THE ECONOMIC VALUE OF URBAN PARKS

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Urban & Community Studies
Why Parks Matter

- Parks are dynamic institutions
- Generally overlooked, BUT parks play a vital role in the social, ecological, physical, and economic well-being of cities and urban residents
- Parks act as green engines that address nearly every critical urban need (education, environmental justice, public health, economic development...)
ECONOMIC VALUE OF PARKS

Direct

Economic Impact from Outside Users
Direct Use Savings & Monetary Price

Economic Impact of Parks
Direct Use Savings & Monetary Price

Indirect

Property Value Impacts
Reduced Stormwater Costs
Air Pollution Mitigation
Community Cohesion
Public Health Value

Revenues to Government
Revenue to Individuals
Savings to Government
Savings to Individuals

From: Harnick & Crompton (2014)
### Spending by Visitors to San Diego Because of Parks

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight visitors to San Diego</td>
<td>16,050,000</td>
</tr>
<tr>
<td>Overnight visitors who visited parks (20%)</td>
<td>3,210,000</td>
</tr>
<tr>
<td>Estimated 26% who visited <em>because of</em> parks</td>
<td>834,600</td>
</tr>
<tr>
<td>Spending per overnight visitor per day</td>
<td>$107.00</td>
</tr>
<tr>
<td>Spending of overnight visitors <em>because of</em> parks</td>
<td>$89,302,200</td>
</tr>
</tbody>
</table>

From: Harnick & Crompton (2014)
## Direct Value of Parks in San Francisco & Oakland to Users

<table>
<thead>
<tr>
<th>Activity</th>
<th>Parks visitors</th>
<th>Direct use value ($)</th>
<th>Parks user utility ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk, Hike, Run</td>
<td>2,795,000</td>
<td>$4.50</td>
<td>$12,577,500</td>
</tr>
<tr>
<td>Cycling</td>
<td>785,000</td>
<td>$4.50</td>
<td>$3,532,500</td>
</tr>
<tr>
<td>Golfing</td>
<td>190,000</td>
<td>$42.00</td>
<td>$7,980,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,770,000</strong></td>
<td><strong>$24,090,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

From: Harnick & Crompton (2014)
PUBLIC HEALTH VALUE

Health savings due to parks in the 85 largest cities (57 million people) are estimated at $3.08 billion

From: Harnick & Crompton (2014)
**Value of Community Cohesion**

Well-maintained parks provide:

- A sense of place (a sense of pride)
- Stewardship opportunities
- Volunteer hours & financial contributions
- Economic development opportunities
- Social capital
# Value of Community Cohesion in Philadelphia

<table>
<thead>
<tr>
<th>Organization</th>
<th>Volunteer Hours</th>
<th>Value of Volunteer Hours</th>
<th>Financial Contributions</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairmont Park Volunteers (54 groups)</td>
<td>154,209</td>
<td>$2,894,503</td>
<td>$3,318,713</td>
<td>$6,213,216</td>
</tr>
<tr>
<td>Independence NHP</td>
<td>10,390</td>
<td>$195,017</td>
<td>—</td>
<td>$195,017</td>
</tr>
<tr>
<td>Penn. Horticultural Society</td>
<td>65,052</td>
<td>$1,221,026</td>
<td>$694,680</td>
<td>$1,915,706</td>
</tr>
<tr>
<td>Other groups combined</td>
<td>452</td>
<td>$8,485</td>
<td>$267,961</td>
<td>$276,446</td>
</tr>
<tr>
<td>TOTAL VALUE</td>
<td></td>
<td>$4,319,031</td>
<td>$4,281,354</td>
<td>$8,600,385</td>
</tr>
</tbody>
</table>

From: Harnick & Crompton (2014)
**Value of Air Pollution Mitigation**

- Nationally
- 3.8 billion trees in urban forests
- Urban Trees
  - remove 784,000 tons of air pollution annually ($3.8 billion)
  - store 770 million tons of carbon ($14.3 billion)
  - cool the urban heat island ($2 billion)

From: Nowak et al. (2010)
Reduced Stormwater Costs

Efforts from Philadelphia Horticultural Society and Water Department save $16 million in annual expenditures due to improvement in stormwater management

Cliveden Park, Philadelphia
From: Harnick & Crompton (2014)
Property Value Impacts

• The Proximate Principle
• The process of capitalization of park land into increased property values
• People are willing to pay higher premiums for property located close to parks and open space
Property Value Impacts

“It has been fully realized that a large park of suitable size, location and character, and for which the proper public maintenance is reasonably assured, 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.”

Frederick Law Olmsted, Jr. - 1919 National Conference on City Planning
## Property Value Impacts

**Table 2**

*Frederick Law Olmsted’s Documentation of the Impact of Central Park on the Property Tax Base of the Three Proximate Wards*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed value in 1873</td>
<td>$236,081,515.00</td>
</tr>
<tr>
<td>Assessed value in 1856</td>
<td>26,429,565.00</td>
</tr>
<tr>
<td>Showing an increased valuation of</td>
<td>$209,651,950.00</td>
</tr>
<tr>
<td>The total expenditure for construction, from May 1&lt;sup&gt;st&lt;/sup&gt;, 1857 to January 1&lt;sup&gt;st&lt;/sup&gt;, 1874, is</td>
<td>$8,873,671.50</td>
</tr>
<tr>
<td>The cost of land of the Park to the city is</td>
<td>5,028,844.10</td>
</tr>
<tr>
<td>The cost of the Park to the city is</td>
<td>$13,902,515.06</td>
</tr>
<tr>
<td>The rate of tax for the year 1873 is 2 50, yielding on the increase of valuation as above stated, increase of tax amounting to $5,241,298.75.</td>
<td></td>
</tr>
<tr>
<td>Total increase of tax in three wards</td>
<td>$5,241,298.75</td>
</tr>
<tr>
<td>The annual interest on the cost of land and improvement of the Park, up to this time, at six percent</td>
<td>$834,150.94</td>
</tr>
<tr>
<td>Deduct one percent, on $399,300 of stock, issued at five percent</td>
<td>3,933.00</td>
</tr>
<tr>
<td>Excess of increase of tax, in three wards, over interest on cost of land and improvements</td>
<td>$4,411,140.81</td>
</tr>
</tbody>
</table>

From: Crompton (2001)
THE “CENTRAL PARK EFFECT”


**Figure 6:** Department of Finance real estate market values, by area, 2014

- Central Park Area: $154.2 (18%)
- Rest of Manhattan: $185.3 (22%)
- Rest of NYC: $518.6 (60%)

**Figure 8:** Average market value of tax block group per lot square foot, by distance from Central Park, 2014

- Zone 1: $1,947
- Zone 2: $1,758
- Zone 3: $1,543
- Zone 4: $1,131

**Table 10:** Premiums paid for apartments with Central Park views

<table>
<thead>
<tr>
<th>Location</th>
<th>Price/sf (City view)</th>
<th>Price/sf (Park view)</th>
<th>$ premium</th>
<th>% premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPN</td>
<td>$583</td>
<td>$702</td>
<td>$119</td>
<td>20.4%</td>
</tr>
<tr>
<td>CPS</td>
<td>$1,996</td>
<td>$2,304</td>
<td>$308</td>
<td>15.4%</td>
</tr>
<tr>
<td>CPW</td>
<td>$1,769</td>
<td>$2,854</td>
<td>$1,085</td>
<td>61.3%</td>
</tr>
<tr>
<td>Fifth Ave</td>
<td>$1,639</td>
<td>$2,878</td>
<td>$1,239</td>
<td>75.6%</td>
</tr>
</tbody>
</table>
**Historic Fourth Ward Park, Atlanta**

- Flooding & CSOs - a 5-year rain event makes the area susceptible to flooding
- Phase 1 - detention pond on a 17-acre site
- Phase 2 - playscape on a 13-acre site
- First space developed along Atlanta’s BeltLine in 2011
HISTORIC FOURTH WARD PARK

Before ($40 million)
HISTORIC FOURTH WARD PARK: ENVIRONMENTAL BENEFITS

- Reduces peak stormwater flow by 9.6% (44 million gallons)
**Historic Fourth Ward Park: Economic Benefits**

- Home values increased by 118% from 2007 to 2018 (82% in Atlanta)
- $2 billion in investments in the 6 blocks near the park
HISTORIC FOURTH WARD PARK: ECONOMIC BENEFITS

- Former Georgia Power site purchased for $34 million
- 760 Ralph McGill project
- $750 million investment
- 1,000 residences
- 1.1 million sq. ft. office space
- 200,000 sq. ft retail
SUMMARY

• After decades of neglect & deferred maintenance, parks are taking on a renewed role in sustainable cities
• Parks act as “green engines” of economic growth
• Parks provide direct and indirect values