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“Planning and action for sustainable development and an improved quality of life”.

Fact Sheet

Conservation / Cluster Subdivision: Financial Benefits

What are the economic benefits of a Conservation/Cluster Subdivision? To answer this question we have attached two documents describing economic benefits, relationship between lot size and value, and appreciation to property owners.

Financial Benefits - The first attachment from Growing Greener by Randall Arendt lists and describes five economic benefits obtained from a conservation/cluster subdivision. These benefits include: reduction in costs for infrastructure engineering and construction, use of an environmentally oriented marketing strategy, increased property value appreciation, reduced demand for new public parkland, and smoother subdivision plan review for all parties.

Lot Size and Value – In the Arendt attachment, he discusses the relationship between lot size and value. In traditional subdivisions, lot size and value usually have a positive relationship: the larger the lot, the higher the value. This is not the case in open space conservation/cluster subdivisions. In conservation/cluster subdivisions, property values are strongly influenced by the presence of the open space, compensating for the reduced lot dimensions. Smaller lots may have open space that provides attractive views, wildlife habitat, or passive and active recreational opportunities.

Market Appreciation - The second attachment is titled, “An Examination of Market Appreciation for Clustered Housing With Permanent Open Space,” by Jeff Lacey. This article uses two examples from Concord, MA and Amherst, MA. In this article Lacey compares the appreciation rates of a conventional subdivision to an open space conservation/cluster subdivision. The Concord study collected sales data from 1980 to 1988 for Meriam’s Close (open space conservation/cluster subdivision) and for the Town as a whole. The cumulative appreciation rate for Meriam’s Close was 167.9%, while the overall Town’s rate was 141.9%, a difference of 26%. In the Amherst study sales data was collected from 1968 to 1989 for Echo Hill (open space conservation/cluster subdivision) and Orchard Valley (traditional subdivision). Homes within Echo Hill appreciated at an average annual rate of 22% (462% cumulative), and homes within Orchard Valley increased at an average annual rate of 19.5% (410% cumulative). From an average difference in selling price of \$600 (2.28%) in 1968, the two developments diverged to a difference of \$17,100 (12.7%) in 1989. Based upon this analysis, the purchase of the average home in the open space conservation/cluster subdivision would have yielded a higher rate of return than one in the conventional subdivision development. This is despite a nearly 2:1 lot size differential.

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