

SOME TAX IMPLICATIONS OF CREATING A GREENSPACE OR PASSIVE PARK ON THE NYW&B SITE

Summary Comments

It has been a general axiom, since the work of Frederick Law Olmsted, who created Central Park (Manhattan), Prospect Park (Brooklyn) and many other parks in American cities, that building parks increases the taxable property values of adjacent properties. He contended that the increase in taxation from creating a park would produce enough revenue to pay for building the park.

Many studies have been made, starting with Olmsted, in 1873, which have documented the rise in property values near parks. Most city and park planners take this principle for granted, though it is not always understood by community residents.

Some recent reviews of parks and their relation to real estate values are by

- National Park Service, "Economic Impacts of Protecting Rivers, Trails and Greenway Corridors: Real Property Values" on www.highbrookhighline.com
- Economic Research Associates, Real Estate Impact Review of Parks and Recreation, (Chicago: 2005), done for the Illinois Association of Park Districts
- John L. Crompton "The Impact of Parks on Property Values: A Review of the Empirical Evidence," Journal of Leisure Research, 2001, vol. 33 no. 1, pp. 1-31.

These are attached for detailed study. Most of the original studies are empirical and mathematical, and quite detailed, but the summary results are useful for discussion. It should be noted that each study applies to a particular location, some large, some small, some urban, and some rural. It would be necessary to commission a professional study of our own community to accurately estimate the impact of a Highline park/greenspace on the Village of Pelham.

Nonetheless, the general results do maintain for our time Olmsted's 1873 conclusion that Central Park more than paid for itself in increased real estate values -- and tax revenue --it is called the "proximity principle".. Compton's review of more recent research (2001) concludes that parks can definitely enhance real estate values and tax yields. Small passive neighborhood parks with wooded areas have the most positive effect. The proximity of property to a park directly relates to increases in value. The maximum effect is felt within a distance of 500 ft. but some effects can be found up to 2000 ft. from the park.

Within the 500 ft. radius, property value increases of close to 20% are often noted.

The ERA study (2005) has similar findings. Their executive conclusion found that neighborhood parks can increase property values 20% within a 600 ft. distance Houses

closer to the park received the greatest benefit. Overall, community parks may provide some additional increases of residential real values to a whole town or development.

There are some cautionary warnings. Houses immediately adjacent to the park benefited more if parks were adequately policed and kept free of litter. These concerns need to be provided for as part of any park plan. Passive, wooded small walking parks did better than larger parks with athletic activities. Parking was a factor which influenced value at active parks, but is less of a problem at small neighborhood sites.

How might this apply to Pelham? The NYW&B site is 1.9 acres and of a narrow, linear configuration. It is well suited to construction of a passive neighborhood park, acting as a greenspace corridor between existing homes. Discussions have centered upon a nature trail through the wooded portion, and an open lawn space for neighborhood use at the east end.

Correll et. al, in a 1978 study of the effects of greenbelts on local housing in Boulder, Colorado found that homes adjacent to the greenbelts were 25% more valuable than similar ones 1,300 ft. away. Miller's 2001 study of 14 neighborhood parks in Dallas found that homes adjacent to parks were about 22% more valuable than similar homes a half mile away. Most of the increased value was within 600 ft. of the park. Some studies, Ready (2003) for Berks County PA and Irwin (2002) for suburban Maryland, show less substantial gains, but the type of property was not clearly comparable to Pelham. The National Park Service review has several useful examples, and is available online at the highbrookhighline.com site.

As indicated, a professional study of Pelham, utilizing official property assessment data and tax maps would be needed to get an accurate conclusion. How much money might be involved in having a greenspace/passive park?

A quick estimate might be made, using a Google map survey, identifying about 80 homes (excluding New Rochelle) within a 600 ft. distance from the Highbrook greenspace. Assuming estimated values of \$600,000-800,000 and estimated total local taxes of \$13,000-16,000, we could use an average of \$15,000 in taxes. Some of the cited studies and Crompton's general conclusions credit proximity with raising adjacent land values as much as 20%, but let us conservatively use 10%. Our 80 homes within a 600 ft. distance of the Highbrook greenspace might then yield $\$1500 \times 80 = \$120,000$ each year in additional taxes. If it turned out to be 20%, then we might double that yield.

Of course, taxes would not rise immediately, but rises in valuation would occur with future sales. Over several years, turnover and reassessment would begin to approach that level.

It would be reasonable to expect that a passive park, as proposed for the Highbrook Highline greenspace, would eventually pay for its expenses. Land acquisition, often the major cost, has already been accomplished. The Village owns the land. Increased tax revenue could go toward funding needed repairs and improvements.

Creating a Highbrook Bridge Trail and Greenspace would produce long term financial and intangible benefits for the village.

(For the Committee and Board - Aug 2, 2011 -- Roger Wines)