



**BEACON**ECONOMICS

## **Hollywood Central Park: Evidence for Return on Investment**

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## Introduction

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Building the Hollywood Freeway Central Park as a cap to U.S. Highway 101 would bring tremendous benefits to the over 180,000 residents, including 40,000 children, in the immediate vicinity of the proposed park, to businesses in the area, and to the wider communities of Hollywood and Los Angeles. This report presents evidence of the community, economic, environmental, energy and infrastructure related benefits the

## Community

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Los Angeles has very little park space as a whole, and Hollywood is one of the park-poorest areas within the City. Additionally, access to park space, where it exists, is highly inequitable.

- Currently, the City of Los Angeles has approximately 1.2 acres of open space per 1,000 residents, an extremely low figure compared to other municipalities across California and the nation; Hollywood offers its residents less than half that space per 1,000 residents.
- The populace surrounding the proposed park is one of the most diverse in California; over 75% of the population is classified by the U.S. Census Bureau as falling within a minority group.
- According to a 2003 report, white neighborhoods in Los Angeles (where non-Hispanic whites constitute more than 75% of the population) have access to 31.8 acres of green space per 1,000 residents, compared to just 1.7 acres in African American neighborhoods, and 0.6 acres in predominantly Hispanic areas.

The proposed ‘cap’ park (meaning the park would be built over the top of the freeway) would reconnect communities on either side of the U.S. Highway 101 trench, providing both a central focus and a means of travel for residents in these neighborhoods.

- The cap park would provide a central location for residents currently living on either side of U.S. Highway 101 to meet, engage, and relax, as well as a means of travelling between different neighborhoods. Currently, movement across the highway is limited to a small number of unpleasant overpasses.
- The park would provide additional services, facilities, and amenities to local residents. Helen Bernstein High School, which lies adjacent to the proposed park, would benefit from access to sports fields that it does not currently possess. Community partnerships would allow for after-school programs, a proven means of reducing crime, particularly juvenile delinquency.
- A well-maintained, attractive park can serve as a significant source of community pride and cohesion, bringing people from various walks of life together in a common, equitable space.

Access to parks and open space has been proven to increase physical activity and well-being, which in turn are known to improve health outcomes. This provides a significant opportunity to increase quality of life and reduce health care costs among affected populations.

- Americans live relatively sedentary lifestyles. Despite the well-known health benefits of regular physical activity, one study found that only 25% of U.S. adults engage in the recommended amount of physical activity, and 29% engage in no voluntary physical activity whatsoever.
- The United States is suffering from an epidemic of obesity, which brings with it a variety of serious health concerns, risks, and conditions. These include, but are not limited to, increased risk of heart disease, stroke, certain types of cancer, diabetes, and depression. Together, obesity and its attributable health problems, add billions to the nation’s health care expenditures.

Note: it is estimated that the current generation of children will live shorter lives than their parents.

- Several studies have shown that increased access to spaces for physical recreation substantially increases the frequency of exercise and the share of the population engaging in physical activity.
- Additionally, access to and interaction with greenery itself is widely believed to have positive health impacts, even if no physical activity takes place. Proximity to nature increases feelings of well-being, reduces health complaints, and improves alertness and perceived energy.
- In addition to the health benefits typically associated with access to recreational space, the proposed park project will help mitigate the negative health effects that U.S. Highway 101 has on adjacent neighborhoods. Proximity to highways is known to negatively affect respiratory health; a very recent study found that children between ages 10 and 18 who live within 500m (1/3 mile) of a freeway have significant deficiencies in respiratory functioning.

## Economy

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The Park would bring economic vitalization to one of the most well-known and diverse, but also underserved and impoverished, areas in the City of Los Angeles.

- Although Hollywood continues to be one of the most important cultural images associated with the City of Los Angeles, the median household income in the area is half that of the City.
- The community, which suffered from a long period of urban decay and still features significant blighted areas, has recently experienced a dramatic increase in development.
- A landmark development project such as the proposed park would bring enormous additional attention to the area, providing further impetus for revitalization. Chicago's Millennium Park is expected to generate \$1.4 billion in residential development alone, over a 10-year period. The Big Dig Project in Boston, MA, which includes Rose Kennedy Greenway, a 15-acre cap park, is forecast to result in the creation of 16 to 21 million square feet of new commercial and residential space.
- Land-use and development studies have shown that substantial public improvements to an area will attract significant additional private investment and development – often well in excess of initial public outlays. Boston's Big Dig is projected to draw over \$7 billion in private investment to surrounding neighborhoods.
- Green space is cited as a very important contributor to quality of life, and one of the biggest considerations for businesses when choosing locations. Additionally, if people find an area desirable to live in, businesses will naturally follow. Quality of life is a particularly salient determinant in the recruitment and retention of highly skilled and educated workers.
- Increased economic activity in the area will grow local business and sales tax revenues. In 2007, New York's Central Park generated approximately \$6.22 million in city tax revenues through various business operations associated with the park and \$3.8 million in revenue from visitor spending.
- Several studies have shown that proximity to parks increases the actual and perceived value of nearby real estate; people are willing to pay more for properties near parks and are more likely to choose a home in a neighborhood with access to parks. One study demonstrated that properties directly adjacent to public green space were valued at 32% more than those 3,200 feet away. The greenbelt around Lake Merritt in Oakland was found to add \$41 million to property values in the surrounding area, and it is estimated that Golden Gate Park in San Francisco increases nearby property values by between \$500 million and \$1 billion.

- Likewise, parks have been shown to have a strong positive impact on commercial property values, significantly increasing rent and occupancy rates. Evidence shows that average lease rates are higher and grow faster in submarkets with well-maintained parks.
- The increased property values resulting from parks in turn generate substantial increases in property tax revenues, typically offsetting the cost of creating open space in a very short period of time. It is estimated that \$535.4 million in property tax revenues in 2007 were attributable to Central Park – 15.5% of property tax revenues for that year.
- Well-designed parks function as major landmarks of many cities, and as such, are an enormous draw for tourists and the spending they bring with them. Parks can be a huge marketing asset for a city and may provide space for special events, festivals, and conventions. Increased tourism fosters local business development and creates new jobs. Visitors to Central Park spent approximately \$80 million outside of the park in 2007, generating more than 1,000 full-time jobs. Visitors to Millennium Park are projected to spend between \$1.9 and \$2.6 billion over 10 years, resulting in the creation of between 825 and 1,530 full-time positions.
- It is estimated that the construction of the Hollywood Freeway Central Park would create 45,000 direct and indirect jobs, including 30% entry-level and apprenticeship programs and local hires.

## Energy and Environment

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Building a cap park is a fiscally and environmentally responsible means of providing much needed green space in this densely populated area.

- Utilizing the airspace over U.S. Highway 101 is more economical than acquiring land rights for development, given property values in the area; the California State Department of Transportation, Caltrans, has right-of-way governing the U.S. Highway 101 trench and has committed its support to this project.
- Increased green surface is a proven means of reducing the impact of greenhouse gas emissions, making this an important, and relatively cost-effective measure in the fight against climate change.
- Trees and greenery clean air and water and provide an efficient means of storm-water abatement; planted surfaces capture and retain excess runoff at a much lower cost than conventional engineering solutions. Plants also have significant cooling capacity, reducing the heat build-up produced by reflective surfaces found throughout cities.
- The use of cutting-edge green technology and drought-resistant plant species will ensure the future sustainability of the park.

## Infrastructure Improvements

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Building the Hollywood Freeway Central Park would provide an opportunity to improve the aging underlying infrastructure of the area. This includes the freeway itself, on- and off-ramps, and overpasses, providing for a safer, more efficient transportation network.

- Construction of a cap park would allow for the simultaneous improvement of the underlying freeway network, much of which is currently sub-standard.

- The proposed park would improve traffic-flow throughout the project area and reconnect neighborhoods separated by the U.S. Highway 101 trench, allowing for easier access and reduced congestion.
- Creating a pedestrian-friendly, centrally located, and easily accessible public space with solid connections to public transportation will encourage the use of mass-transit and reduce congestion and emissions.
- Infrastructure improvement costs would be lower than in comparable projects, as the freeway is already below grade.