

Session I

The Impact of Highway Improvement on Land Values

California Land Value Studies—Research Through Operations Rudolph Hess, California Division of Highways

Before saying anything on techniques, I would like to clarify my position a little. I am with the Right-Of-Way Department of the California Division of Highways. The use of studies of economic impact of highway improvement in California is a very practical one.

I have been sent here in a certain degree of desperation, but in accord with the resolution passed by the American Association of State Highway Officials at their Annual Meeting in Atlantic City in November 1956, to tell what California has done in the way of practical studies and to ask that we get aid and that every other state highway department consider the initiation of such economic impact studies to the extent feasible in each state.

We are involved in a great many hearings. The studies that we made have, in every case, assisted us in carrying on these hearings and disseminating information to the communities before the hearing and during the stages before the final decision hearings.

The underlying reason for these studies relates to right-of-way acquisition. If a right-of-way department is to maintain a sound appraisal procedure to determine the fair market value of property required for various types of highway improvement, it has to have immediate knowledge of the probable effect on any type or piece of property. This research is one of immediate expediency to determine what is to be paid the property owner not a year from now but today.

The techniques have been relatively simple. They have been published in magazine articles, and they have also been presented before the American Association of State Highway Officials. 1/

One of the first problems that needed immediate analysis was that of access-controlled bypasses.

No attempts were made to determine in general the distribution of wealth by reason of location or improvement of conventional or random-access highways.

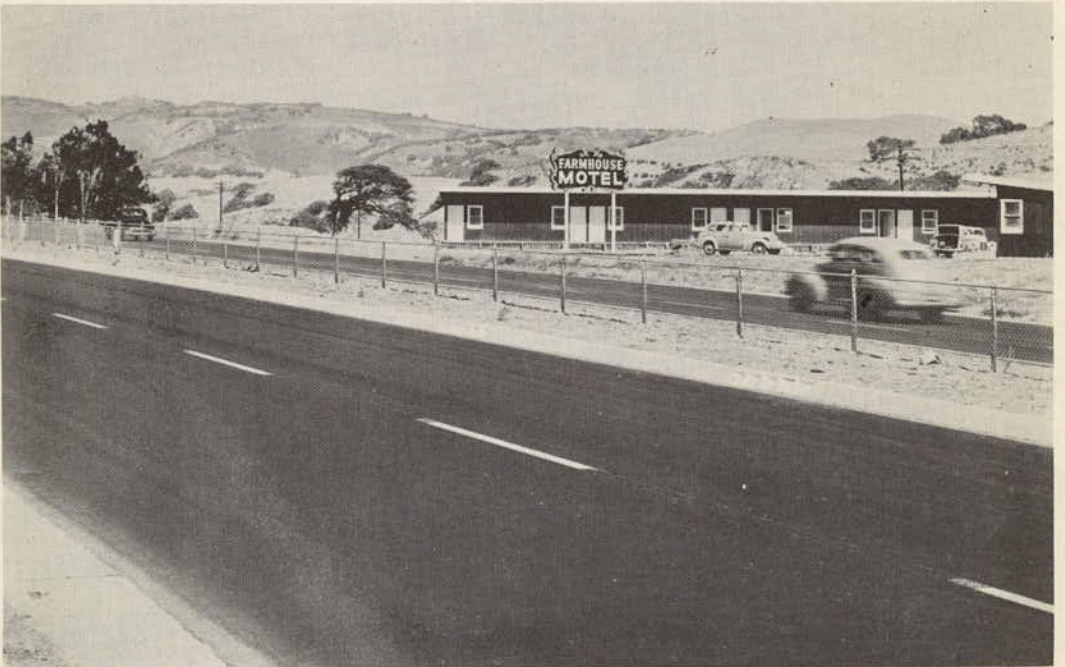
The basic source of economic data is the sales tax return. This has proven an infallible source of information. Special authority was received from the governor to use all sales tax information, as long as the studies were presented on a percentage basis and did not reveal to the general public the fluctuations of any specific enterprise.

With this source of material, studies have been made of some twelve

1/"Techniques of Making Highway Economic Impact Studies." A paper presented before the Annual Convention, American Association of State Highway Officials, Seattle, Wash. (November 1954).



A section of Park-Presidio Boulevard in San Francisco, Calif. This residential area, fronting on a boulevard with park-like characteristics, has been the subject of special economic study in California.



Expressway at Buellton, Calif. A segment of economic impact research in this state has involved motel operations such as this.

cities. The usefulness of personal interviews for this type of research has also been explored and it has been proved that the personal interview as such has not contributed much to a sound study in California. The sales tax returns or some such source of information, rather than personal opinion, is much more effective.

The second type of studies has been on land values adjacent to freeways. Available sales data both before and after the highway improvement have been used, with an attempt in every instance to get resales of identical property. This is a continuing study, one that is simple in technique but effective in use.

Some of the data on these properties are particularly useful to the appraisal sections in the everyday work in right-of-way acquisition. In fact, the data are the basis for all appraisals as they pertain to compensation for land and improvements taken and any damage to the remainder. Every highway department probably has insufficient information on the damage factor on properties. In fact, we have begun to feel from the data gathered to date that the damage concept, as such, is erroneous as approached from the appraisal process. The appraisers are continually looking for damages rather than benefits. The California studies have indicated very little in the way of damages and a great deal in the way of benefits.

For research on a long-range program, we are well aware that this may extend over an entire area. For immediate application however, the use of sales data provides a simple technique that is invaluable to present at these hearings.

An indication of the necessity for this type of immediate research by the highway departments is contained in a recent conversation with a highway commissioner in Los Angeles. He asked for some information that could be presented almost immediately at a hearing on the effect of controlled-access highways on adjacent residential properties. Fortunately, we had just completed a rather extensive study of residential properties throughout California, including catalogued interviews for more than 1,000 properties, but only those adjacent to the freeways on which there have been resales were used for this particular purpose.

As a basis for the analysis, 540 adjacent residences were found. They were identical with non-adjacent properties within the same sub-divisions, and were sold in like manner and at the same time. The same typical pattern was found throughout the state in each of the studies. This type of material provides a practical application to a current problem.

Washington State Studies

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Three studies sponsored by the Washington State Council for Highway Research and the Interim Committee on Highways, Streets, and Bridges of the state legislature were undertaken over a three-year period. The studies as a whole were in response to a variety of problems posed by highway improvements and the tax situation in the state. These studies were summarized at the 1957 Annual Meeting of the Highway Research Board by R. G.