



AFFORDABLE HOUSING
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DISPELLING THE MYTHS
SEPTEMBER 2012



**Affordable Housing
Dispelling the Most Commonly Held Assumptions and Myths¹**
Last Update – September 2012

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¹ The topics and information in this document are provided by two primary sources: HomeBase at the Center for Common Concern in San Francisco (www.homebaseccc.org) and Business and Professional People for the Public Interest in Chicago (www.bpichicago.org).

Introduction

The most commonly held assumptions, myths and stereotypes about affordable housing can be consolidated into five main themes:

1. Effect on value of adjacent properties;
2. Traffic and added burden to schools and civic infrastructure;
3. Requires government resources with little to no return on investment;
4. Low cost housing increases crime and
5. It is ugly and looks cheap.

Each of these themes will be directly addressed in this document. In fact, these myths are for the most part, just that – myths and/or stereotypes and perceptions with little to no basis in reality. Much study and research has been completed to validate or dispel these. What follows is a compilation of the research and a bit of literature review. In addition, examples are also added to dispel the myths with local Park City research and evidence.

Myth #1: Affordable Housing Lowers Neighboring Property Values

Academic studies and market analysis prove otherwise. Just like many other studies, one from Wayne State (Michigan) University² tracked property values before and after affordable housing was built and found that affordable housing often has an insignificant or positive effect on property values in higher-valued neighborhoods and improves values in lower-valued neighborhoods.

Property values are primarily determined by the condition of the particular property for sale as well as 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.

In Park City there has been no direct correlation between the building of affordable housing and the sales prices of surrounding properties. In 1996, 49 townhomes were built in the Prospector area for a mix of renters and owner-occupants. Today, there are 20 owner-occupied units and 29 rental properties. The properties currently sell for an affordable price just under \$190,000, while sales in the neighborhoods immediately adjacent to this property are averaging \$417,414 and higher.³

Another affordable property in Historic Old Town is a small building made up of eight 3br/2bath condos that each have a

maximum resale value around \$256,000.



Other similar properties in the same neighborhood are selling for an average of just over \$350,000.⁴

In 2007, the Silver Star development on the Municipal Golf Course was built including 20 affordable condos among a total of 98 high-end cottages and condos. Ten of the affordable units sold to owner-occupants for between \$145,000 and \$193,000 and the remaining ten affordable units are long-term rental units for between \$700 and \$900 per month. The high-end properties continue to sell for between \$750,000 and \$1.2 Million.

The earliest affordable units to be built in Park City are eight rental units built on Daly Avenue in Historic Old Town. Rents in these units are currently limited to an affordable range of between \$900 and \$1,000. Market cost properties in the same location and of similar size command rents of a minimum 35 percent higher.⁵

A Sampling of research:

What is the Impact on Property Values? A Contemporary Affordable Housing Fact Sheet provided by The Non-Profit Housing

² George Galster, Wayne State University and HomeBase at The Center for Common Concern in San Francisco <http://www.homebaseccc.org>

³ A conservative average of current Prospector neighborhood listings at www.realtor.com.

⁴ A conservative average of current lower Park Avenue condo listings at www.realtor.com.

⁵ The average of rents for similar sized units found in close proximity to the units sited. Rents were pulled from classified listings at Park Record.com, ksl.com and craigslist.com.

Association of Northern California, nonprofithousing.org.

Habitat for Humanity, South Ranch 2 Community Impact Study (Coopers & Lybrand, 1994). Study of potential impact of a proposed 196 owner-built and occupied home development on a previously unoccupied area of Phoenix concluded that the development would benefit the overall community by bringing in committed, stable, working families, drawing commercial development to a new area and spatially linking existing developed areas of Phoenix.

Relations between Affordable Housing, Development and Property Values (Institute for Urban and Regional Development, University of California, Berkeley, Working Paper 599) Determined that proximity to affordable housing is not a significant factor in determining sales prices, and in one instance it may have had a positive impact on sales prices.

Measuring the Effects of Affordable Housing on Residential Property Value, (San Francisco State University, unpublished master's thesis, Smith, B., 1992): Analysis found that among thirteen "proximity zones" the highest increases in value and the lowest turnover were in areas closest to an affordable housing facility.

The Effect of Group Homes for the Mentally Ill on Residential Property Values, (*Hospital and Community Psychiatry*, Boydell, Katherine M., M.H.Sc., John N. Trainor, MSW, Anna M. Pierri, 1989): Determined that property values in a suburban area with a group home increased more than a similar area without such a facility.

Texas Department of Mental Health and Mental Retardation Questions and Answers (Johnson and Olson Associates of Austin, 1988.), This summary finds no evidence of

property values declining because of the location of a group home for the mentally retarded, and finds that there was less residential turnover near the group home than in other similar areas.

The Effects of Subsidized and Affordable Housing on Property Values, A Survey of Research (Department of Housing and Community Development, State of California, 1988.) Out of 15 published papers on subsidized housing, group homes for the disabled, and manufactured housing, 14 concluded that this housing had no significant negative effects on the values of neighboring properties. Some reported positive property value effects.

Myth #2: Affordable Housing Produces More Traffic While Overburdening Schools and Infrastructure

National surveys and studies have proven that if affordable housing is planned well, it is built near jobs and other essential amenities which results in increased use of public transportation, shortens commutes and lessens congestion.

The National Household Travel Survey (NHTS) consistently finds that low-income households make fewer trips than other households. The latest data from 2009 indicates that low-income households make 63% fewer trips.⁶

The Natural Resources Defense Council has collected data which demonstrates that “residents of communities designed using smart growth strategies – such as higher density construction – drive as little as one-fifth as much as their counterparts in conventional sprawl developments.”⁷

In addition, a public interest group in Chicago found that affordable housing residents own fewer cars and drive less often than residents of market-rate homes.⁸ The NHTS data also indicates the same facts – that lower-income households on average have 64 percent fewer vehicles per household than higher income households.⁹

⁶ *2009 National Household Travel Survey*, US Department of Transportation, Federal Highway Administration, February 2011.

⁷ *Transportation Facts*, a policy paper produced by the Natural Resources Defense Council, March 2007.

⁸ *Myths and Stereotypes about Affordable Housing*, Business and Professional People for the Public Interest, June 2004.

⁹ *2009 National Household Travel Survey*, US Department of Transportation, Federal Highway Administration, February 2011.

According to the 2000 U.S. Census, on average households living in rental apartments have fewer children than those living in owner-occupied, single-family homes. Households living in rental apartments are also less likely to have one or more school-aged children.¹⁰

The U.S. Office of Technology Assessment found that it cost \$10,000 [per unit] more to provide infrastructure to a lower density suburban development than to a more compact urban neighborhood. (OTA-EII-643, 1995) Infrastructure costs per housing unit significantly decline as density increases: in developments at 30 units per acre or greater to about \$10,000 from \$90,000 per unit when built at 4 units per acre. Higher density housing provides economies of scale for utility infrastructure in trunk lines and treatment plants.

In Park City the lowest cost rental units are centrally located, close to schools and other community amenities. Based on the number of cars versus number of households associated with the three affordable apartment complexes in Park City, a high number of the residents walk and use the local free bus system rather than drive. Three of the affordable apartment complexes centrally located in Park City, have an average of 1.6 cars per unit which is below the national average of two cars per household.¹¹

The central locations of these affordable units also ensures tie-in to key infrastructure in places that already have the capacity for high volume instead of outlying areas that would involve substantial additional cost to meet infrastructure needs.

The 2000 Census data established that owner-occupied households in Park City on

¹⁰ *Myths and Stereotypes about Affordable Housing*, Business and Professional People for the Public Interest, June 2004.

¹¹ Vehicle count collected from management companies in April of 2011.

average are larger than those renting (2.91 vs 2.77).¹² A bulk of the affordable housing in Park City is rental housing and therefore, likely to be smaller households, taxing the local schools and infrastructure less than owner-occupied homes. The total enrollment numbers for Park City schools also bears this out. The greatest increases in enrollment did not occur in correlation with the building of the affordable apartments. In fact, enrollment increases throughout the 1990's when the affordable housing was built were all between six and eight percent each year with no spikes in any given year.

After the year 2000, increases dropped well below one percent and there were negative numbers in several years.¹³ A recent study indicates that close to one quarter of Park City's workforce commutes in from surrounding areas such as Heber City, Kamas, Oakley, Coalville and Salt Lake City.¹⁴ High numbers of commuters is leading to traffic jams in the morning and evening of most weekdays and high transportation costs in gas and wear & tear on vehicles for the low wage earners who commute.

A Sampling of research:

2009 National Household Travel Survey, US Dept. of Transportation, Federal Highway Administration, February 2011.

Transportation Facts, Natural Resources Defense Council, March 2007.

"Location Efficiency: Neighborhood and Socio-Economic Characteristics Determine Auto Ownership and Use – Studies in Chicago, Los Angeles and San Francisco."
John Holtzclaw, Robert Clear, Hank Dittmar,

¹² *Table DP-1.Profile of General Demographic Characteristics: 2000, Geographic Area: Summit County, Utah*, U.S. Census Bureau, www.census.gov.

¹³ Park City School District Business Office.

¹⁴ *2010 Housing Market Assessment: Park City*, Bureau of Economic and Business Research, David Eccles School of Business, University of Utah.

David Goldstein, Peter Haas, *Transportation Planning and Technology Journal*, Volume 25, Number 1 (March 2002).

Policy Fact Sheets, Natural Resources Defense Council, nrdc.org

What is the Impact of Parking?, The Non-Profit Housing Association of Northern California, Contemporary Affordable Housing Fact Sheet, nonprofithousing.org.

Myths and Stereotypes about Affordable Housing, a white paper published by Business and Professional People for the Public Interest, June 2004, bpichicago.org.

Myth #3: Affordable Housing Is a Government Hand-Out with Little to No Return on Investment

Anyone who owns a home – no matter what their income bracket – has the benefit of the highest amount of federal housing subsidy in the US. The Mortgage Interest Deduction (MID) is a provision of the U.S. tax code that allows homeowners to deduct from their taxable income the interest paid for mortgages on homes they occupy. In 2010, the MID cost to the U.S. Treasury was \$79 billion which is nearly twice as much as the \$41 billion spent on all housing programs serving low income renters.¹⁵

Affordable housing is a critical tool for sustainability and economic development. Employers experience less turn-over in workforce if there is sufficient stock of affordable housing in close proximity to jobs and lower income workers do not have to bear a greater cost for commuting. Some businesses will choose a community based on the availability of housing in a wide variety of price points so as to meet the housing needs of their entire workforce, from managers to front line workers.

The National Center for Housing Policy did a review of literature in 2011 that reveals how the availability of affordable housing can be an economic driver in a community. *“In surveys, many representatives of the business community report that a lack of affordable housing makes it more difficult to recruit and retain employees...and the business community recognizes the importance of affordable housing when making location decisions and demographic*

¹⁵ *Mortgage Interest Deduction* section of *The 2011 Advocates Guide to Housing & Community Development Policy*, Authored by Danilo Pelletiere, National Low Income Housing Coalition, March 2011.

trends suggest that given the alternative, mobile individuals will abandon areas with the highest housing costs for opportunity-rich regions with lower housing costs.”¹⁶

In Park City the cost-burden for the affordable units built in Park City is born primarily by developers who are profiting from building their commercial and residential projects within the city limits. In addition, federal programs have provided tax credits and other subsidies to enable workforce housing to be locating in close proximity to lower-wage jobs. These units provide housing that is critical to keeping Park City’s world-class resorts running along with the amenities that are expected by those frequenting the resorts. Park City has provided loans to assist in bridging development gaps, however the City has not used general fund resources for the affordable housing that is critical to keeping this resort community running.

A Sampling of Research:

Myths and Stereotypes about Affordable Housing, a white paper published by Business and Professional People for the Public Interest, June 2004, bpichicago.org.

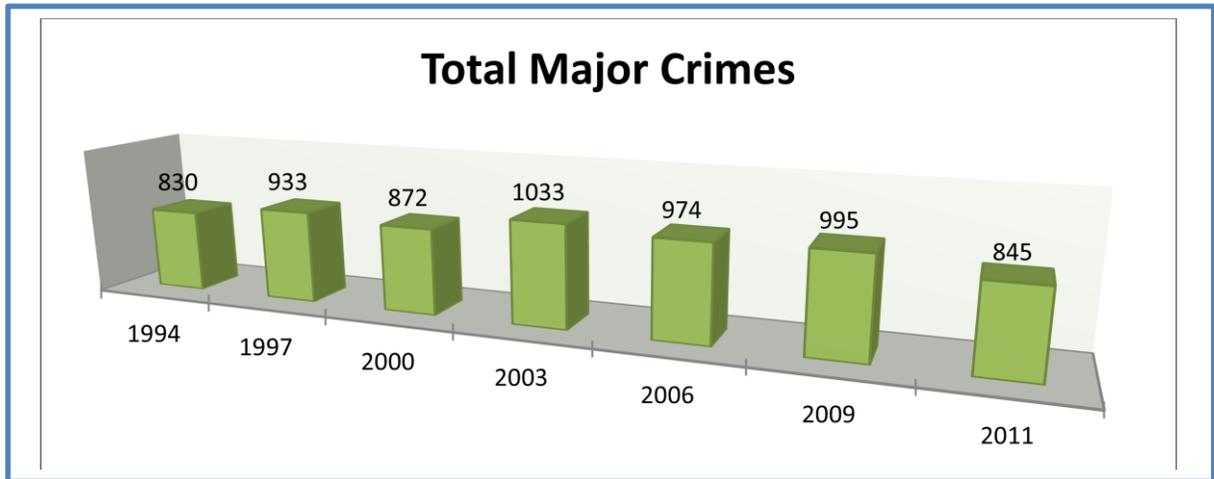
The 2011 Advocates Guide to Housing & Community Development Policy, National Low Income Housing Coalition, March 2011, nlihc.org.

¹⁶ *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of Literature*, Wardrip, Williams and Hague, Center for Housing Policy, January, 2011.

Myth #4: Affordable Housing Increases Crime

There is no correlation between safe, decent and affordable housing and crime. Both the Business and Professional People for the Public Interest and the Non-Profit Housing Association of Northern California have completed work that shows that rather than low-cost housing, what does cause crime (and a host of other socio-economic ills) is community disinvestment, overcrowding, as well as lack of jobs and community services. Failure to build affordable housing leads to slum conditions of overcrowding, absentee owners and

In Park City according to the Municipal Police Department, major crimes have been on the decline since 2008. An analysis of 17 years from 1994 to 2010 reveals no major spikes in major crimes.¹⁷ Since crime seems to wax and wane with a pretty consistent rate in Park City, it is all but impossible to associate these crime statistics with the completion of affordable housing in Park City. Affordable units were completed in the late 70's, the mid to late 90's and between 2005 and 2010.



deteriorating properties with no alternatives available to low income families.

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.” 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.

A Sampling of Research:

Myths and Stereotypes about Affordable Housing, a white paper published by Business and Professional People for the Public Interest, June 2004, bpichicago.org.

What is the Impact of Density?, The Non-Profit Housing Association of Northern California, Affordable Housing Fact Sheet, 2009, nonprofithousing.org.

¹⁷ Park City Police Department Annual Reports from 1994 through 2011, Park City Police Department, www.parkcity.org.

Myth #5: Affordable Housing is Ugly and Looks Cheap

Affordable housing must comply with the same building codes, restrictions and design standards as market-rate housing. Good design and sustainable construction practices have become the norm for affordable housing construction, unlike in the past when fast and cheap was considered best. All over the country, the old public housing projects of the mid-20th century are being torn down and replaced by attractive, energy efficient buildings that are winning awards.

Today, most citizens could not recognize affordable housing in their communities. Both public and private financial investors have worked with developers and architects to ensure that the design of affordable housing fits within the community. In most cases affordable housing is even more energy efficient than market-rate homes to ensure long-term affordability for the lower income residents. Also, affordable housing developers have concluded that good design is one of the most effective ways to overcome community opposition to affordable properties.

In Park City recent affordable housing developments are setting high design and energy efficiency standards. For instance, two affordable housing projects within the city limits of Park City have won State-wide design awards. They represent the current trend in affordable housing development:

In 2008, Paladin Development Partners completed 20 affordable and deed restricted units in the center of their campus of 98 high-priced condominiums and cottages at the Silver Star development. The affordable units are in two buildings of ten units each and the buildings blend in nicely with the surrounding built environment. The builder



used the same high quality amenities in the affordable units as were used in the high-end units, such as: stainless steel appliances, stone tile in the bathrooms and granite counter-tops in the kitchens.

In 2010, Park City Municipal Corporation completed the development of thirteen detached homes – the Snow Creek Cottages – for sale to workforce members



earning between 60 and 150 percent of Workforce Wage (\$33,000 to \$83,000). The project has won awards both for design and for energy efficient features.

A Sampling of Research:

Joint Forum on Housing Density, a collaboration of National Multi Housing Council, American Institute of Architects and the Urban Land Institute, February 2002, nmhc.org.

Myths and Stereotypes about Affordable Housing, published by Business and Professional People for the Public Interest, June 2004, bpichicago.org.

What is the Impact of Density?, The Non-Profit Housing Association of Northern California and Contemporary Affordable Housing Fact Sheet, nonprophousing.org.