>
<tr>
<td>Golf</td>
<td>Fitness, Gathering Place</td>
</tr>
<tr>
<td>25-35% open space</td>
<td>25 -30% open space</td>
</tr>
<tr>
<td>Create an environment</td>
<td>Create neighborhood character</td>
</tr>
<tr>
<td>Disconnected to Services</td>
<td>Near/adjacent to Services</td>
</tr>
<tr>
<td>Large Lots</td>
<td>Small lots, attached stacked products</td>
</tr>
<tr>
<td>Cul-de-sacs</td>
<td>Connected streets</td>
</tr>
<tr>
<td>90-100% view amenity units</td>
<td>&lt; 10% view amenity</td>
</tr>
<tr>
<td></td>
<td>25-30% view amenity units</td>
</tr>
</tbody>
</table>

**New Town 1,500 + Ac**

**Walkable, Biking, Transit**

**Fitness, learning, trails, gathering places**

**Integrate environmental spaces**

**Services integrated into community**

**Master Planned Communities of the Future**
Among the most popular amenities these days are projects layouts promoting walking and bicycling. Tax breaks and other benefits are available for dedicating land to be held in open space permanently.

ULI: Conservation Communities: Creating Value with Homes, Open Space and Agriculture
Benefits of Conservation Development

- Reduced capital costs
- Lower risks of environmental hazards; including flooding and water pollution
- A healthier lifestyle due to a living environment that promotes physical activity

ULI: “What Development is Not” by Edward McMahon
Benefits of Conservation Development

• Market differentiation
• Better land stewardship
• Potential for positive publicity
• Higher perceived value and quality
• Satisfaction of doing the right thing

ULI: “What Development is Not” by Edward McMahon
Buyers pay for access to trails and protected open space. They value views of woodlands, vineyards, pastures, or meadows, and these community amenities contribute to increased home values, even if providing the amenities results in smaller lots or a more compact layout of houses.

Edward J. McMahon, ULI Senior Resident Fellow
Developers often can make more money implementing conservation development projects than they would by taking more conventional approaches to land development.

ULI: “What Development is Not” by Edward McMahon
Case Studies/Examples
Create a community where people, plants and animals co-exist in a beautiful, natural environment.
• Implemented sustainable, green concepts over 20 years ago
  – Maximize energy conservation
  – Preserve existing vegetation
  – Xeriscape program
  – Irrigation reuse system
Environmental Stewardship

- Regional Solutions:
  - Flow way restoration

Large scale developers can do more...
Green Commitments

- Responsible Site Development
- Natural Resource Conservation
- Wildlife Conservation
- Responsible, Healthy Building Practices
- Green Community and Builder Certification Requirements
Flow Way Restoration

- Enhances natural beauty of community
- Ensures that surface waters reach the destination nature intended

*Water’s Destination: Orange River*
Riverfront Preservation

- Conservation easement along 1.75 miles of riverfront
- 25-200’ easement ensures preservation of unique character of riverfront
- Includes walking and nature trails for residents
Green Commitments

- Responsible Site Development
- Natural Resource Conservation
- Wildlife Conservation
- Responsible, Healthy Building Practices
- Green Community and Builder Certification Requirements
TDR Programs

There will never be enough money available to purchase all the natural areas and cultural sites that need to be protected.

Edward J. McMahon, ULI Senior Resident Fellow
Objectives

Save large areas of:

- Environmentally sensitive lands
- Critical habitat lands
- Water resource lands
- Agricultural lands
Objectives

Prevent:

- Premature suburbanization
- Sprawling land use patterns
- Inadequate infrastructure
- Proliferation of 5-10 acre ranchettes
The essence of the TDR program is to incentivize the clustering of dwelling units from rural areas that warrant protection to more suitable development locations, either within rural areas or outside rural areas.
For TDR programs to work they need to be:

1. Market driven, i.e. a market for the units
2. Economically driven, i.e. landowners come out whole – or even better
3. Incentive based
4. Voluntary
TDR’s must have a price that has a suitable relationship to the price of a finished home/lot in a compact development
There must be a unit bonus multiplier applied to the sending and/or receiving land areas in order to provide sufficient equity and incentives to both sides.
The bottom line of why most TDR programs do not work:

They require a density bonus multiplier of 5, 10, 20 or more times the number of units allowed by right.
Summary
Summary – Marketing Benefits

Amenity Value – Views, scenic beauty
Open Space/Recreation – trails, hiking, birding
Market Differentiation, Brand Value
Increase Sales Absorption
Increased prices
Summary – Socio-Economic Benefits

Higher home prices – tax base
Quality of Life – environmental quality
Flood and Water Pollution Abatement
Species Habitat Protection
Thank You