

Let's Talk About CONTEMPORARY AFFORDABLE HOUSING

WHAT IS THE IMPACT ON PROPERTY VALUES?

WHAT DOES AFFORDABLE HOUSING LOOK LIKE?

Sometimes we are worried that affordable housing may lower neighboring property values because it will stand out in an unpleasant way. We may be concerned that the affordable housing will look too different from the homes already in our neighborhoods.

See for yourself. Here are a few examples of contemporary affordable housing where some of our Bay Area neighbors are living today!



Edgewater Place, Larkspur, CA



Sara Conner Court, Hayward, CA

For many of us our home is our most valuable asset, as well as the place where we live and thrive. Understandably we are concerned about any changes in the neighborhood that might affect the value of our property.

Here are a few important facts worth considering:

Property Values Are Determined By Many Factors, Not By Any Single Property Nearby

Studies, listed on reverse, have found that property values are determined by a complex set of variables, including:

- The condition of the particular property for sale
- Sales of similar properties in the neighborhood
- The number of properties for sale in a neighborhood
- Neighborhood amenities, such as parks, schools and transit
- Urban and suburban expansion
- Nearby large-scale commercial and industrial developments

Affordable Housing Does Not Lower Property Values

How do we know? Research! Research sponsored by academics, government and business groups like the National Association of Realtors finds that the benefits of affordable housing may increase property values.

Affordable Housing Helps Protect Neighborhoods Facing Foreclosures

Because of strict control over the financing of affordable housing, it is not subject to foreclosure and residents' incomes are carefully monitored to make sure they are not paying more than they can afford. Affordable housing can stabilize neighborhood prosperity, which is a positive factor affecting property values.

Affordable Housing Is Designed With The Community In Mind

That means that the size, style and character fit into the neighborhood. The buildings are privately owned and operated by mission-driven, non-profit organizations that invest in security and management to keep the homes safe and attractive.

FOR MORE INFORMATION

The State of California Department of Housing and Community Development website has comprehensive information about the affects of affordable housing on surrounding property values.

http://www.hcd.ca.gov/hpd/prop_value.pdf

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ASK THE RIGHT QUESTIONS

How can you be assured that you are getting good affordable housing? Here are some important questions to ask:

- How will the design complement our neighborhood?
- How do we know that the property will be well-managed?
- How do we know that the property will be well-maintained?
- How are your residents selected?
- What is the average tenure of your residents? Where do they go after they leave? (Many residents move on to homeownership after the security of rental housing.)
- What do you do to become part of the neighborhood?
- Can you take us to see some of the other housing you've developed?
- Can you put us in touch with neighbors from other neighborhoods where you've developed housing?
- Can you show us any property sale data for other neighborhoods where you've developed housing?

This is a partial list of studies that address the link between affordable housing and property values.

The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City

New York University, Furman Center for Real Estate & Urban Policy, 2008

The study evaluated the impacts of 123 developments in the five boroughs of New York City over eighteen years. The findings show that the value of neighboring properties do not drop when a new development opens and show steady growth relative to other properties in the neighborhood in later years.

Effects of Mixed-Income, Multi-Family Rental Housing Developments on Single-Family Housing Values

Massachusetts Institute of Technology (MIT) Center for Real Estate, 2005

This study examines seven towns in the Boston region and compared property values over time. It found that high-density mixed-income rental developments in single-family neighborhoods do not affect the value of surrounding homes.

On Common Ground: Apartments and Detached Home Values

Virginia Tech University, Department of Urban Affairs and Planning, 2003.

This study concludes that over the long run, a well-located apartment building with attractive landscaping and entranceways raises the overall value of detached homes compared to having no apartments nearby.

Low-Income Housing Tax Credit Housing Developments and Property Values

University of Wisconsin Center for Urban Land Economics Research, 2002.

This study reviews eight prior studies on Low-Income Housing Tax Credit (LIHTC) properties and property values, and found no evidence that LIHTC properties cause property values to decline. Instead, LIHTC developments often cause surrounding property values to increase. The LIHTC program is the primary federal and state funding source to build affordable rental communities.

A Review of Existing Research on the Effects of Federally Assisted Housing Programs on Neighboring Residential Property Values

National Association of Realtors, 2002.

This research reveals that apartments are critical to revitalization efforts. Measuring property values both before and after affordable housing is built, it found that assisted housing has an insignificant or positive effect on property values in higher-value, less vulnerable neighborhoods, and is likely to improve property values in lower-value, more vulnerable neighborhoods.

Do Homeownership Programs Increase Property Value in Low Income Neighborhoods?

Harvard University, Joint Center for Housing Studies, 2001.

This analysis of 300,000 property sales assesses the impact of two New York City homeownership programs on surrounding property values. It finds that prices of homes near homeownership sites rose significantly relative to prices in their community districts between 1974 and 1999.