

EcoSystemSubverting the Subdivision

Conservation Development in the United States

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by Jason Amundsen

*Conservation development is the new hot term when it comes to land conservation in the United States. The **Ecosystem Marketplace** finds out what it is and why people are interested in it.*

A new breed of residential developer is emerging from the dark woods and flowing wetlands. Challenging our conventional assumptions of how homes are built and sold, these business people are making land use and open space a dominant criteria when building new communities. And, they hope, numbering the days of the standard five-acre subdivision.

Seemingly odd bedfellows, developers and land-use advocates have created a new trend in homebuilding called the conservation development. According to LandChoices, a nationwide organization devoted to educating property owners about land preservation, "Conservation subdivisions preserve 50% - 70% of the buildable land while still allowing the same maximum number of home sites as conventional subdivisions."

For example, give a traditional developer two hundred acres and it will likely be subdivided into 40 homes on five-acre lots. Give a conservation developer that same parcel and the best land will be managed into perpetuity with a similar 40 homes built on one-acre lots.

Open space advocates are quick to point out that conservation developments differ from clustering homes together in a development. Clustering uses the best lands for development and only 25-30% of the worst land- steep slopes and wetlands- are set aside as open space. "Clustering is all about saving infrastructure costs and the open space is secondary," says prominent land use advocate Randall Arendt. "Clustering is done by developers who want to save on utility runs and the open space is simply a byproduct."

But before you mistake these developers as going green out of the goodness of their hearts, one should know it is good business. These men and women aren't ideological fringe players willing to sacrifice profits for principles. They understand that the advantages of their work are not solely ecological, but also financial. There's a double bottom line. Many conservation developers are making more money than their more traditional counterparts.

Double Bottom Line

Ed McMahon, a senior resident fellow at the Urban Land Institute, says that developers began to learn the financial value of open space from their experience building homes adjacent to golf courses. "Golf courses were the first open space developments. Developers could charge 25% to 100% more for the same lot if it was next to a golf course. But if you scratch the surface, most buyers don't play golf. They just like the open space," McMahon says.

The Red Wing Land Company's experience in southeastern Wisconsin similarly demonstrates the economics of open space preservation and home building. Their Sugar Creek Preserve project, with 52

home sites on 260 acres, was different than almost every development being built north of Chicago. Approximately 69%, or 177 acres, was put into a permanent trust for the benefit of all homeowners.

The company's president, Kurt Andrae, pointed out the advantages for developing only a portion of the land. "There's an absolute savings overall," Andrae says. "If done correctly, there's less paving, less infrastructure costs in terms of fewer utility, sewer, and water lines."

According to a study entitled *The Economics of Conservation Subdivisions* published in January, 2006 in *Urban Affairs Review*, the economic benefits of conservation developments were apparent. The study's author, Rayman Mohamed, noted that, "...conservation subdivisions can provide higher profits to developers. Lots in conservation subdivisions carry a price premium, are less expensive to build, and sell more quickly than lots in conventional subdivisions."

Those essential truths are being played out in northern Florida. John Kohler is developing Centerville in northeast Leon County. Like other conservation communities, Centerville puts 70% of 975 acres into a permanent land trust. The demand for Centerville and its design was initially overwhelming. During Kohler's invitation only 'friends and family release' earlier this year, all 86 home sites sold in seven hours.

"Our lot absorption rate is off the charts compared with traditional developments," Kohler says. "Given apples to apples, I think conservation lots sell for 20-30% more than traditional lots. The demand has been incredible. We haven't even finished our paving yet and, out of 200, we have 122 lots under contract."

Yet the protected land in and around Centerville will continue to be an economic asset for northern Florida. "All that open space allows us to continue a selected timber harvest and other agriculture. This land been growing high quality timber for the past 100 years and even with our development, we can continue to support the local economy," Kohler says.

Just as there no set definition for what exactly constitutes a conservation development, there isn't a set rule about who ultimately controls and is responsible for the open space. "It's quite a mix of people and organizations who put the land into easements and trusts," says Jane Prohaska, Executive Director of the Minnesota Land Trust.

Sometimes the open space is turned over the public to own, other times it's the developer who retains control, or in certain situations a homeowner's association may be responsible for the open space. "There's no hard and fast rule," says Prohaska. "But in every case an easement, another layer of legally enforceable rules, is put on the property to restrict development."

The message of cost savings and profits for developers is slowly beginning to reach the traditional development community. A publication oriented toward conventional builders, *Big Builder* magazine, indirectly praised the elements of conservation design. In a May, 2006 article entitled *Intentional Grounding* author Teresa Burney noted that, "Leaving land in its natural state or building trails through is cheaper than building infrastructure or golf courses."

Reality Check

Conservation developments look really good on paper. Land is preserved, homes are being built, the economy of an area continues to grow and all parties end up happy, prosperous and satisfied. Yet being green and saving open space means that these cutting edge developers frequently face obstacles from

governments and the public that traditional builders don't encounter.

"For developments like these to succeed you need a unique environment to work in," says Kim Chapman, principal ecologist with the Applied Ecological Services in Prior Lake, Minnesota. "Specifically you need a partnership between 3 major actors in the development process: the developer, the regulatory and permitting community, and the land advocacy community," Chapman explains. "If any one of these partners is not involved, it's common to see conservation developments not get built."

In order to help connect all the dots, LandChoices, a national non-profit based in Milford, Michigan, was formed last year. Its founder, Kirt Manecke, sees as a large information deficit amongst property owners. "Our mission is to provide land owners with choices that conserve land," he says. "The biggest problem that we see everyday is that landowners think that they have no choice, that they have to sell to a conventional developer."

"Conservation subdivisions face a simple marketing problem," Manecke summarizes. "Officials, those who do zoning and permitting, simply have never heard of it. And if the public doesn't understand it, they aren't going to buy it."

Leveraging the Land

In southeast Wisconsin, at Sugar Creek Preserve, Kurt Andrae has found that he and his staff have had to educate prospective buyers on the virtues of permanent open space. One question which keeps cropping up is whether or not the buyer feels like they are getting their monies worth. "People really have this mindset, 'If I'm spending \$150,000 then I should get at least 5 acres.' What we explain is that by spending the same amount for one acre, you get permanent deeded access to 177 acres. Nine times out of ten we'll hear, 'You're right. That makes sense,'" Andrae said.

The Red Wing Land Company also makes a pitch that, according to Andrae, resonates with over-worked Americans. "What we try to impart upon prospective buyers is that if they buy the 5 acre lot that our competition is selling then they're responsible for maintaining it. Buy a 1 acre lot in our conservation development," Andrae said, "and you're buying yourself 80% more time."

Speaking with John Kohler about his development Centerville in northern Florida, he makes it clear he's no ordinary developer. He talks passionately about flow and how one parcel of land ought to mesh with another. Kohler states that while he may be dividing the land, his work must integrate into the framework of a larger whole. "You need to understand that ecosystems are not hindrances, but assets. And even if you leave seventy percent of land in open space, and you don't complement or improve upon the flow, then you're missing it," Kohler says.

Building a conservation development takes efforts far outside the norm. "While our lots may have sold faster, it took us a lot more time to plan, something like 40 to 50% more intellectual capital and brain power than a traditional development," Kohler says. "To do it right you need the right architecture, right ecosystem, right covenants and restrictions, and the right team of guys to take care of the common space and keep it beautiful," he continues. "Most developers and engineers aren't used to the level of diligence that's required to do a conservation development."

But despite all the good news spreading about conservation developments the traditional subdivision is alive and well in northern Florida. "I've been asked to do traditional developments and I won't do them," Kohler says. "Everyone in north Florida is hell bent on dividing every piece of land they can get their

hands on for no rhyme or reason. We're loosing our ecosystem. We're loosing our agricultural base and rural lifestyle. I'm convinced that if we stopped what we're doing and built conservation communities regionally we'd see a huge difference twenty years from now."

Kohler is proud of his company's efforts. Instead of being proprietary about his work, he's invited other community builders to Centerville to see it first hand. "For the love of north Florida and to protect our rural lifestyle we wanted to show others that it could be done. Conservation developments take more work, but it makes sense," he says.

And as for Kohler's immediate future? "I'm sold on the idea of preserving the land and making a living," he says. "We're doing two more."

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