



Not in my backyard! vs. No big deal!

Low-income housing likely won't affect your property's value — here's why.

By Erik J. Martin

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Many homeowners fret about affordable housing in their neck of the woods, worrying that new subsidized rental housing construction earmarked for low-income tenants will depreciate property values and gradually bring down the neighborhood. But a new report by [Trulia](#) indicates that those fears are unfounded and irrational.

Trulia recently studied more than 3,000 low-income rental housing projects, from 1996 to 2006, funded through the Low-Income Housing Tax Credit program administered by the U.S. Department of the Treasury and located within the country's 20 least affordable markets. Only two of those markets — Boston and Cambridge in Massachusetts — experienced a negative pricing effect on homes near affordable housing projects; 17 other markets were not affected by low-income residential projects, and one market — Denver — actually showed an increase in values for properties located near low-income rental housing.

"Given the prevailing narrative coming from those opposing affordable housing, we were surprised to find such resounding evidence that low-income housing development did not have an effect on nearby home values," said Cheryl Young, senior economist for Trulia.

"While a number of academic studies have made similar arguments, we were excited to use Trulia's unique price data to bring these findings to a broader audience. In general, we found that the development of a project with below-market-rate apartments simply isn't enough to bring down local home values."

J. Keith Baker, program coordinator for Mortgage Banking & Financial Services and faculty member at North Lake College in Irving, Texas, said NIMBYs (local residents who hold fast to a “not in my backyard” attitude) often mistakenly worry that affordable housing will bring in more large families to their neighborhood, straining limited resources for schools and roads, providing less funding to the local tax base and overloading the local property tax system.

“In areas with lower levels of illegal immigrant populations, the U.S. Census Bureau has shown that rental apartments have fewer children per unit, on average, than owner-occupied units. Several state and city studies also reveal that multi-family housing developments did not increase school costs and that more affordable housing near jobs actually decreased the number of cars owned and miles driven compared to residents of market-rate homes,” Baker said.

“Research has shown that the effective tax rate — property tax paid relative to the market value — for affordable housing family complexes is significantly higher than for single-family homes and that affordable multi-family complexes more often generated a profit for local governments due to the greater efficiency in use of public services and infrastructure,” Baker said.

Anand Kannan, president of Community Preservation Partners, an affordable housing rehabilitation company, agrees that NIMBYs often are misinformed on this issue.

“There seems to be a hesitance in accepting low-income neighbors due to a fear of crime or drugs or some other public disruption,” Kannan said. “However, the reality is that affordable housing commonly attracts tenants who are working professionals, families and seniors. They want a nice place to live, raise a family and give back to the community. And often, there is less resident turnover in affordable housing communities because residents do not move out due to cost issues, which allows them to build roots in the community and have a greater stake in contributing to it.”

Kannan’s advice?

“Homeowners should be open-minded and introduce themselves to affordable housing residents,” Kannan said. “They might be surprised how much they have in common.”

Serge Reda, adjunct professor of real estate at Fordham University Graduate School of Business in New York City, recommends that homeowners concerned about a low-income housing development being built near them should contact the project's developer and learn more about what is planned: find out the facts, but avoid overreacting based on fears and assumptions.

"Later, if you identify a credible problem linked to the affordable housing project, such as increased crime, take action, engage with your neighbors and try to make the neighborhood a better place for everyone that positively contributes to it, regardless of income, race or social background," Reda said.

Likewise, if you are shopping for a home in a neighborhood where subsidized rental housing exists or is planned, try to factor every relevant criteria into your decision and avoid overvaluing any effect that affordable housing may have on the current or future worth of the home you are considering.

"Prospective buyers should take the time to look not only for the right house, but the right neighborhood and the amenities that matter most to them, such as good school districts, walkable shops and low crime," Young said. "But they need not be overly concerned about a low-income housing project located nearby."