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Why Affordable Housing Does Not Lower Property Values

From HomeBase/The Center For Common Concerns, San Francisco

Common Attitudes vs. the Facts

It is a common belief that affordable housing, including residential care facilities and supportive housing, will lower neighboring property values. However, numerous studies conducted over a period of many years and in various locations find that this widely held preconception is incorrect. Why? Because property values are primarily determined by the condition of the particular property for sale and other broader, more complex forces such as overall area development and prosperity. The location of affordable housing has no significant impact on these other conditions which determine property values.

A Wide Variety of Types of Housing and Residential Areas Were Studied

The studies cover a wide scope both of kinds of housing and of residential areas. Elaborate studies have been conducted regarding affordable rental housing, owner-occupied housing, and housing for the physically and developmentally disabled, mentally ill, the elderly and homeless women and children. The actual housing structures vary from single family houses to high-rise apartment buildings, from manufactured housing to multiple family units in garden clusters. Areas examined range from prosperous suburbs to rural routes to densely populated urban areas in locations all over the United States. Despite this variety of factors, all of the studies except one reach the same conclusion -- facilities of this kind simply do not affect neighboring property values.

Studies Were Conducted By A Variety of Public and Private Sector Experts

Some studies come from the academic community, others are conducted by independent researchers, still more are government reports. The available studies have been conducted by the U.S. General Accounting Office, Coopers and Lybrand, U.C.B.'s Institute for Urban and Regional Development, California's Department of Housing and Community Development, and Princeton University's Woodrow Wilson School of Public and International Affairs.

Studies Used Many Different Methods to Detect Effects

The studies assess the potential effect of housing facilities on neighboring property values in many ways. Some compare the sale prices of neighboring housing to prices in a similar control area. Some compare sale prices before, during and after the construction of a facility to determine changes and then compare this data to statistics on the prevailing trends in that community. Others utilize a sophisticated statistical technique called "regression analysis" to determine the effect of proximity to affordable housing.

Almost No Effects on Nearby Property Values Were Found

Except for one, all of the studies, utilizing many methodologies, determined that property values are not affected by these housing facilities. The only study examined which suggested that facilities might have a negative effect on neighboring property values could not conclusively determine whether the affordable housing in question was responsible for lower property values, or whether it was caused by other neighborhood concerns.

Conclusion

It is a common assumption that property values will go down in areas where affordable housing is located. Contrary to popular beliefs, studies indicate conclusively that affordable housing has little or no effect on neighboring property values. No one really knows what determines property values -- they are a complex phenomenon, and seem to be most closely related to the condition of the particular property for sale and broad trends in neighborhood prosperity, urban and suburban expansion, road and highway construction and nearby large-scale commercial and industrial developments.

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