Journal of Park and Recreation Administration *Volume 25, Number 1*
Spring 2007 *pp. 115-127*

A City's Strategy to Fund a Golf Course by Developing Homes on Proximate Property

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EXECUTIVE SUMMARY: When cities create open space amenities such as parks and golf courses, the windfall gains of higher property prices attributable to the presence of these amenities accrue to the developers of those proximate properties. This case study reports how a city created a local government economic development corporation, which partnered with commercial firms to jointly develop a golf course community. The risk capital for the project came from city funds. The city's intent was to structure the development so the city and its taxpayers captured a share of the windfall gains that its investment created. Thus, the city received 44 percent of the revenues accruing from the sales in the development. These funds, together with revenues from the development's property taxes were used to retire the debt charges incurred in creating the golf course and the development's infrastructure. The costs and revenue streams associated with the project are provided. The data suggest that the venture was both financially successful and effective in enhancing the image of a declining city. The city is now able to point to the project's implementation as evidence of the start of a renaissance and of the city's positive, can-do attitude. The case discusses both the political challenges involved in such a venture and the lessons that were learned from it.

KEYWORDS: Golf course, public-private partnerships, windfall gains, proximate principle, amenity value.

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Introduction

Fairview is a 944 acre real estate development centered around a golf course in the city of Hightown.[1] The incorporation of golf courses into real estate developments was pioneered in the 1890s at Lake Wales in Florida and at Pinehurst in North Carolina. In both cases, the Frederick Law Olmsted firm, who pioneered urban parks in the United States, was involved. However, the contemporary evolution of golf course real estate development started in earnest in the 1950s, with the widely acclaimed Hilton Head development in South Carolina. This mechanism for providing golf courses has consistently grown in each subsequent decade. In the 1980s approximately 35 percent of new golf courses were incorporated into a real estate development, and this increased to 46 percent in the 1990s which represented almost 1000 courses (Crompton, 2004).

Developers include golf courses to increase the land values in their development. The enhanced land value derives from three sources. The first is image. Golf has connotations of affluence and prestige, and some people may seek to enhance their self-esteem or social standing by buying into a development with this type of image. The second source of enhanced value is the visual and physical access to attractive open space that causes individuals to pay a premium for their homes. Finally, for the one-quarter of homes in such developments which typically contain a golfer, there is the convenience of being able to play on a course in close proximity to the home (Nicholls & Crompton, 2005).

Thus, ostensibly, the Fairview Development is a member of a fairly common genre. However, there are three facets of the Fairview Development which differentiate it from others of its ilk:

(i) The project was conceptualized, implemented, and controlled by the Hightown city council. In essence, the city undertook most of the actions that a developer would be expected to do in this type of project.

(ii) City funds were used as the risk capital to launch and implement the project, rather than private investment.

(iii) When cities create open space amenities such as parks and golf courses, the windfall gains of higher property prices attributable to the presence of these amenities accrue to the developers of those proximate properties. However, the intent of the city of Hightown was to structure Fairview so that the city and its taxpayers captured a share of the windfall gains that its investment created.

These distinctive facets of the Fairview Development persuaded the authors to develop this case study of the project, since there may be lessons to be learned from the project that may be of interest to other communities interested in exploring similar arrangements.

There is historical precedent from the formative years of the urban parks field of cities trying to capture gains accruing from their investment in parks. Indeed, the first park in the world to be created by tax funding (hence its status as the world's

[1] The names in this case have been changed to protect the anonymity of those involved.

"first public park") in Birkenhead, across the river Mersey from Liverpool in England, was developed in this way in the 1840s. Using contemporary dollar values, the city invested $13.4 million in acquiring 225 acres of land and developing 125 acres of it as a park. It then platted the remaining 100 acres around the park and priced the lots so they would raise $21.9 million, so making a profit for the taxpayers from the park investment (Crompton, 2004).

Frederick Law Olmsted, the father of urban parks in the U.S., used Birkenhead Park as his model for constructing Central Park in New York City in the 1850s and 1860s, but was unable to control the peripheral development around it. At Central Park, the owners of proximate lands were required to pay an assessment of $1.83 million towards the total cost of $7.39, which was incurred for acquiring the land for the project, but in return they received massive windfall gains from the huge increases in property values that accrued as a result of the park's development. Hence, in the subsequent development of Prospect Park in Brooklyn, which was their masterpiece, Olmsted and Vaux sought to capture these windfall gains by advising the Brooklyn city council to acquire the property adjacent to the park as they had seen done in Birkenhead. Unfortunately, like most U.S. Cities, Brooklyn lacked the enabling authority to engage in general real estate operations and the courts ruled that the city could not sell land for home building that it had acquired for a park (Olmsted & Kimball, 1970). Similar limitations restrict most local governments from doing this today. However, the Fairview Development project explores the potential for achieving similar ends through establishing a public corporation as the primary development entity and constructing imaginative cooperative agreements with private sector partners.

Context

The city of Hightown is a relatively old city with a population of 60,000 whose origins date back to around 1850. Originally, its viability was dependent on its position as a center for both the railroad and agriculture. However, by the 1990s, a general decline in the significance of these industries resulted in the city of Hightown having a preponderance of old, relatively low-valued residential areas and a stagnating business climate. No significant new development was occurring to augment its tax base, and it had an aging infrastructure which was in need of substantial renovation.

The city of Hightown was confronted with a downward economic spiral. Because the city's infrastructure had deteriorated, it was difficult to attract new residences and businesses, but without them to expand the tax base there were no funds to invest in the needed infrastructure renovations. Faced with this reality, the city of Hightown's senior management staff and elected officials conceived the Fairview Development project which was predicated on three principles: (i) a desire to provide the city of Hightown, the county, and the Hightown Independent School District (ISD) with a substantial increase in property tax revenues emanating from an upscale residential development centered around a golf course; (ii) the city should recoup its investment on the project (this could be interpreted in two ways—preferably that the city council should recoup its investment; or if that goal was not attained, the city's residents who also pay taxes to the county and independent school district should recoup their investment); and (iii) enhancing the city's image by creating a high quality golf course and country club. This latter principle was intended to be a cornerstone of the city's desire to reposition itself as a progressive, emerging city in its efforts to attract new residents and businesses.

Most residential developments result in a net loss to a community because while they generate additional tax revenues, the cost of providing public services and infrastructure to developments in most cases exceeds the tax revenue accruing from them. Each new house means more children to enroll and bus to school, new trash to empty, another stretch of road to maintain, a new sewer line, another residence to protect from fire and so on (Crompton, 2004). Prominent exceptions to this generalization are expensive developments that attract empty nesters or senior citizens. The major costs which communities incur from development are associated with providing schools and these two groups do not have children in the school system. Hence, from the outset, the Fairview Development was targeted at these two groups i.e., high-income residents who can afford expensive homes and empty nester/retirees.

Conception of the Fairview Development

The fundamental concept was to purchase more land than was needed for the golf course project; develop the golf course, thus appreciating the commercial value of the remaining land; and apply the profits from the commercial transactions to pay for the original investment in land acquisition, golf course development, and infrastructure. In short, the city of Hightown intended to adopt the role of a developer.

The evolution of a project of this magnitude and complexity when initiated by a city inevitably is prolonged, convoluted and subject to frequent changes as it adapts not only to market forces but also to political forces. Thus, the initial planning of the Fairview Development was somewhat different from the project that ultimately emerged. State enabling legislation existed which authorized cities to use public funds for economic development projects. The project was financed through establishing a Tax Increment Reinvestment Zone (TIRZ). A TIRZ is a legal entity that enables a city to borrow money using revenue bonds for the project which are redeemed from the income stream of increased tax revenues accruing from growth in the assessed valuation of properties within the TIRZ. The TIRZ required that all property taxes accruing to the city from the Fairview development for the next 25 years would be used to pay off the debt charges associated with the initial investment funds, and would not go into the city's general fund.

The city established a separate entity, Hightown Commerce and Development, Inc., as a local government corporation to be the official developer of the project. Local government corporations are legal entities authorized by state law which enable municipalities to form economic development corporations whose mission is to attract businesses and create job opportunities.

Initially, three partners were recruited to join the city in the development: The first was to develop a hotel and conference center linked to the golf course. The second was to take lead responsibility for the residential component of the project with the city receiving 44% of the lot sales revenues. However, the city was required also to pay a proportional share of the associated sales expenses, so its net revenues were 35.6% of the selling price of each lot. The third partner was to develop and operate the golf course, which was to be designed by the Jack Nicklaus firm. When the "Golden Bear" himself, Jack Nicklaus, toured the site with his son Jack Nicklaus II, who oversaw the work, said the 7,300 yard course would challenge the scratch golfer, but still be enjoyable for golfers with lesser abilities. "You want a strong but fair golf course," he said. "You want to be able to create something that people will remember, that they will enjoy."

The city of Hightown's investment into the project is shown in Table 1. At the outset of the project the city's investment was projected to be $24.80 million, but the actual investment by 2004 was $27.89. The cost overruns were met by increasing contributions from the city's oil and gas revenues fund (which came from royalties derived from wells on its lands); the pollution settlement fund (whose revenues came from an unrelated lawsuit settlement with a company that had polluted a lake in the city); and from the general fund. Delays in the project meant that these additional resources were used to pay approximately three years of annual debt payments on the certificates of obligation, thereby reducing the outstanding debt obligation to approximately $15 million.

Table 1: The City's Investment.

	Projected ($'s million)	Actual in 2004 ($'s in million)
Oil and gas revenues fund	1.65	3.35
Pollution lawsuit settlement fund	1.70	2.37
Outstanding certificates of obligation	17.00	15.00
Water/wastewater bond fund	4.45	4.45
General fund	0	2.72
TOTAL	**24.80**	**27.89**

When the project was announced to the city's residents in the local media, the reaction was mixed. There were a number of highly vocal critics who suggested the city's elected officials were acting irresponsibly in committing city funding of this magnitude to what they perceived to be a risky venture. There was a demand that the issue be submitted to the voters for a referendum. The mayor speaking on behalf of the council rejected this demand saying that he and other council members had heard from residents that they wanted something big to happen in the city of Hightown. He affirmed the council had invested substantial effort in researching the viability of the project and was committed to proceeding with it. High visibility political controversy accompanied the project throughout its gestation and resulted in some council members losing their seats, but opponents never managed to obtain a majority on the council.

The Hightown city council sought the support of the county's political leadership in financing Fairview. They wanted the county like the city to agree that all increases in property taxes accruing to the county from development of the Fairview Development site would be exclusively dedicated to the TIRZ for paying the debt charges associated with the certificates of obligation. The county commissioners had good justification for being somewhat apprehensive about participating in the TIRZ. A downside of TIRZ funding is the development generates a demand for public services, but since the property taxes are dedicated exclusively for capital debt repayments, this meant that the county, like the city, receives no income from the development and has to subsidize its provision of services by property tax revenues from county assets outside the development. The county commissioners were reluctant to commit to this subsidy for 25 years and indicated to the city they would only support the venture if the county's commitment was limited to 15 years. The city had no option but to accept this decision, although it adversely affected the project's viability. No attempt was made to solicit involvement of the Hightown Independent School District in the project even though they would be a primary beneficiary, because state law prohibited ISDs from participating in a TIRZ.

Implementation

In 2000, the Hightown city council authorized the issuing of $17 million in certificates of obligation for the long-term financing of the Fairview Development. The rates ranged from 4.5% in 2003 to 6% in 2018 and then back down to 5.5% by the year 2025. The weighted average on the net interest cost over the life of the bonds to the city was 5.64%. In 2001, the council awarded construction contracts for the infrastructure at Fairview, but the partner scheduled to construct the hotel and conference facility withdrew from the project, so that component would not be developed. Further, the golf course management company also withdrew and was replaced with another firm. These changes together with delays caused by court cases brought by opponents, and a host of unanticipated problems, prompted the council to commission an experienced outside company to reevaluate the project and report on its potential viability. The report recommended the Fairview Development should move forward. Delay of the project was costing the city money since it was scheduled to make payments to the certificate of obligation holders of $928,000 in 2002 and $1.34 million for each of the following 24 years. Since there was no revenue from property taxes or lot sales coming into the TIRZ these debt charges would have to be paid from the city's oil and gas pollution settlement or the city's general funds. The consultant believed that the project would have a strong positive impact on the west side of the city of Hightown, completely redefining the western gateway to the city. In summary, he stated the project was likely to have a positive outcome for the city even when the worst case numbers were projected.

The golf course opened in June 2004. Soon after, Jack Nicklaus came and played a round on the course. In 2004 the city earned $3.1 million from the sale of the first

105 lots. The lots started at $70,000 for an off-the-course, 70-by-180-foot lot, and ranged up to $235,000 for a 135-by-180-foot lot immediately adjacent to the course.

Table 1 shows that the city's actual investment in 2004 was approximately $27.89 million. Thus, to assess the viability of the project, it was necessary to convert all future revenues to 2004 dollar values. The certificates of obligation had been sold at an interest rate of 5.64%. The 5.64% interest rate includes amounts both for inflation and for the risk factor incurred by the investors who are loaning the money. The approximate allocation of 3% for inflation and 2.64% for risk appeared as reasonable. Hence, a 3% discount rate was used to convert future revenue streams to 2004 dollar values. To provide a more conservative perspective of the value of those future flows a 6% discount rate was also calculated.

Table 2 shows that revenues accruing to the city through the life of the TIRZ, i.e., 2025, from its share of the lot sales income and from property taxes emanating from the increased property tax base. Total revenues are projected to be $25.7 million or $22.0 million at the 3% and 6% discount rates, respectively. The decline in property values and revenues in 2016 occurs because in that year the county's obligation to the TIRZ expires and its share of Fairview residents' property taxes are diverted from the TIRZ to the county's general fund (see Table 3).

Table 3 shows revenues accruing to the county and the independent school district. The county's revenues are projected to be between $3.7 million and $2.3 million, while the independent school district's revenues are projected at between $32.0 million and $23.5 million.

While the capital investment figures in Table 1 were incurred by 2004, the projected revenue figures are subject to change. If the lot sales are slower than projected so the Fairview Development is not built out by 2009, then the revenue projections from both lot sales and property tax revenues will be too high. However, sales in the first two years, 2004 and 2005, were consistent with the projections.

There are four reasons which suggest that the more likely scenario is that the revenue projections will be exceeded. First, they assume no increases in the tax rate and the history of tax rates of all three public entities indicates that they are likely to increase. Second, as the golf course matures; as additional amenities such as a clubhouse and hotel are constructed; and as the "success" and prestige of the venture becomes more visible; then the value of the land is likely to increase, resulting in greater revenues to the city from the lot sales. Third, there are likely to be sales taxes accruing both to the city and county from the building materials used to construct the homes and from subsequent retail activity generated by the Fairview Development homeowners which are not included in the revenue estimates. Fourth, the revenue streams are projected only until the end of the life of the TIRZ in 2025. However, after the debt obligations are met and the TIRZ dissolved, the revenue streams continue to flow into the general funds of the three entities *ad infinitum*.

The data in Tables 1 and 2 indicate that the city of Hightown will not attain its preferred goal of recovering its capital investment in the project by the time the TIRZ is disbanded in the year 2025. Using discount rates of 3% and 6%, the city's loss is likely to be between 2.19 million and $5.89 million.

Further, this loss estimate substantially underestimates the real net loss to the

Table 2: Revenues Accruing to the City from the Fairview Development through 2025.

	Lot Sales Revenue	PV 2004 @ 3%	PV 2004 @ 6%	Projected Increased Property Value	Property Tax Revenues	PV 2004 @ 3%	PV 2004 @ 6%
2004	$3,037,626	$3,037,626	$3,037,626				
2005	$2,004,964	$1,946,567	$1,891,475	$6,571,604	$35,233	$34,207	$33,239
2006	$2,566,354	$2,419,035	$2,284,046	$28,655,948	$153,636	$144,817	$136,735
2007	$2,773,088	$2,537,768	$2,328,338	$55,229,418	$296,107	$270,980	$248,617
2008	$3,010,832	$2,675,085	$2,384,861	$88,906,256	$476,662	$423,508	$377,561
2009	$3,368,696	$2,905,867	$2,517,286	$128,632,260	$689,649	$594,897	$515,346
2010				$164,409,110	$881,463	$738,211	$621,397
2011				$177,824,822	$953,390	$775,193	$634,059
2012				$185,134,666	$992,581	$783,553	$622,758
2013				$187,542,619	$1,005,491	$770,625	$595,149
2014				$189,744,097	$1,017,294	$756,962	$568,052
2015				$191,945,760	$1,029,098	$743,442	$542,116
2016				$120,588,839	$646,525	$453,460	$321,303
2017				$121,956,205	$653,856	$445,244	$306,553
2018				$123,323,759	$661,188	$437,123	$292,444
2019				$124,691,125	$668,519	$429,097	$278,950
2020				$126,058,492	$675,850	$421,167	$266,046
2021				$127,426,045	$683,182	$413,336	$253,709
2022				$128,793,412	$690,513	$405,604	$241,917
2023				$130,160,779	$697,844	$397,971	$230,647
2024				$130,160,779	$697,844	$386,379	$217,591
2025				$130,160,779	$697,844	$375,126	$205,275
	$16,761,560	**$15,521,948**	**$14,443,632**		$14,303,769	**$10,200,902**	**$7,509,462**

Table 3: County and Interpendent School District Revenues accruing to them from the Fairview Development through 2025.

	ISD Tax Revenues	PV 2004 @ 3%	PV 2004 @ 6%
2004			
2005	$110,403	$107,187	$104,154
2006	$481,420	$453,784	$428,462
2007	$927,854	$849,118	$779,044
2008	$1,493,625	$1,327,067	$1,183,091
2009	$2,161,022	$1,864,117	$1,614,841
2010	$2,762,073	$2,313,193	$1,947,153
2011	$2,987,457	$2,429,076	$1,986,830
2012	$3,110,262	$2,455,270	$1,951,417
2013	$3,150,716	$2,414,761	$1,864,904
2014	$3,187,701	$2,371,949	$1,779,995
2015	$3,224,689	$2,329,584	$1,698,726
2016	$2,025,892	$1,420,920	$1,006,807
2017	$2,048,864	$1,395,177	$960,588
2018	$2,071,839	$1,369,730	$916,376
2019	$2,094,811	$1,344,579	$874,091
2020	$2,117,783	$1,319,732	$833,657
2021	$2,140,758	$1,295,194	$795,001
2022	$2,163,729	$1,270,963	$758,049
2023	$2,186,701	$1,247,045	$722,733
2024	$2,186,701	$1,210,723	$681,824
2025	$2,186,701	$1,175,460	$643,230
		$31,964,628	**$23,530,973**

	ISD Tax Revenues	PV 2004 @ 3%	PV 2004 @ 6%
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016	$569,782	$399,634	$283,164
2017	$576,243	$392,393	$270,165
2018	$582,705	$385,236	$257,731
2019	$589,166	$378,163	$245,838
2020	$595,626	$371,175	$234,466
2021	$602,088	$364,273	$223,594
2022	$608,549	$357,458	$213,201
2023	$615,010	$350,731	$203,269
2024	$615,010	$340,516	$191,763
2025	$615,010	$330,598	$180,908
		$3,670,178	**$2,304,100**

city because it refers only to the capital investment. The homes in the Fairview Development will all require the full array of city services and since their property taxes are exclusively dedicated to servicing the capital debt, there is no income stream to offset the cost to the city of providing these services during the life of the TIRZ (except for a relatively small contribution to the city's general fund forthcoming from the Fairview Development residents' sales tax revenues). No effort has been made to establish the magnitude of these costs, but the occupancy of 700 additional houses—say 3,000 plus people—suggests they will be substantial.

Similarly, the county is required to provide annual services to the Fairview Development residents, but foregoes all property tax revenues from them until 2016. Again, the magnitude of costs to the county in the interim 15 year period is unknown. However, most of the financial burden for the project is carried by the city of Hightown. Delays in the project meant that the first occupants requiring county services moved into the Fairview Development only in 2004, so the county had to absorb the annual service costs for only 11 years before reaping the benefits of the tax revenues.

State law prohibits school districts from participating in TIRZ's so the Hightown Independent School District is likely to be the major beneficiary of the Fairview Development. Based on its current property tax rate of $1.68 per $100 valuation, the ISD will receive cumulative revenues of between $23.5 million and $31.0 million over the 25 year life of the TIRZ (Table 3). However, again, at least some portion of these revenues will be offset by the cost of providing new school facilities and subsequently operating them for children residing in the new Fairview Development homes. The extent to which there is a net financial gain to the school district will depend upon how successful the development is in its original intent to target affluent empty nesters and senior citizens.

In summary, although the city of Hightown is not likely to recover its investment in the Fairview Development, the invested funds do not belong to the city, rather they belong to the city's residents. Those residents pay taxes to all three entities: the city, the county and the school district. It seems likely that they will receive a return on their investment. When the revenues accruing to all three entities are aggregated, they are projected to amount to between $47.8 million and $61.3 million which both far exceed the capital investment of $27.89 million. The unknown factor is whether the surplus income of between $20 million and $33.4 million is sufficient to pay for the cost of servicing Fairview residents for the 21 year period from 2005 to 2025.

Discussion

Controversy swirled around this project from the outset because the city was engaging in a non-traditional, risky project. Since it was funded with certificates of obligation (essentially revenue bonds) to be repaid from the income stream accruing from the Fairview Development's property taxes and the sale of lots, there was no legal requirement for the city to hold a voter referendum on the project. However, the city did invest other funds in it (oil and gas revenues, pollution reimbursement funds and general fund revenues). Further, the income stream was guaranteed so if Fairview lot sales and property taxes were inadequate to retire the annual debt (which they were) then the balance would be met out of the general fund. Hence, those arguing for a referendum appear to have had a strong moral case, even though there was no legal requirement.

The city council faced a conundrum. A majority of its members had a long-term perspective and a vision that this project was essential to break the downward economic spiral into which the city was locked. But the scheme was so ambitious and visionary, they were likely to be ahead of the citizens and have difficulty in persuading them to commit to it. If the council had authorized a referendum, it is likely that the voters would have rejected the project for two reasons. It was difficult to understand and risky. The city of Hightown is a conservative, blue collar, community. Many of its residents would likely have found the concept of a TIRZ to be difficult to grasp and would have been philosophically opposed to government adopting what traditionally is a private sector role. Second, opponents were likely to be well-funded by developers from elsewhere in the community who were not part of Fairview and had no compunction in distorting the magnitude of the city's risk in an effort to arouse public pressure to defeat the project. The city of Hightown case confirmed that elected officials who commit to large-scale visionary projects which they believe will bring long-term benefits to the community, risk being pilloried by some sections of their electorate and being voted out of office.

A major weakness in the project's structure was the cost-sharing arrangement between the city and the private partners responsible for the residential development. The arrangement was for the city to receive 44% of the lot sales revenue, but the city was also required to pay a proportional share of the associated sales expenses, so its net revenues were 35.6% of the selling price of each lot. The city had no control of associated sales expenses and the private sector partner company essentially had *carte blanche* to include as much overhead as it deemed appropriate into this figure. The arrangement should have been based on a gross sales figure to eliminate the inherent potential for abuse which existed in this arrangement.

Given that the city of Hightown was paying all of the infrastructure costs, this was much too low a return. If the city share of net revenues from lot sales had been 55% instead of 35.6%, then the additional lot sale revenues accruing to the city would have been between $7.9 million and $8.3 million which would have amply covered the projected shortfall in recouping the capital investment of between $2.19 million and $5.89 million.

Another weakness of the financing was the structuring of the annual debt charges. Delays in projects of this nature are not uncommon particularly when the vagaries of market forces are exacerbated by the vicissitudes of political forces. To accommodate them the debt repayment schedule should have been back-loaded to allow for construction delays and to create more time on the front end to generate cash flow from the lot sales and from increased property tax revenues.

Conclusion

Despite the limitations discussed in the previous section, it is reasonable to characterize the Fairview development as a success. It contains a first-class, high quality golf course and is selling the residential lots at prices and at a rate which are consistent with those in the projections. The Hightown city council had three objectives. First, to provide the city, county and independent school district with a substantial increase in property tax revenues. This was likely to be accomplished. By 2010 when the development was projected to be built out, estimated property taxes from it accruing to the TIRZ and ISD amounted to between \$2.57 million and \$3.19 million (Tables 2 and 3).

The second goal was for the city to recoup its investment in the project or, if that was not attained, for the city's taxpayers who also pay taxes to the county and independent school district to recoup their investment. The city failed to recover its investment primarily because the profit-sharing arrangement with its private sector partner was inadequate. However, it is more appropriate to view the return on investment in the Fairview Development from the perspective of the city's taxpayers rather than from that of the city treasury, since the taxpayers also pay taxes to the county and school district and when those revenues are included the *capital* investment is easily recouped. However, because the cost to the three entities of servicing the new Fairview Development residents is unknown, the extent to which the *total* costs associated with developing Fairview are recouped remains unknown.

The third goal was image enhancement and this has been accomplished. The city of Hightown boasts a high-quality, Jack Nichlaus designed golf course which is featured in all its economic development literature and advertising, so it had a marked impact on upgrading the city's image. While the Fairview Development is only one subdivision and its inhabitants will represent less than 5% of the total city population when it is built out, the city is able to point to its implementation as evidence of the start of a renaissance and of the city's positive, can-do attitude.

In 1851, the mayor of New York City, advocating that a large urban park should be constructed in the city said, "The establishment of such a park would prove a lasting monument to the wisdom, audacity and forethought of its founders" (Rosenzweiz & Blackmor, 1997). Similar approbation may be conferred on the Hightown city council members by future historians regarding the creation of its outstanding golf course.

The Fairview Development case offers an innovative way of developing park and recreation amenities. In Fairview, the central amenity was a golf course, but the same proximate principle applies to parks. Indeed, it was embraced in the roots of early urban park developments, most famously manifested at Birkenhead Park: "Birkenhead Park was a self-financing venture employing the simple device of surrounding the park with plots for single houses and terraces, and selling them at an enhanced value because of their relationship with the park. The profit from this paid for the park" (Smith, 1983). Typically, in the parks field landowners and developers have received what Henry George in his campaign for New York City mayor in 1885 called "unearned increments" of value from city investments in infrastructure

(Rosenzweiz & Blackmor, 1997). The Fairview Development case offers a mechanism for creating public/private partnerships which capture some of those value increments for the general taxpayers who fund the initial investments in park amenities. It is a non-traditional entrepreneurial approach but demonstrates that providing amenities is a sound basis for community economic development and that with vision and imagination park and recreation facilities can be provided even in situations where it appears no capital funds are available.

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