



Myths and Stereotypes about Affordable Housing

MYTH: Affordable housing will drive down property values.

REALITY: Repeated research has shown that affordable housing has no negative impact on the price or frequency of sales of neighboring homes. A recent study of four very-low-income family housing developments in suburban Chicago – Victorian Park in Streamwood, Liberty Lakes Apartments in Lake Zurich, Waterford Park Apartments in Zion, and Brookhaven Apartments in Gurnee - revealed that affordable housing can have a positive impact on surrounding property values. A Wisconsin study of housing constructed under the Low Income Housing Tax Credit program concluded that property values surrounding these developments rose, even in relatively affluent areas. In addition, mixed-income buildings can boost the residential real estate market in many areas by replacing the blighted buildings that keep real estate values low. Numerous studies over time from around the country support the general notion that affordable housing has no negative impact on surrounding property values—especially if it is thoroughly integrated into the neighborhood.¹

MYTH: Affordable housing will look like “cheap housing.”

REALITY: Affordable housing must comply with the same building restrictions and design standards as market-rate housing. Builders know that it makes sense to use the same construction techniques and materials for all units in a development. Furthermore, because affordable housing is often funded in part with public money, sometimes it needs to comply with additional restrictions and higher standards than market-rate housing. Groups like the Franciscan Ministries, the Community Housing Association of DuPage, the Lake County Residential Development Corporation (LCRDC) and a number of for-profit housing developers provide strong examples of high-quality affordable housing that blends in with market-rate housing here in the Chicago region. Many developments incorporating affordable units are built as low-rise garden apartments at a scale similar to large houses. Affordable housing is not affordable because it’s built with “sub-quality” materials; it is affordable in the sense that it is less costly to live in because it is supported by additional public and private funds.

MYTH: Affordable housing will bring lots of large families to the community, thereby increasing the burden on schools and roads.

REALITY: According to the U.S. Census Bureau, rental apartments have fewer children per unit on average than owner-occupied, single-family housing; rental apartments contain a lower percent of units with one or more school aged children; and rental units have a lower average number of motor vehicles per unit.² A Massachusetts study found that multi-family housing

developments did not increase school costs.³ Although not all multi-family rental units are affordable, they make up the bulk of affordable housing.

Affordable housing helps reduce the number of cars on the road by allowing working people to live near their jobs. In addition, studies show that affordable housing residents own fewer cars and drive less often than residents of market-rate homes.⁴

MYTH: Affordable housing will reduce the quality of local schools and hurt standardized test scores.

REALITY: Without affordable housing, many families are forced to move frequently, and their children are unable to remain in the same school for long. A Minneapolis study found that children whose families moved during the course of the school year attended school less often and scored significantly lower on standardized tests than those who stayed in one place.⁵ Research on Chicago-area residents reveals that students forced to move around are much more prone to drop out of school.⁶ Affordable housing minimizes such disruptions to children's education.

Economic integration of neighborhoods is necessary to create regional school systems in which all schools—not just a few—are excellent. Montgomery County, Maryland, has one of the most extensive ordinances setting aside affordable units in any new residential development, and consequently its population is economically integrated. The county also has one of the nation's best school systems, proving that affordable housing may even contribute to school quality.⁷

Affordable housing also helps schools attract and retain the best teachers. School districts across the country have developed innovative affordable housing programs that recognize that it is important for teachers to put down roots in the communities where they teach, and the federal government's "Teacher Next Door" program also helps teachers live in the school districts where they teach at a price they can afford.⁸

MYTH: Affordable housing doesn't contribute to the local tax base and overburdens the local property tax system.

REALITY: Nationwide, the effective tax rate (property tax paid relative to the market value) for multi-family complexes is significantly higher than single-family homes.⁹ Thus, multi-family developments pay their "fair share" in local property taxes. A Massachusetts study of 41 towns found that multi-family complexes often generated a profit for local governments.¹⁰ Most cities that have enacted inclusionary zoning ordinances have found that they spur more than enough economic development to keep public finances on a sound footing.¹¹ Furthermore, as stated above, multi-family housing offers greater efficiency in use of public services and infrastructure.

Across the country, municipalities with volunteer fire and ambulance crews have been facing pressure to hire salaried personnel as high housing costs force volunteers to move away. Affordable housing can help these communities retain their volunteers and thus keep public safety expenses down.¹²

MYTH: Affordable housing will increase crime in the community and bring in undesirable residents.

REALITY: Affordable housing can help a community maintain a stable population by making it easier to retain people who already live and work there. There is no evidence that affordable housing brings crime to a neighborhood. In fact, affordable housing, as a tool of economic development, can often help to lower crime rates. The National Crime Prevention Council calls for the construction of affordable housing to reduce crime because “neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured.”¹³

Whether a development will be an asset or a detriment to a community more often turns on basic management practices: careful screening, prudent security measures, and regular upkeep. Most affordable housing residents are seeking safe and decent housing that will allow them to live self-sufficient lives in a good community.

MYTH: Affordable housing represents just another government welfare hand-out.

REALITY: Wealthy homeowners benefit the most from federal housing subsidies. They receive a federal income tax deduction for mortgage interest paid, which is the largest housing subsidy program in the U.S., and a similar deduction for property taxes paid. In 2003, these subsidies cost the federal government **\$87.8 billion**, much of which went to the wealthiest 10% of U.S. taxpayers. Meanwhile, the federal government spent less than half as much (**\$41.5 billion**) to preserve, maintain, and build affordable rental housing through the entirety of the Department of Housing and Urban Development (HUD) budget (\$38 billion) and the low-income housing tax credit program (\$3.5 billion).¹⁴

MYTH: Affordable housing is not fair; only the very poor benefit.

REALITY: A lack of affordable housing negatively affects employers, seniors, poor people, immigrants, entry-level and service sector workers, and public sector professionals such as teachers, firefighters, and police officers. It also impinges on broader quality of life issues such as the economic development of the region, traffic congestion, commute times, and air quality. In short, it affects us all. Effectively solving the affordable housing crisis does not mean addressing the needs of just the poor; it also means addressing the needs of the business community, working- and middle-class families, and the broader population.

¹Michael MaRous, “Low-Income Housing in Our Backyard: What Happens to Residential Property Values?” *The Appraisal Journal* 64, 1, (1996): 27-34; Richard K. Green et al., *Low Income Housing Tax Credit Housing Developments and Property Values*. Center for Urban Land Economics Research, University of Wisconsin, 2002; Ingrid Gould Ellen et al., “Do Homeownership Programs Increase Property Value in Low Income Neighborhoods?” Joint Center for Housing Studies, Harvard University, Low Income Homeownership Working Paper Series, September 2001; Maxfield Research, *A Study of the Relationship Between Affordable Family Rental Housing and Home Values in the Twin Cities* (Minneapolis, MN: Family Housing Fund, 2000).; Joyce Siegel, *The House Next Door*, Innovative Housing Institute, 1999. <http://www.inhousing.org/housenex.htm>.; Elizabeth Warren, Robert Aduddell, and Raymond Tatlovich. *The Impact of Subsidized Housing on Property Values: A Two-Pronged Analysis of Chicago and Cook County Suburbs*. Center for Urban Policy, Loyola

University of Chicago, Urban Insight Series No. 13, 1983.; Paul Cummings and John Landis, *Relationships Between Affordable Housing Developments and Neighboring Property Values*. Institute of Urban and Regional Development, University of California at Berkeley, Working Paper 599, 1993.; Jeffery Baird, *The Effects of Federally Subsidized Low-Income Housing on Residential Property Values in Suburban Neighborhoods*. Northern Virginia Board of Realtors Research Study, December 1980.; Hugh Nourse, "The Effect of Public Housing on Property Values in St. Louis." *Land Economics* 60 (2), 1984.; Carol Babb, Louis Pol, and Rebecca Guy, "The Impact of Federally-Assisted Housing on Single-Family Housing Sales: 1970-1980." *Mid-South Business Journal*, July 1984; Robert Lyons and Scott Loveridge, *An Hedonic Estimation of the Effect of Federally Subsidized Housing on Nearby Residential Property Values*. University of Minnesota, Department of Applied Economics, 1993.

²U.S. Census Bureau Decennial Census, 2000; U.S. Census Bureau American Housing Survey, 1995 and U.S. Census Bureau's Current Population Survey, 1998).

³Community Opportunities Group and Connery Associates, *Housing the Commonwealth's School Age Children*. Boston: Citizens' Housing and Planning Association, 2003.

⁴National Association of Realtors, "Smart Growth Techniques Pave the Way." <http://www.realtor.org/SG3.nsf/Pages/sum03afford?OpenDocument>; *Building Inclusive Community: Tools to Create Support for Affordable Housing Home Base*/The Center for Community Concerns (1996). Excerpts Available Online: http://www.housingminnesota.org/take_action/chall_stereotypes.html. California Planning Roundtable, *Myths and Facts about Affordable and High Density Housing*. Available online at <http://www.cprroundtable.org/cprwww/docs/mythsnfacts.pdf>.

⁵Family Housing Fund, *Kids Mobility Project Report*, March 1998. Available at <http://www.fhfund.org/dnld/reports/kids.doc>.

⁶Chicago Coalition for the Homeless.

⁷David Rusk, "The Baltimore Region Is Moving Towards Greater Economic School Segregation," Abell Foundation, September 2003.

⁸Galley, Michelle, "For Sale: Affordable Housing for Teachers." *Education Week* 20:25, pp. 16-17. Also available at <http://www.edweek.org/ew/ewstory.cfm?slug=25housing.h20>.

⁹U.S. Census Bureau Residential Finance Survey, 1991. Minnesota Tax Payers Association National Survey, 1998.

¹⁰Judith Barrett and John Connery, *Housing the Commonwealth's School-Age Children*. Citizens' Housing and Planning Association Research Study, August 2003.

¹¹*Inclusionary Zoning: A Policy That Works for the City That Works*. BPI Research Study, December 2003.

¹²National Volunteer Fire Council, "The Needs of America's Volunteer Fire Service." Available online at http://www.nvfc.org/news/hn_american_fireservice_needs.html.

¹³National Crime Prevention Council, Topics in Crime Prevention. "Strategy: Ensure Supply of Affordable Housing." <http://www.ncpc.org/ncpc/ncpc/?pg=2088-9318>. Accessed June 1, 2004.

¹⁴Numbers below from: U.S. Census Bureau, *2003 Statistical Abstract of the United States*, Section 9: Federal Government Finances and Employment. Available Online: <http://www.census.gov/prod/2004pubs/03statab/fedgov.pdf>.