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EXECUTIVE SUMMARY

WHY PARKS ARE ESSENTIAL TO DEVELOPMENT PROJECTS: A DISCUSSION WITH FOUR DEVELOPERS

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Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

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In the Portland region we cherish our parks, trails and natural areas, which we call the Intertwine. Park advocates, professionals and residents are frequently vocal about the benefits of parks including:



- natural beauty and being in nature
- greenways and trails are a top community amenity
- voters show a fairly consistent willingness to support parks at the ballot
- health, environmental, aesthetic and community benefits
- stormwater management and flood storage
- water quality, wildlife habitat and air quality.

However, in these tough economic times, we need to consider every public investment, including parks, in light of economic realities. **Can we anticipate with a reasonable amount of certainty where public investment in parks will produce a positive and needed market response?** Discussions with four local developers provide valuable insight into parks' role as an incentive for development. This critical thinking is important now as public dollars for infrastructure are declining.

In addition to this discussion focused on the importance of site and community conditions, there is a larger consideration. The importance of the cumulative effect of the Intertwine is critical. Companies are looking at community livability and quality of life as they choose where to locate. Our region has benefited tremendously from this, but competition is keen. The careful growth of the Intertwine is essential to support the marketability of our region. **The audience for this report includes developers, mayors, planners, advocates and business owners as we join together to make investments that pay off for our region.** View the entire document at www.oregonmetro.gov/naturalareas.

A DIFFERENT WAY OF THINKING

Traditionally parks are developed to fill service gaps and natural areas are purchased to protect resources. There is a third logic suggested in this report: parks, trails and natural areas can be sited where development would benefit from their proximity. This logic has historical precedent and has become more relevant in light of the decline of the national and regional economy. Can we use open space strategically to help jump start development and the associated jobs?

The relationship of parks, trails and open space to economic development is complex. On one hand people value and seek investment in this aspect of their community. On the other, it's proven very difficult to quantify the value in specific numbers that would lead to public investment. Rather than

looking to formulas for quantification, this looks to local developers, research and case studies to understand how parks may influence or spur possible development.

METHODOLOGY

In the fall of 2011, interviews were conducted with several prominent local developers including:

- Dennis Wilde, Gerding Edlen
- Matt Brown, Loci Development
- Shawn Sullivan, Vallaster Corl
- Jim Winkler, Winkler Development Corporation
- Dave Wood, Newland Communities
- Chris Neamtzu and Kerry Rappold from the City of Wilsonville were interviewed about the Ville Bois development.



Jamison Square complete

The meetings were informal and the questions were consistent. The draft report was reviewed for accuracy by those interviewed.



*Pearl District, Portland
Parks and housing under construction*

National case studies: In addition to our local knowledge, how can national examples inform our thinking? We compiled information on four case studies including New York City, Atlanta, Minneapolis and Seattle. The case study projects have much larger project investment in open space and much greater return in terms of development value. They magnify the potential that local developers identify.

Research: Extensive economic research in Portland and across the nation has illustrated that open spaces, such as parks and trails, can have positive effects on adjacent property values and can lead to proportionately higher property tax revenues for local governments. There is also research on what factors are important to maximize property values. This research was summarized with diagrams and local examples.

INSIGHTS FROM DEVELOPERS

There were several consistent points made by the developers.

- Proximity to parks and open space are clearly important, especially to the housing market.
- Retail and commercial markets are less influenced by open space.
- Proximity to parks increases the selling price and decreases the time needed to sell units.
- Open space is one of a several key components for livable communities including walkability, and public transportation. There is benefit to coordinating these elements.
- The main barrier to providing open space is financial. Public/private partnerships are often needed, especially in urban areas where acquisition for open space is significant.
- Construction of parks prior to marketing housing is essential. In a slow economy, the promise of an open space is not enough.

“Parks and trails help the development strategy. We consider parks and open space as a part of our business philosophy...We believe that bringing more nature into urban environments is essential to improving quality of life for people in the community. ‘Access to nature’ is a necessary component of twenty minute neighborhoods in order to be a livable community.” – Dennis Wilde

“The biggest difficulty is getting the finances to work. At some point you are taking square footage of buildable footprint out of the development equation to make the pro forma work. You are essentially sacrificing land for the sake of the park piece. The park amenity also has to be built and deliver the benefit. The later it comes in the process, the harder it is to deliver (the value).” – Matt Brown



“The importance is proximity based, the closer you can get to a park, the higher the value of the land and the development opportunity...There is also the flip side of parks. They can be places for bad things to happen and it depends on demographics...A large public park is one block of urban open space nicely designed in the urban areas. Blocks and blocks of soccer and baseball fields are not economic drivers.”

– Jim Winkler

“There is definitely a positive relationship. Parks get a gold star, people love parks. Providing linkages with trails goes along with that...Initially trails were not a selling point, but now trails and connections are an important component of the development...In numerous market studies, people prefer natural open space in their backyards.” – Dave Wood

CASE STUDIES

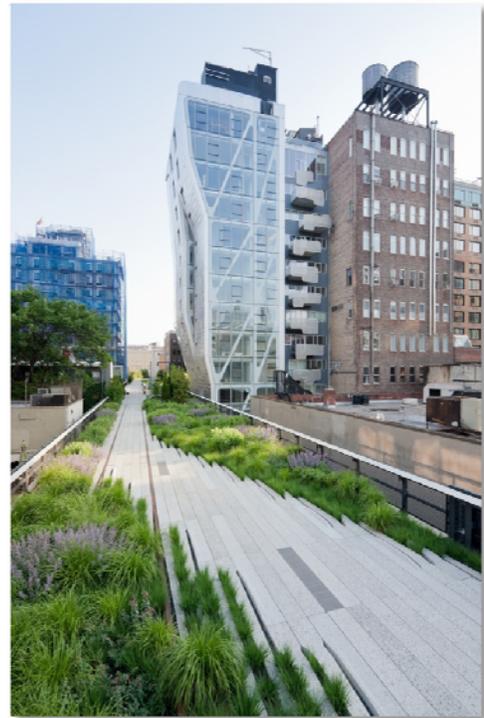
The High Line: New York, New York

6.73 acres, total cost: \$152 million

Private donations: \$44 million

Projected development value: \$2 billion

The High Line is a public park built on a defunct railway that runs 30 feet above Manhattan between 10th and 11th Avenues, from 34th Street to Gansevoort Street in the meatpacking district. The High Line offers a retreat from street life, a pastoral space floating 30 feet in the air with Hudson River views. It is owned by the City of New York, and maintained and operated by Friends of the High Line. Over 50 new residential, commercial, and cultural development projects have been planned or constructed as a part of the new economic vitality in the area. On top of the 8,000 construction jobs those projects required, the redevelopment has added about 12,000 jobs in the area,” stated Mayor Michael R. Bloomberg.⁹ Amanda Burden, the city’s planning director, indicates that High Line has boosted adjacent property values, saying that “in one building that abuts the lower section of the High Line, the price of apartments had doubled since the park opened, to about \$2,000 a square foot.”¹⁰



The Mill District: Minneapolis, Minnesota

Cost for parks: \$54 million

Public funding for district: \$239 million

Projected development value: \$1.382 billion

By 2010, the Mill District had developed both banks of the Mississippi River as publicly owned open space. Mill Ruins Park is the centerpiece of the revitalization of Minneapolis’ historic West Side Milling District. The development has created almost 140 acres of new riverfront parkland from 1977-2002. About 4,650 new housing units have been completed and over a thousand more have been planned. Overall, the Mill District is an economic powerhouse generating jobs, taxes and economic activity with 400 jobs created with 4.2 million square feet of new office, commercial and industrial space. The continued public support and desirability of the area has increased real estate taxes (estimated market value) from \$25 million in 1994 to \$232 million in 2005.

The BeltLine: Atlanta, Georgia

Total project cost: \$2.8 billion

Cost for parks: \$755-910 million

Federal funding: \$24 million

Projected development value: \$20 billion

The BeltLine gives Atlanta an opportunity to create a citywide system of parks and transit that loops the urban core of the inner city. The BeltLine plan calls for the creation of a series of parks throughout the city, creating what the working plan, The BeltLine Emerald Necklace, calls, the thirteen “BeltLine Jewels.”¹³ These park jewels would be connected by the trail and transit components of the plan.



As a part of this plan, 30,000 new jobs are expected to be created in the area in the next 20-25 years. This job increase is 50 percent greater than what would be created without the BeltLine. In addition, during the development of the BeltLine, 48,000 construction jobs will be created. The Atlanta BeltLine is expected to generate more than \$20 billion of new economic development throughout the 25 years of the Tax Allocation District.

Seattle Sculpture Park and Seattle Art Museum: Seattle, Washington

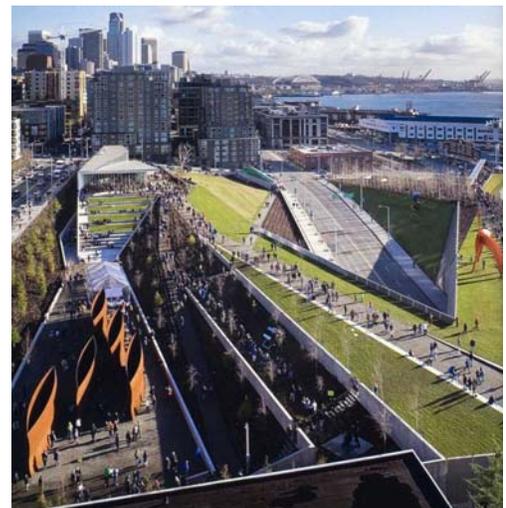
8.5 acres, total project cost: 85 million

Federal funding: 5 million

King County: 1.7 million

State funding: 8.1 million

For many years, this former brownfield was a blighted piece of property at the heart of Seattle’s waterfront. The 8.5-acre property, where the Olympic Sculpture Park now stands, was once a contaminated fuel storage and transfer site for Unocal Oil.



Before Unocal could sell the property, it had to clean up 120,000 tons of contaminated soil and more than 28 million gallons of contaminated water. The Seattle Art Museum (SAM), which bought the property and operates the park, restored the waterfront as an important habitat for salmon as well as reconnected the city to its waterfront heritage.

The park itself has become an economic catalyst for the surrounding Belltown neighborhood, spurring construction of dense residential complexes, with new stores and restaurants replacing parking lots and vacant land.

RESEARCH

Research indicates that the market value of properties located in proximity to a park, trails or open space are frequently higher than comparable properties located elsewhere.¹ A pair of studies conducted in 2000 and 2001 analyzed the same set of more than 16,400 home sales in Portland, Oregon using two different study methods. The first study found that the 193 public parks analyzed had a significant positive impact on nearby property values. The existence of a park within 1,500 feet of a home increased its sale price between \$845.00 and \$2,262.00 in 2000.²

A study of the effect of greenbelts on property values in three different areas of Boulder, Colorado showed that there was a \$4.20 decrease in the price of residential property for every one foot moved away from the greenbelt. This suggested that if other variables were held constant, the average value of properties adjacent to the greenbelt was 32 percent higher than those located 3,200 walking feet away.³ In the study; they demonstrated that the proximate effect is substantial up to 500-600 feet (typically three blocks). In the case of community sized parks over 30 acres, the effect may be measurable out to 1500 feet, but 75 percent of the premium value generally occurs within the 500-600 foot zone. These studies suggested that a positive impact of 20 percent on property values abutting or fronting a passive park area is a reasonable point of departure for estimating the magnitude of the impact of parks on property values.²¹

Larger park sizes in suburban areas have been shown to create greater overall development value. The relationship between a home's sale price and its proximity to different types of open spaces in the city of Portland, within Multnomah County was studied between 1990 and 1992. Homes located within 1,500 feet of a natural area park, where more than 50 percent of the park is preserved in native and/or natural vegetation, are found to experience an average of the largest increase in sale price.⁴



Central Park in New York City

As anticipated by Frederick Law Olmsted, the property value immediately adjacent to the park was justification for building the park. Currently the value of the properties closest to the park is 20 percent higher than that one block further.

SELECTED GUIDING PRINCIPLES

Can we predict where investment in parks, trails and natural areas will have a positive market response? Interviews with developers, case studies and research suggest some overarching principles that may increase the predictability (see the full report for more guidance).

Parks have different effects on different types of development.

- Complete communities and mixed use developments - parks are key to mixed use developments.
- Housing development - the strongest possible relationship is between parks and housing.
- Commercial development - parks are less important for commercial development. However, where a setting or sense of address is needed, parks may become part of the success.
- Retail - parks have the least effect on retail success. In general, retail needs concentrations of people, with the exception of restaurant development. Also, parks can help housing that in turn supports nearby retail.

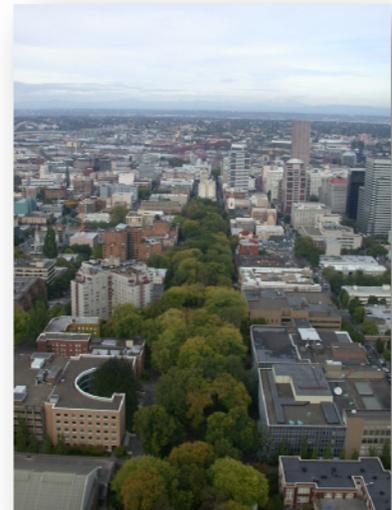


1878 Park blocks, Portland Or.

Large investment in signature projects can have high development value.

The case studies examined had these common elements:

- An underutilized or abandoned area close to urban centers repurposes old infrastructure for parks.
- Public visibility is high often with a trail connection or other destination linkages that increases use.
- Significant effort is made toward a large vision with a high level of investment typically combining local and federal funding with private donations.
- The project has an extremely high level of design excellence, using nationally or internationally renowned design teams.



2002 Park blocks, Portland, OR.

Passive parks only

Developers interviewed agreed that parks, trails and open space with passive recreation areas are conducive to development and overall place-making and active parks with intensive uses are not.

Linear parks maximize property value increases

Research indicates that linear parks provide a greater amount of actual park frontage and maximize development potential in urban or suburban grids. This boosts the net total of lots that have actual park frontage.

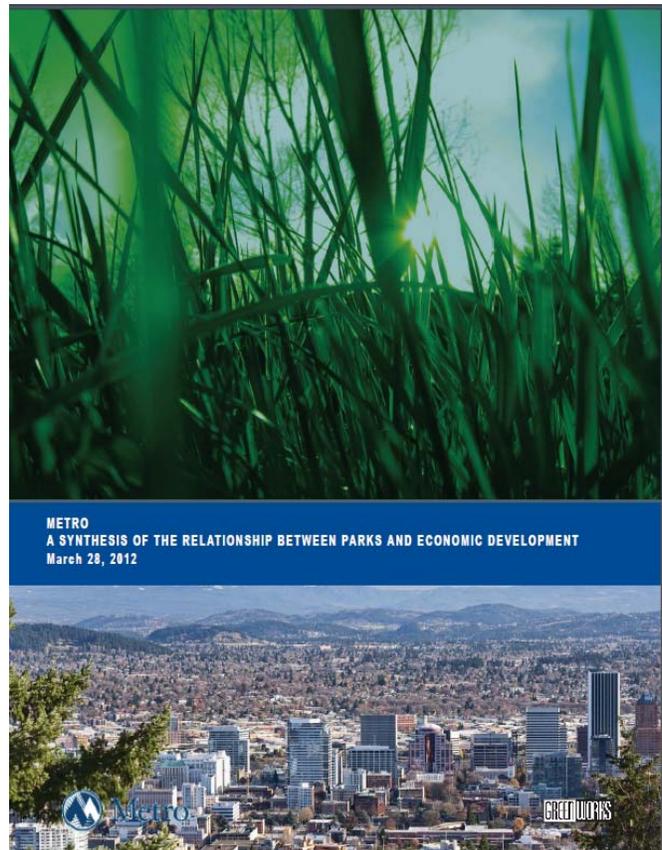
CONCLUSION

This research concludes that parks, trails and natural areas can be significant in getting a positive market response in a slow economy, especially under certain circumstances. The third path, or strategic use of open space, is not our usual manner of business. Park providers are often focused on system plans and targeted service gaps. Planners tend to concentrate on transit and streetscape improvements. Moving past these disciplinary barriers will allow open space to be considered strategically.

The largest barrier to the strategic use of open space is funding. Consistent funding sources for open space development are lacking at the federal, state and local levels. The national case studies illustrate the potential power of joint public and private investments. Locally, these partnerships have been key to many of Portland's urban parks including Jamison Square, Tanner Springs and Director Park. Building these partnerships require shared vision, innovative thinking and a mutual understanding of development and open space parameters.

Going forward, it is possible to look regionally and locally for strategic opportunities to use open space in service of development markets. These discussions need to take place with a dedicated focus on open space potential and, perhaps more effectively, with a place at the table when development is under discussion. This includes transit and land use planning.

More work is needed to identify the circumstances where parks, trails and natural areas will be important investments.



Read the full report at www.oregonmetro.gov/naturalareas.

RESEARCH FOOTNOTES

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