

# Entire Neighborhoods Benefit from Investments in Urban Forests

## FACT SHEET

### RESIDENTS' HOUSING VALUES ARE AFFECTED BY...

#### ...THE HEALTH AND DENSITY OF THE URBAN FOREST.

Healthier, denser urban forests significantly increase home values

- Home values are affected by the condition of the urban forest within at least 11 acres of the property
- In one urban area, the average house was discounted by 7% in the least green neighborhood
- The average house received a 4% price premium for being located in the greenest neighborhood.

#### ...NEIGHBORS' INVESTMENT IN LANDSCAPE.

Housing prices are affected by neighbors' actions.

- Property owners experience a price discount if neighbors do not maintain their landscape.
- The average resident receives only 22% of the full housing price premium associated with landscape investment if neighbors do not equally invest.
- The average resident receives 77% of the full housing price premium associated with neighbor landscape investment.

#### ...GOVERNMENT PLANNING AND POLICY.

Everything else equal, local taxes can negatively affect housing values.

- States with "Tree Cities" are given preferences when competing for urban forest related federal funding.
- Cities can provide guidance and create rules for collective, private forest preservation.

# WHAT, WHY HOW, AND IMPLICATIONS

## WHAT:

In a recent report to the Indiana Department of Natural Resources, The Center for Urban Policy and the Environment estimated the effect of the urban forest as an amenity on housing values. The Center furthered the analysis by estimating whether or not residents valued vegetative health and density within their immediate vicinity more or less than the neighborhood that surrounds them. That is, two separate values were estimated and compared. One estimate was the value placed on the urban forest in the immediate vicinity (within a two acre square). The other estimate was the value placed on the nine acre neighborhood surrounding the immediate vicinity.

## WHY:

The connection between quality of life, open space, and the urban forest as an amenity has caused some communities to invest time, space, and money into projects such as greenbelts, urban tree programs, and the creation of parks. Communities have hired urban foresters and have enacted local ordinances to balance certain types of development and preserve vegetation. National non-profit organizations like American Forests and The National Arbor Foundation promote programmatic standards and goals for tree canopy preservation while advocating the economic value of trees in urban areas.

All levels of government are involved in urban forest preservation. As the primary overseer of nation urban forest policy, the United States Department of Agriculture's Forest Service distributes grants to state governments on a competitive basis. Preferences are given to states with "tree cities;" a designation based on each city's ability to meet specific programmatic standards.

At the local level, some cities create rules. Cities can regulate location, density, and the nature of development. Most often those regulations are implemented through zoning ordinances or subdivision regulations. Some cities specify a necessary level of tree planting for new developments. In some cases, tree ordinances are established that provide guidance for planting, maintaining, and removing trees from streets, parks, and other public spaces. Understanding how residents value the urban forests helps to understand why public resources may be needed to promote urban forest preservation.

## HOW:

The Center used a statistical technique to isolate the portion of the housing price that is attributed to several structural and neighborhood characteristics for each home sold in a 2004 sample of Marion County/Indianapolis, Indiana. Specifically, the model estimated the implicit price characteristics like an additional 100 square feet of living area, bathrooms, and garage bays. It also estimated a price for neighborhood characteristics such as, lower property tax rate, better school performance, and neighborhood amenities. The focus of this analysis was on the price paid for the urban forest within the immediate vicinity and the surrounding neighborhood.

While this is a case study of one urban area, it is a typical urbanized area with types of development that potentially compromise the preservation of the urban forest. It serves as an example of how urban residents value denser, healthier forest areas.

## IMPLICATIONS:

Residents value the health and density of the urban forest in their neighborhood more heavily than they do within their immediate vicinity. The fact that the preservation of that amenity is not entirely within their control, but is controlled by the choices of their neighbors, has important public policy and planning implications. In the case of urban forestry, public action is triggered by residents valuing neighborhood vegetation at a greater magnitude beyond their immediate vicinity.

Research Conducted by the Indiana University:



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