

## **ECONOMICS OF OPEN SPACE by Kathryn Mathewson, Secret Gardens, San Jose**

These are some great articles on the economics of parks and open space. Of particular interest is Dr. John Crompton, a professor at Texas A & M. He has written many books on articles on the subject for many cities including our country's best green cities, Chicago and Philadelphia. We need him here in Silicon Valley. He should give a talk to our leadership and also help direct our open space programs. It is clear our valley is very weak in this area. The entire valley's open space policies do not conform to the Smart Growth Principles for open space. This is an article I have the notes for but need to write.

[http://www.pennsylvaniahorticulturalsociety.org/phlgreen/protecting\\_open\\_space.html](http://www.pennsylvaniahorticulturalsociety.org/phlgreen/protecting_open_space.html)

<http://ouopenspaces.com/Issues/Econ--ProximityEffects.html>

<http://www.nrpa.org/content/default.aspx?documentId=1013>

<http://www.nps.gov/pwro/rtca/propval.htm>

<http://www2.jsonline.com/news/ozwash/oct02/88269.asp>

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=889113](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=889113)

Economic Research Associates ([www.econres.com](http://www.econres.com)) is located in many cities including SF, Chicago, DC, and London. They did a study for the Illinois Parks Department titled: "Real Estate Impact Review of Parks and Recreation"

"The Impact of Parks on Property Values: An Empirical Review" by Dr. John Crompton, Dept. of Recreation, Park, and Tourism Sciences, Texas A&M, 31 pages published in the National Recreation and Park Association Journal of Leisure Research 2001 Vol 33 #1

Our country's expert on the Economics of parks is Dr. John Crompton, a professor at Texas A&M. We should get him to speak here in the Silicon Valley/San Jose and maybe even do a report for us. It appears he is the one who has been working with Chicago on their parks and did a report for them on the Economy of Chicago Parks. He wrote an article for the Pennsylvania Horticultural Society and works with Philadelphia on their "Green City Strategy". He should be involved in helping all the cities in Santa Clara County and should help San Jose find a strong leader for its new director of parks. Following is a report on a talk he gave to a San Francisco Parks organization.

Parks and Public Facilities Add Property Value, Draw Tourism  
Report of a talk of Dr. John Crompton, Texas A&M University  
by Dawn Pillsbury

The Neighborhood Parks Council had the pleasure of hosting Dr. John Crompton, Distinguished Professor of Recreation, Park and Tourism Sciences at Texas A&M University, to speak in the NPC Green Speaker Series on September 7, 2006 at City Hall.

Dr. Crompton, considered the nation's expert on identifying the economic impact of parks and recreation, spoke on park and recreation values and trends that policy makers should bear in mind when planning for parks. More than 30 City Hall staff and others attended

Dr. Crompton provided a history of private and public parks, explaining the original rationale for parks back in 1870s was that, "Parks foster democratic equality, alleviate deviant behavior, and economic rationales: Parks also were believed to regenerate working people, attract tourists, raise property values and contribute to the public health,"

Crompton said.

"Parks were justified because the whole of society benefited. It was not about a few people having a good time," he said. "It's the same today, and we need to make the same points: We all benefit from keeping kids off the streets and raising property values. The principle is the same. Parks aren't something we do for just a few people."

### Positioning Parks and Recreation

Crompton pointed out the need for policy makers today to consider how to position the role of parks. "Recreation and park services need to be perceived to be a contributor to alleviating the major problems in a community identified by tax payers and decision makers," he said. "If you can't identify those problems, you don't deserve the resources."

Three points essential to effectively positioning parks today are:

- Everyone benefits from recreation and park spending
- Principle is the same, rationale is different
- Parks make money for cities

"After World War II, the many benefits of parks fell off the radar," he said. "It was thought that parks simply cost money. Now, we have better tools to show the economic benefits that far outweigh the costs."

### **Proximate Principle**

One of the tools today that can prove the value of parks is demonstrated in what Crompton calls the [Proximate Principle](#) (click to download Crompton's book by that title). Good parks have been shown to raise property values of the homes nearby by 20 percent in the first block, 10 percent in the second block, and 5 percent in the third block. This principle relates to walking distance from a park. People in the first block also have the value of a park view, which is why their values are higher.

According to Crompton, parks, especially smaller neighborhood parks, maximize their benefit because they have more total edge area, therefore more homes close by. The benefits of the edge disappear, however, when a park is not kept up: nearby homes lose value, though the effect drops off more quickly than the positive effect does

"In San Francisco, you don't have much opportunity for many new parks," he said. "But the proximate principle also holds for park renovation. He noted the downside of park renovation is that sometimes low-income residents can be displaced when parks are renovated in low-income neighborhoods.

Crompton indicated that golf courses have now been redesigned to take advantage of the edge effect of parks. Homes next to golf courses pay a higher premium even though

studies show that few neighbors actually play golf. Also, the added value drops steeply at one block away. That, he said, is because people are paying for the view.

"So why make do with golf courses with all those costs and problems if you can get same value with a park, Mr. or Ms. Developer?" he asked.

### **Parks are economic engines that create money**

Cities with available open space have the opportunity to generate higher parcel taxes and income by building parks and then selling parcels around the park for homes. This is generally done with a nonprofit partner to sell off the parcels to pay for the park. In fact, he said, cities would be wise to keep land as parks and open space for purely financial reasons. This is how parks can pay for themselves.

"Public costs of residential developments frequently exceed public revenues because services cost, but park space doesn't," emphasized Crompton.

In a survey of 98 developments, the median city cost in services for \$1 of revenue received from that development was as follows:

Commercial and industrial: \$1.27

Farm/open space/park: \$1.35

Residential: \$1.16

### **Parks Pull Tourists**

Crompton's central point for San Francisco is the importance of public and non-profit-owned attractions being the key drivers of tourism. He asked what the features that draw people to San Francisco were. Many are public spaces and open space attractions such as Golden Gate Park, Coit Tower, Pier 39 and Fisherman's wharf.

"Private businesses are parasites that live off of our public places," he said. "Parks are the center of a city's economic health – it's time to reposition our message. It's about the cumulative mass of attractions. Every time you add an amenity, you add to the tourist attraction. You are in tourism, big time."

Crompton also pointed out how attractive and accessible parks and recreation programs help attract retired people, a strategy that some cities are deliberately using in their toolbox of economic development. Retirees are an exception to the general rule that residential developments cost cities money in many services since they do not require schools and use of various public services that are otherwise subsidized by tax dollars.

"Parks attract and keep GRAMPIES: Growing, Retired, Affluent, Mobile Population," he said. "California is a net loser of GRAMPIES" right now because it has not invested in parks as much as other states such as Texas and Illinois. The state and the City of San

Francisco would do well to reverse this trend, concluded Crompton.

To read Dr. Crompton's selected papers and books, visit  
<http://www.rpts.tamu.edu/faculty/crompton.htm>.

Kathryn Mathewson  
408-292-9595  
kmathewson@secretgardens.com