

Affordable Housing and its Relationship to Neighboring Property Values

Well designed affordable housing units benefit neighborhoods and communities without lowering property values.

About This Brochure

This brochure was prepared in support of the affordable housing component of the McLean County Regional Comprehensive Plan. It provides a response to commonly expressed objections to affordable housing on the basis that it lowers adjacent property values. The evidence presented in this brochure does not support this and other perceptions about affordable housing.

Concerns Associated With Affordable Housing

A variety of studies, which have included a wide range of statistical measures, have repeatedly shown that the inclusion of well-designed, well-maintained affordable housing in a neighborhood has no significant effect on neighboring property values.

In fact, one study, which centered on housing provided by Habitat for Humanity-type nonprofit groups, showed that adjacent property values actually increased with the introduction of the revitalized structure into the area.

In addition, in a series of research reviewed by the California Housing Authority, it was found in 14 out of 15 studies that the introduction of affordable housing has either a slightly positive, or a negligible effect on neighboring property values.

Research has also shown that the introduction of affordable housing does not draw new, low-income residents into a neighborhood. In fact, one Minnesota study found that 88% of the residents of affordable housing lived in the same city prior to moving into the new structure.

What Is the Key to the

Successful Inclusion of Affordable Housing?



Planning, design, and maintenance. Well planned and designed structures are now being built that closely model the style and structure of the pre-existing homes in the neighborhood. These homes, when properly maintained are hardly detectable as "affordable" housing in comparison with the rest of the area.

Successful integration may be achieved by building higher density structures, such as duplexes or apartments. These types of projects can also be economically attractive for developers. This 113 unit, low-income development (left) was successfully incorporated into a neighborhood just 3 miles from the Chicago Loop.

History indicates that older neighborhoods allowed for the integration of smaller, more affordable houses with larger homes by providing a diversity of lot sizes.

The parcel data (below), from the South Hill Neighborhood of Bloomington, shows that widely varying lot sizes can coexist in harmony.



Darker shades illustrate larger lots and lighter shades illustrate smaller lots. Parcels range from 110 by 150 ft (dark brown) to 50 by 50 ft (cream).



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What Are the Benefits for Providing Affordable Housing?

Mixing affordable housing throughout a community has several benefits:

- ✓ Provides housing for singles, young couples, seniors, and larger families
- ✓ Allows greater opportunities for "moving up" or "down sizing" without changing neighborhoods
- ✓ Increases diversity in neighborhoods and schools
- ✓ "Deconcentration" of poverty reduces crime and improves welfare by increasing access to quality housing and community services
- ✓ Presents the potential for cost savings through more efficient development patterns
- ✓ Establishes a broader market for builders and realtors within a given neighborhood

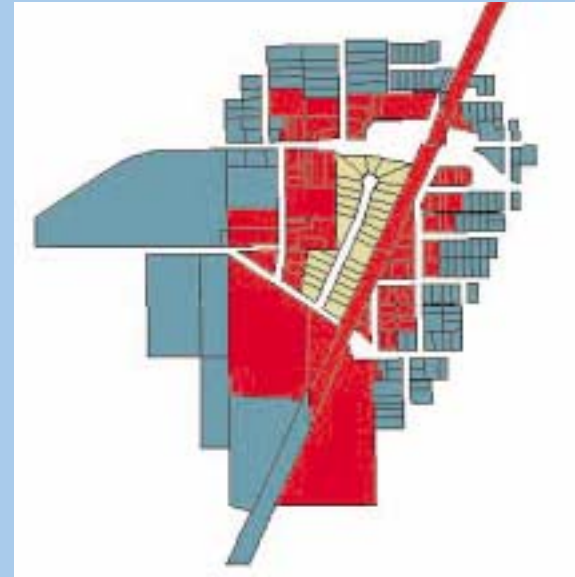
Who Needs Affordable Housing?

A growing number of middle income families, the elderly, and young adults find themselves in need of more affordable housing. Over 80% of young adults, aged 25-34 do not have the standard 20% down payment required to purchase a home. These young families find themselves forced to stay in rental properties and, without assistance, may never be able to purchase a home.

Habitat For Humanity: A Special Case

Research has suggested that nonprofit, community development corporations, such as Habitat for Humanity, can actually improve an area's property values by building or revitalizing a structure.

Data from the Bloomington Tax Assessor's Office was used by McLean County Regional Planning Commission to analyze the effects on adjacent property values of Bloomington's Partner Place Subdivision.



Yellow Parcels indicate Partner Place homes. Red Parcels indicate homes within one-sixteenth mile. Green Parcels indicate homes within one eighth mile.

Construction of the Partner Place Subdivision began in western Bloomington in 1995. The data included the average values of homes near the project in 1991 and in 1999--a period of four years before and four years after construction of the subdivision.

Homes within one eighth mile of the project increased in assessed value during the 8 year span by an average of 61%.

Homes within one-sixteenth mile of the project increased in value by 63% during the same time period. The average home in

McLean County, however, appreciated just 55% during this period.

These data provide local evidence that the addition of well-maintained affordable housing units to a neighborhood does not depreciate adjacent property values.

References

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