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Capitalization of Open Spaces into Housing Values and the Residential Property Tax Revenue Impacts of Agricultural Easement Programs

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Abstract

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Using a unique spatial database, a hedonic model is developed to estimate the value to nearby residents of open space purchased through agricultural preservation programs in three Maryland counties. After correcting for endogeneity and spatial autocorrelation, the estimated coefficients are used to calculate the potential changes in housing values for a given change in neighborhood open space following an agricultural easement purchase. Then, using the current residential property tax for each parcel, the expected increase in county tax revenue is computed and this revenue is compared to the cost of preserving the lands.

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