

## Chapter 21: Property Value

A development project may affect property value both positively and negatively. For example, one study showed that a stormwater pond which held a permanent pool of water increased the value of nearby homes by 4% to 23% whereas dry ponds, seen as unattractive, lowered property value by 4% to 10%.<sup>139</sup> This same study showed preferences for living at the following locations, from most desired to least: next to a pond, adjacent to a natural area, on a cul-de-sac (dead-end) street, next to a golf course, then adjacent to a public park.

Homes located within 300 feet of water sell for up to 28% more than comparable homes located elsewhere.<sup>140</sup> A study of homes with a view of Lake Erie showed a doubling of value (\$527,184 vs. \$285,518) when compared to similar homes without a lake view.<sup>141</sup> A development project intruding upon an existing lake view could lower the value of the homes suffering the intrusion.

If watershed development causes water quality to decline, then the value of properties with a view of the affected waters may decline as well. A study of 34 Maine lakes determined that a significant decline in lake water clarity resulted in a substantial decline in the value of lake-front property.<sup>142</sup> A one-meter improvement in the depth of clear water can increase property value by \$11 to \$200 per foot of linear lake frontage.

Trees also enhance property value. In *Landscaping and House Values: An Empirical Investigation*, the authors concluded:

*By and large, a positive tree cover differential between the property and its immediate neighborhood, provided it is not excessive, translates into a higher house value.*<sup>143</sup>

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<sup>139</sup> Human an Amphibian Preferences for Dry and Wet Stormwater Pond Habitat, Technical Note #89 from *Watershed Protection Techniques*. 2(3): 453-454

<sup>140</sup> Economic Benefits of Urban Runoff Controls, Watershed 96, available online at: <http://epa.gov/owow/watershed/Proceed/frederck.html>

<sup>141</sup> Residential Real Estate Prices: A Room with a View, *Journal of Real Estate Research*, 23(1/2):129-137

<sup>142</sup> Water Quality Affects Property Prices: A Case Study of Selected Maine Lakes, by Holly J. Michael, Kevin J. Boyle, and Roy Bouchard, Maine Agricultural and Forest Experiment Station, University of Maine, 18 pp., 1996, available online at: [http://www.umaine.edu/mafes/elec\\_pubs/mr398.pdf](http://www.umaine.edu/mafes/elec_pubs/mr398.pdf)

<sup>143</sup> *Landscaping and House Values: An Empirical Investigation*, *Journal of Real Estate Research*, 23(1/2):139-161, 2002.

Projects perceived as undesirable, such as a landfill, can lower property value by 4% - 10% or more.<sup>144</sup> If a landfill were to contaminate the well serving a rural home and there were no other reasonable source of water, then property value could decline by 90%.<sup>145</sup> A study conducted in the vicinity of Baltimore, Maryland showed that a waste disposal facility affected property value up to four miles distant.<sup>146</sup> Another study conducted near Toledo, Ohio showed that a large toxic waste landfill lowered property value for a distance of 5.75 miles.<sup>147</sup> For each mile from the facility property value increased by \$14,200 out to a distance of 2.6 miles. Homes located adjacent to or within sight of high voltage powerlines sell for about 10% less than comparable houses located elsewhere.<sup>148</sup>

There are also situations where a LULU, such as a landfill, has no effect on property value. A study of a San Fernando Valley landfill found no effect on the nearest residential community.<sup>149</sup> But the community was separated from the landfill by a hill. Trucks traveling to the landfill did not pass through the community. In other words, community residents could not see, hear or smell the landfill. Hence, no adverse effect on property value.

Transportation facilities can also have a significant effect on property value. In Washington, D.C. apartment rent is highest next to metro stations and declines by 2.5% for every tenth mile removed from a station. The metro station effect extends at least a half-mile out.<sup>150</sup> Philadelphia researchers found that apartment value declines by about 3% per block as the distance increased from two major

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<sup>144</sup> The Impact of Landfills on Residential Property Values, *Journal of Real Estate Research* 7(3): 297-314, 1992. Special Appraisal to Determine the Potential Impact of the Cross Roads Trail Rubble Landfill on Property Values of the Surrounding Community, prepared by BLR Real Estate Appraisal, 2316 Franklins Choice Court, Fallston, MD 21047, 1991.

<sup>145</sup> Appraisal on the property known as 2910 Dublin Road, Street, MD 21154, prepared by BLR Real Estate Appraisal, 2316 Franklins Choice Court, Fallston, MD 21047.

<sup>146</sup> The Benefits of Reducing Exposure to Waste Disposal Sites: A Hedonic Housing Value Approach, by Mark Thayer, Heidi Albers, and Morteza Rahmatian, *Journal of Real Estate Research* 7(3): 265-282, 1992.

<sup>147</sup> Economic Effects of Hazardous Chemical and Proposed Radioactive Waste, *Journal of Real Estate Research* 7(3): 283-296, 1992.

<sup>148</sup> High Voltage Power Lines: Do They Affect Residential Property Value?, *Journal of Real Estate Research* 7(3): 315-330, 1992.

<sup>149</sup> Does A Landfill Bring Down Property Values?, *Waste Age*, August 1991.

<sup>150</sup> Mass Transportation, Apartment Rent and Property Values, by John D. Benjamin and G. Stacy Sirmans, *Journal of Real Estate Research* 12(1): 1-8, 1996.

roads.<sup>151</sup> The increased value of apartments located near major roads was attributed to the convenience of easy access to a thoroughfare.

Increased traffic volume can lower residential property value. A home located adjacent to a major highway may sell for 8% to 10% less when compared to a home located along a quiet neighborhood street.<sup>152</sup> The noise from heavy truck traffic lowers property value at a rate 150 times greater than cars. This is because at 50 feet heavy trucks emit noise at 90 dBA while car traffic produces noise at a level of 50 dBA.<sup>153</sup>

Like many aspects of development, assessing potential effects on property value requires a fair level of expertise. The studies cited above can certainly give an indication of how a project may affect property value. But the findings from a study of a seemingly identical project is not always transferrable. This is why it is best to obtain the services of a qualified real estate appraisal professional. Nevertheless, if a development project threatens the value of your home then you can use the data presented above as a starting point for convincing decision-makers to take appropriate steps. The burden should be on the applicant to demonstrate why the property value effects may not be significant.

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<sup>151</sup> Thoroughfares and Apartment Values, by Paul K. Asabere and Forrest E. Huffman, *Journal of Real Estate Research* 12(1): 9-6, 1996.

<sup>152</sup> Highway noise and property value by J.P. Nelson, *Journal of Transport Economics & Policy*, May 1982, p. 117-138.

<sup>153</sup> Residential noise damage costs caused by motor vehicles by D. Haling and H. Cohen, *Transportation Research Records*, Issue 1559, p. 84-95.