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FURMAN CENTER POLICY BRIEF

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

*This policy brief is a summary of the Furman Center's research on the effects supportive housing has on the values of surrounding properties. The full study is available at <http://furmancenter.nyu.edu>.*

## What Is Supportive Housing?

Supportive housing is a type of affordable housing that provides on-site services to people who may need support to live independently. Residents may include formerly homeless individuals and families, people with HIV/AIDS or physical disabilities, young people aging out of foster care, ex-offenders, people with mental illness or individuals with a history of substance abuse. Residents in supportive housing developments, unlike those in temporary or transitional housing options, sign a lease or make some other long-term agreement. Developments provide a range of services to residents, which can include case management, job training and mental health or substance abuse counseling. Supportive housing developments are run by non-profit organizations that typically provide both support services and management.

Researchers have found supportive housing to be an effective and cost-efficient way to house disabled and formerly homeless people.<sup>1</sup> The combination of permanent affordable housing and support services is seen as key to providing a stable environment in which individuals can address the underlying causes of their homelessness—at far less cost than placing them in a shelter or treating them in a hospital.

<sup>1</sup> See, e.g., Culhane, Dennis, Stephen Metraux and Trevor Hadley. 2002. Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing. *Housing Policy Debate*. 13(1): 107 - 163; Lipton, Frank R., et al. 2000. Tenure in Supportive Housing for Homeless Persons With Severe Mental Illness. *Psychiatric Services*. 51(4): 479-486.



## Supportive Housing in NYC

Supportive housing grew out of attempts in the late 1970s and early 1980s to provide services to mentally-ill individuals who were homeless or living in substandard, privately-owned Single Room Occupancy (SRO) buildings. Soon thereafter, nonprofit groups formed to rehabilitate the housing in addition to providing on-site services.

By 1990, New York City nonprofits were operating over 2,000 units of supportive housing. The success of these efforts led the state and city to sign a historic joint initiative to fund the creation of thousands of new supportive housing units for homeless persons with mental illness. The "New York/New York Agreement," signed in 1990, was the first of three initiatives that have helped spur the development of over 14,000 units in more than 220 supportive housing residences in the city for formerly homeless and inadequately housed people with a range of disabilities. As Figure A shows, the overwhelming majority of these developments were built in Manhattan, Brooklyn and the Bronx. As seen in Figure B, there has been

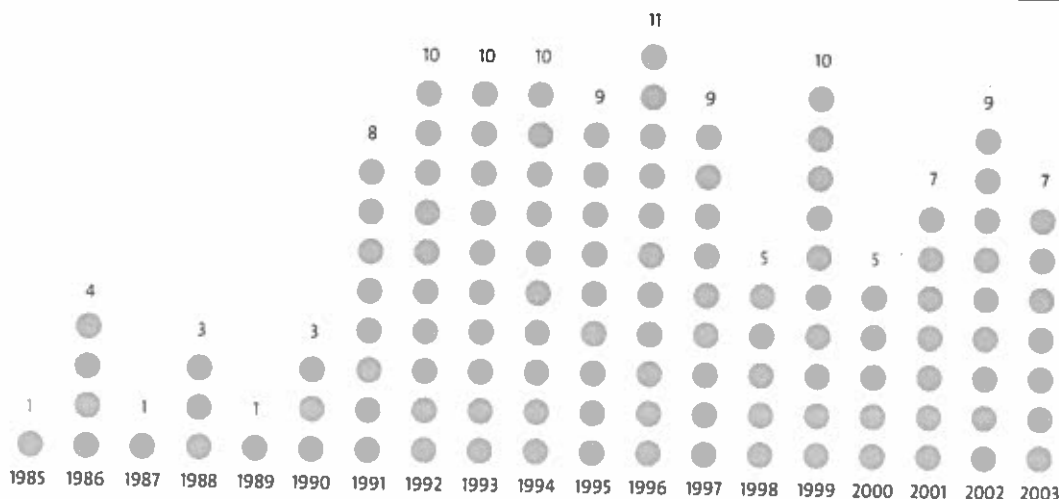
Figure A: Supportive Housing Developments in Our Study by Borough (as of 2003)



fairly steady development throughout the past two decades, with a big building boom following the 1990 NY/NY agreement.

Signed in November of 2005, the "New York/New York III Agreement" was the largest yet, committing \$1 billion to create 9,000 units of supportive housing (both scattered-site and single-site<sup>2</sup>) for homeless and at-risk individuals and families with disabilities in New York City over ten years. The large scope of this initiative ensures that there

Figure B: Supportive Housing Developments Completed Annually



Note: This figure includes all developments examined in this study: all supportive housing opening in New York City before 2004 that resulted from new construction or the gut renovation of a vacant building.

<sup>2</sup> Our research looks only at the impact of single-site supportive housing (developments in which the supportive housing units all are located in a single building with on-site social services), but it is important to note that New York City has an additional 9,000 supportive housing units that are scattered-site (dispersed within non-supportive housing buildings).



will continue to be a robust development pipeline of supportive housing to house homeless New Yorkers living with mental illness and other challenges.

As providers of supportive housing begin to implement the NY/NY III agreement, however, they are encountering two related and significant obstacles: New York City has a serious shortage of land suitable for building such developments; and community opposition to hosting supportive housing further limits the sites on which supportive housing can be built. The state and city require some form of public notification for all proposed supportive housing developments, and opposition by the local community often makes it difficult or impossible for developments to secure the necessary funding and land use approvals.

Despite the critical role that supportive housing plays in helping to address the problem of homelessness, communities asked to host the housing often resist, expressing fears that the housing will have a negative impact on the neighborhood. Neighbors voice worries, for example, that the supportive housing will increase crime, drain the neighborhoods' services and overburden its infrastructure, bring people to the community whose personal appearance or behavior will make residents and visitors uncomfortable, or otherwise decrease the quality of life in the neighborhood. They also commonly express a concern that supportive housing will depress the value of housing in the neighborhood, thereby depriving them of potential returns on their investment, and triggering a spiral of deterioration.

## What Do We Know About Neighborhood Impacts of Supportive Housing?

Theoretically, supportive housing developments could either depress or raise neighborhood property values. If the development isn't well-maintained or doesn't blend in well with the surrounding community, it could have a negative impact on neighborhood property values. Similarly, if the residents of the new supportive housing engage in offensive behavior or participate in or are targets for illegal behavior, the housing might cause prices to drop. On the other hand, if a new development is attractive and replaces a community eyesore, such as an abandoned or vacant property, or helps to house people who otherwise would be living on the streets nearby, it likely would have a positive impact on property values. Similarly, if the new development is a conscientious and good neighbor and provides useful services to the community, it could raise prices.

While some who oppose supportive housing may do so regardless of the facts, objective, credible research about the experiences other neighborhoods have had with supportive housing should help to inform discussions about proposed developments. Some researchers have studied the effects of group homes, but few have looked specifically at the supportive housing model. Moreover, previous studies have been limited by data constraints, including small sample sizes (as few as 79 units) and limited time frames, and have studied effects in low-density neighborhoods, making it difficult to generalize their results to denser urban settings.<sup>3</sup>

The Furman Center's research aims to fill this gap in the literature with a rigorous, large-scale examination of the impacts of approximately 7,500 units of supportive housing created in New York City over the past twenty years.

<sup>3</sup> See, e.g., Galster, George, Peter Tattan and Kathryn Pettit. 2004. Supportive Housing and Neighborhood Property Value Externalities. *Land Economics*. 80(1): 35-54, for studies of precursors to supportive housing such as group homes, see, e.g., Colwell, Peter F, Carolyn A. Dehring and Nicholas A. Lash. 2000. The Effects of Group Homes on Neighborhood Property Values. *Land Economics*. 76(4): 615-637.



## About Our Research

In order to measure the impacts of supportive housing on property values, we use a large dataset with information on the sales prices of all apartment buildings, condominium apartments and one to four family homes selling in the city between 1974 and 2005, as well as property-level data on the characteristics of the units sold. We link these data to a list of all the supportive housing developments and their addresses, which we compiled with assistance from the New York City Department of Housing Preservation and Development (HPD), the New York State Office of Mental Health (OMH), the Supportive Housing Network of New York (SHNNY)—the member association of nonprofit supportive housing providers in New York State, and the Corporation for Supportive Housing (CSH)—a financial and technical assistance intermediary to supportive housing providers. This comprehensive dataset includes 7,500 units in 123 developments that opened between 1985 and 2003 and either were newly constructed or the result of gut renovations of

vacant buildings.<sup>4</sup> The median size of the 123 developments is 48 units.

Identifying the impacts of supportive housing on the values of neighboring properties is challenging, primarily because it is difficult to disentangle what causes what—to determine whether supportive housing affects neighboring property values or whether neighboring property values affected the decision to build supportive housing in the neighborhood. Developers of supportive housing might, for example, be more likely to build the housing on sites in neighborhoods with very low property values, because more city-owned sites are available in such neighborhoods, because community opposition may be lower in these neighborhoods, or because developers can only afford to build in neighborhoods with the lowest property values. In fact, a simple comparison of census tracts in the city reveals that in 1990, before most supportive housing was sited, tracts that now have supportive housing tended to have higher poverty rates and lower homeownership rates than tracts that do not (see Table A).

**Table A: Demographics (as of 1990) for Census Tracts with and without Supportive Housing**

<i>Indicator* (as of 1990)</i>	<i>All Tracts in NYC</i>	<i>Tracts that now have Supportive Housing**</i>	<i>Tracts without Supportive Housing</i>
Number of Tracts	2,217	102	2,115
Poverty Rate	19.3%	31.4%	18.4%
Homeownership Rate	28.6%	10.9%	30.5%

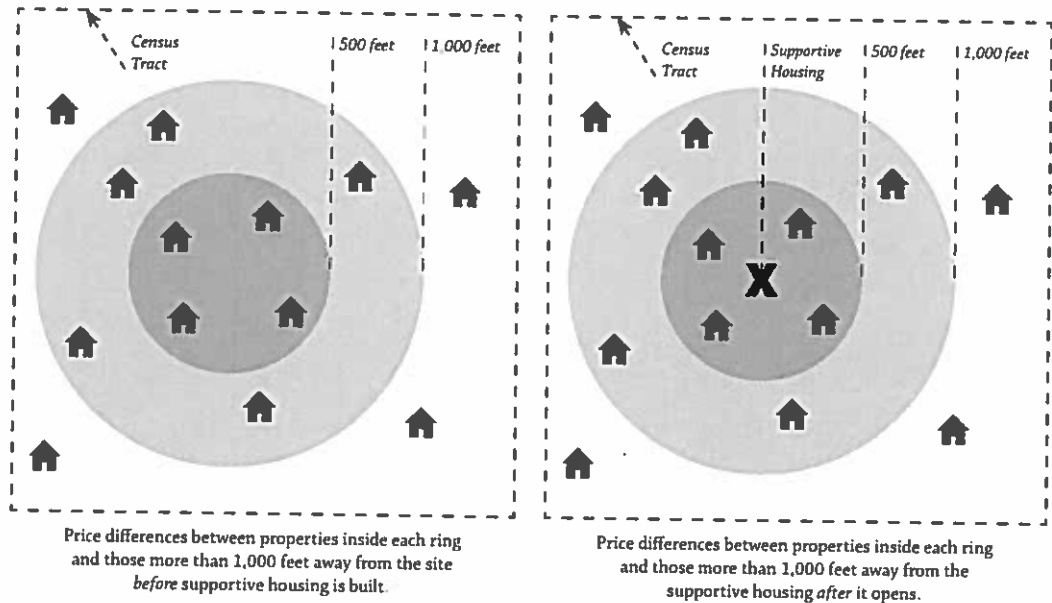
Source: 1990 Decennial Census data (NCDB). \*All reported numbers represent the mean value across census tracts, weighted by population. \*\*Tracts with supportive housing are those that are host to the 123 supportive housing developments in our study.

<sup>4</sup> Because we are interested in the impacts new developments have on a neighborhood, our data on supportive housing developments only include new construction or projects that involved the complete, physical rehabilitation of a formerly vacant building. We did not include instances where an occupied building received cosmetic rehabilitation or was converted into a supportive housing development without undergoing substantial renovation.



**Figure C: Methodology**

Supportive housing development is represented by the **X**. We compare prices of properties within 500 feet and 1,000 feet of the development to similar properties in the same census tract but more than 1,000 feet away before and after the supportive housing is built.



We address this problem by controlling for the difference between the prices of properties very near to a supportive housing site and the prices of other properties in the same neighborhood before the supportive housing is constructed. Specifically, our research compares the price differences between properties within 500 and 1,000 feet of a supportive housing development, before and after it is built, with a comparable group of properties more than 1,000 feet from the site but still within the same census tract.<sup>5</sup>

Our strategy is illustrated in Figure C. Our approach controls for differences in prices between properties near to supportive housing sites and other properties in the neighborhood before supportive housing is built. It also controls for neighborhood price appreciation over time. Accordingly, we are able to specifically isolate the impact of the supportive housing. Our approach

also allows us to examine whether impacts vary with distance from the supportive housing development, because the impact on a property closer to a development might very well differ from impacts on properties still affected but further out in the 1,000 foot ring.

Finally, because impacts might be felt as soon as people learn that a supportive housing development is going to be built, and because construction of any building may bring noise, truck traffic, and other problems, we exclude the construction period from our estimate of property value differences between properties within the ring of supportive housing and those beyond 1,000 feet, before supportive housing opens.

<sup>5</sup> One thousand feet is approximately the length of four North/South streets in Manhattan, across the city, on average, 1,000 feet is about the length of two blocks. While previous property value impact studies have looked at larger distances, it is unlikely that the relatively small developments we study would have an effect on property values many blocks away in the fairly dense Manhattan, Bronx and Brooklyn neighborhoods in which they are concentrated.



## What Do We Find?

Our research finds little evidence to support neighbors' fears that supportive housing developments will reduce the price of surrounding properties over time. To the contrary, we find that the opening of a supportive housing development does not have a statistically significant<sup>6</sup> impact on the value of the properties within 500 feet of the development.

We find that two to five years before a supportive housing development opens, properties within 500 feet of the site sell for almost 4 percent less than properties in the comparison group. This indicates that supportive housing developments are generally being built in areas that are more distressed than the surrounding neighborhood.

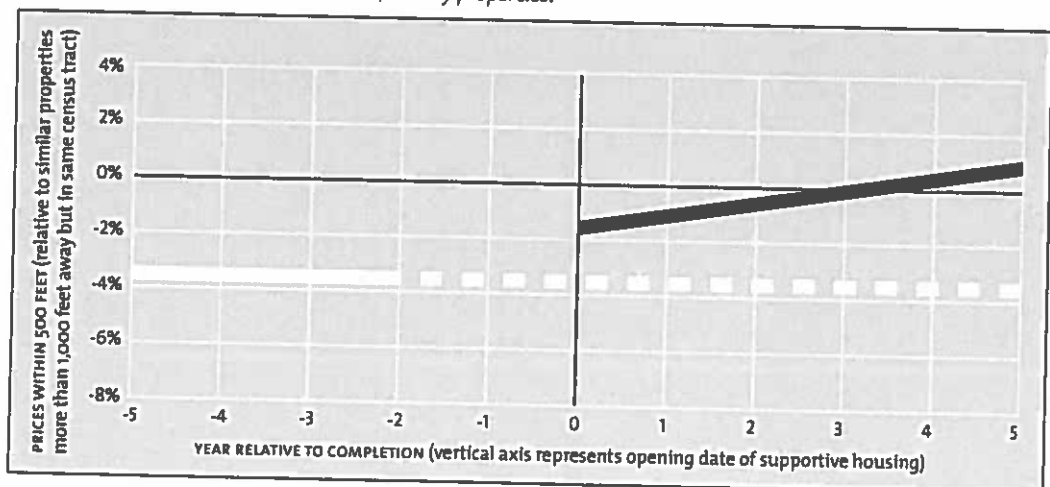
In the five years after completion, we find that the prices of those nearby properties experience strong and steady growth, appreciating more than comparable properties in the same neighborhood but further than 1,000 feet from the supportive housing.

As seen in Figure D, which illustrates the impact of a new supportive housing development of median size (48 units) on properties up to 500 feet away, there is a slight increase in the value of nearby properties when the development opens (compared with their value before construction began), but this difference is not statistically significant. After the supportive housing opens, we see a statistically significant rise in the value of these nearby properties, relative to property values in the comparison group. As a result, the four percent discount neighboring properties experienced before the supportive housing was built steadily narrows over time.

Moving farther away from the development, we find that properties between 500 and 1,000 feet away, unlike those less than 500 feet away, see a statistically significant drop in value when the building is under construction and when the supportive housing opens (compared to prices more than 1,000 feet from the development but within the neighborhood). But once again, we find that prices then show a steady relative gain in the years after completion. That pattern might suggest that the positive effects of the sup-

**Figure D: Sales Prices of Properties Within 500 Feet of Supportive Housing Relative to Comparison Group, by Year Relative to Completion (For Median Size Development of 48 Units)**

*In this figure, the dotted line represents what we estimate would have happened to the prices of nearby properties had there been no new supportive housing development; the solid purple line represents the results of our analysis, which show steady growth in the value of nearby properties.*



<sup>6</sup> The term "statistically significant" refers to the likelihood that the differences between the groups being compared (in this study, the difference between the values of the properties near supportive housing and those further away) could have occurred by chance. If statistical methods show that results are statistically significant at the 95 percent level, we can be sure that the probability that the results are due to pure chance is five percent or less. Generally, researchers will consider results reliable only if they are statistically significant at the 90 (or higher) percent level.



portive housing are diluted farther away from the site and initially are outweighed by community uneasiness about the housing, but as the neighborhood grows comfortable with the supportive housing, prices show steady growth relative to the comparison properties.

In sum, our research reveals that the prices of properties closest to supportive housing—which are the properties opponents of supportive housing claim are most likely to be affected by the development—increase in the years after the supportive housing opens, relative to other properties located in the neighborhood but further from the supportive housing. Prices of properties 500 to 1,000 feet from the supportive housing may fall somewhat while the buildings are being built and as they open, but then steadily increase relative to the prices of properties further away from the supportive housing but in the same neighborhood. Our results accordingly suggest that over time, the values of homes near supportive housing do not suffer because of their proximity to the supportive housing.

## Does the Size or Type of Supportive Housing Matter? Does the Population Density of the Neighborhood Matter?

Because of the diversity of supportive housing developments and the neighborhoods in which they are being built, we also wanted to evaluate whether characteristics of either the development or the neighborhood influence any effects the development has. We were somewhat surprised to find that the effects on neighboring property values do not depend on the size of the development (number of units) or the development's characteristics, such as whether the development sets aside a certain number of affordable units for neighborhood residents. The impact supportive housing has on property values also does not differ between lower and higher density neighborhoods.



GLASS FACTORY, a supportive housing development in the East Village, managed by BRC.



## What Do These Findings Mean?

Our findings show that the values of properties within 500 feet of supportive housing show steady growth relative to other properties in the neighborhood in the years after supportive housing opens. Properties somewhat further away (between 500 and 1,000 feet) show a decline in value when supportive housing first opens, but prices then increase steadily, perhaps as the market realizes that fears about the supportive housing turned out to be wrong.

The city, state, and providers of supportive housing must continue to maximize the positive effects of supportive housing and ensure that supportive housing residences remain good neighbors. But the evidence refutes the frequent assertions by opponents of proposed developments that supportive housing has a sustained negative impact on neighboring property values.



*JEROME COURT, a supportive housing development in the Bronx, managed by Palladia, Inc.*

### **THE FURMAN CENTER FOR REAL ESTATE AND URBAN POLICY**

is a joint research center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service at NYU. Since its founding in 1995, the Furman Center has become the leading academic research center in New York City dedicated to providing objective academic and empirical research on the legal and public policy issues involving land use, real estate, housing and urban affairs in the United States, with a particular focus on New York City. More information about the Furman Center can be found at [www.furmancenter.nyu.edu](http://www.furmancenter.nyu.edu).





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# We Are Neighbours

The Impact of Supportive Housing on Community,  
Social, Economic and Attitude Changes

Prepared by Alice de Wolff

May 2008

## ADVANCED GRANTS

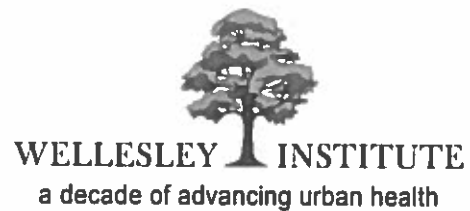
The Wellesley Institute's Advanced Grants programs supports and funds community-based research on housing, health equity, poverty, social exclusion, and other social and economic inequalities as key determinants of health disparities.

The Wellesley Institute's strategic focus is Health Equity, and we work in diverse collaborations and partnerships for social innovation, progressive social change, policy alternatives, and solutions to pressing issues of urban health and health equity.

### A Community University Research Project: The Dream Team and the University of Toronto



University of Toronto



We Are Neighbours

## ACKNOWLEDGEMENTS

This project would not have been possible without the willing participation and insights of the tenants of the two supportive housing facilities featured in the study, the agency staff that support tenants in these buildings, and their neighbours who all took time to participate in interviews.

The Research Group thanks you all!

*We Are Neighbours* was funded by an Enabling Research Grant and an Advanced Research Grant from the Wellesley Institute.

Copies of this report and related documents can be found online at [wellesleyinstitute.com](http://wellesleyinstitute.com) and [thedreamteam.ca](http://thedreamteam.ca).

### Dream Team Research Group

#### The Dream Team

Linda Chamberlain  
Phillip Dufresne  
Carol Dunphy  
Pedro Cabezas  
Peter Lye  
Neil McQuaid  
Dennis Morency  
Esther Mwangi  
Eliana Roman  
Mark Shapiro  
Colin Shaw  
Tony Sousa

#### Houselink

Lucy Gudgeon  
Kelly Potvin  
Carol Zoulalian

#### Accommodation, Information and Support

Marissa Bastidas

#### University of Toronto

Brent Berry  
Assistant Professor of  
Sociology

#### Research Coordinator

Alice de Wolff

#### Chinese Interpreters

Helen Ng  
James Cheung  
Raymond Wat

#### Transcription

Susanah Adegbesan  
Laurel Clayton  
Laura Hoddinott

#### Flyer distribution Building B Tenants

Artwork  
Cori Sandler

May 2008

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# **We Are Neighbours**

## *The Impact of Supportive Housing on Community, Social, Economic and Attitude Changes*

### **Executive Summary**

Supportive housing makes for great neighbourhoods. That's the conclusion of this important new study of two Toronto supportive housing buildings for people with mental illness, many of whom were previously homeless, and the communities that surround them. As the City of Toronto, along with the Ontario and Canadian governments, work to develop affordable housing strategies, this research shows the important role that supportive housing has to play.

Supportive housing combines bricks-and-mortar with special supports to meet the physical and mental health needs of tenants. These support services allow people to live independently in the community. People who live in supportive housing know its value. Members of the Dream Team, who conducted this research project, have been engaged for several years in telling their personal stories about how supportive housing has been – almost literally – a life-saver.

But what about the impact of supportive housing on the surrounding neighbourhood? Almost inevitably, when a new supportive housing project is proposed concerns will be raised about “those people” and the impact of “that project” on community safety, cohesion and property values.

The Dream Team set out to test the value of supportive housing through a community-based research process that brought together supportive housing residents, housing providers and their neighbours. They used public data to show that supportive housing does not hurt property values or increase crime. But their interviews go further, to show that supportive housing tenants make important contributions to the strength of their neighbourhoods. Tenants contribute a modest amount to local businesses (most residents are not particularly wealthy, so their economic footprint is not large); they add to the vibrancy of an area through their street presence; they participate in the friendliness amongst neighbours; and they contribute to the collective efficacy of their neighbourhoods through actions around noise and speed, tidiness and crime.

In short, supportive housing residents are just the kind of great neighbours that every community needs.

## Key Findings

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Property values and crime rates are unaffected

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- There is no evidence that the existence of the supportive housing buildings studied has negatively affected either property values or crime rates in the neighbourhood. Property values have increased and crime decreased in the period considered by the study.

Neighbours do not think the Buildings have a negative impact

- Of the 54 immediate neighbours and business people interviewed, only two business people claimed that the houses have a negative impact. They were also the business people with the least experience in the neighbourhood. Only 40% of residential neighbours and business people knew that the buildings were even supportive housing facilities. The opposition that existed to the houses when they were proposed has dissipated, with virtually no expression of negative attitudes found among immediate neighbours.

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Modest local economic “footprint”

- Interviews with neighbours and 36 tenants and staff of both buildings indicate that the local economic “footprint” of each building is modest, primarily because of tenants' low income. However, because they tend to have fewer choices than people with higher incomes, they shop at local convenience stores, pharmacies, coffee shops and restaurants. Some local store operators recognize the importance of tenants' business by offering them small amounts of short-term credit.

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Contributions to neighbourhood actions and vibrancy

- The study found that each building contributes to the strength of their local neighbourhoods in different ways, depending on the length of time they have been open and the character of the street.
  - Building A has been on a residential street for almost 20 years. Tenants have initiated a new approach to front yard gardening on the street and participated in collective action with their neighbours around noise and speed reduction, and garbage removal
  - Building B is on the commercial side of a mixed-use street. Tenants have stronger relationships with business operators than with residential neighbours, and have created an important, new vibrancy along what was a drab section of the street.

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Contributions and crime

- Tenants in Building B in particular have experienced being targets for criminal activity. Tenants and staff in both buildings have developed internal ways to handle crime that protects both tenants and the neighbourhood.

# Impact of Supportive Housing On Neighboring Properties In Houston, Texas

Prepared by: United Way of Greater Houston, July 2010



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*Supportive housing is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives. People who live in supportive housing sign leases and pay rent just like their neighbors. Supportive housing is proven to help people who are persistently homeless find stability in a home of their own.*

PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT  
CORPORATION FOR SUPPORTIVE HOUSING

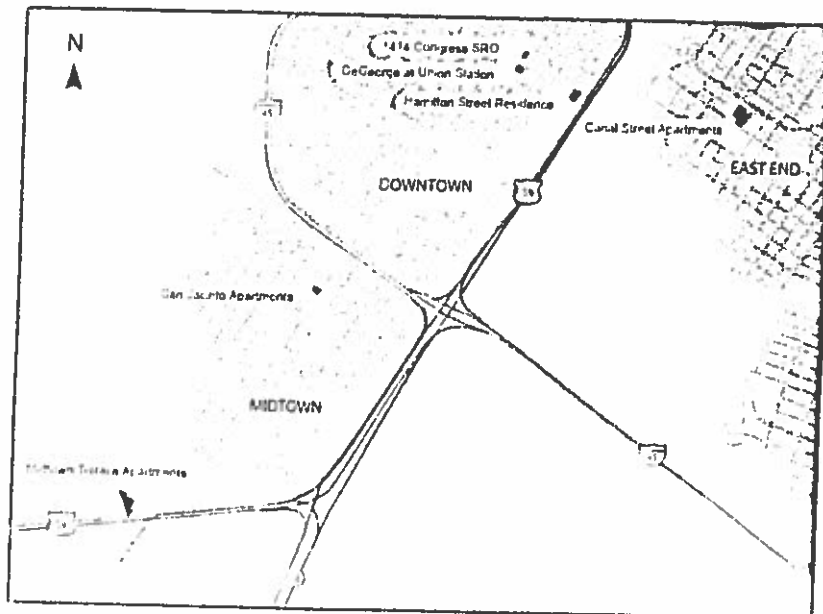
## EXECUTIVE SUMMARY

Many people in our community face challenges that make living in an affordable, independent home difficult. Permanent supportive housing pairs affordable rental units with services that help people remain in stable housing. This is the most proven, cost-effective way to help people with low-incomes and other barriers live as independent, productive community members.

A common concern about permanent supportive housing is that the residences will cause a negative impact on the property values of surrounding homes and businesses. However, studies undertaken throughout the nation have examined this claim, and all have concluded that permanent supportive housing units have either a positive or neutral impact on their neighbors' properties. It has been found that because permanent supportive housing units blend in with their surrounding neighborhood and tenants act as a typical neighbor would, there is no negative affect.

Permanent supportive housing locations owned and operated by non-profit organizations have been part of the Houston community for more than 15 years. The United Way of Greater Houston researched the impact six of these permanent supportive housing units had on neighboring property values. The supportive housing units studied in Houston all had a long-term positive impact on the properties surrounding them—increasing on average 170% from the year before opening to five years after opening.

*Permanent Housing Locations Studied*





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Special thanks to the permanent supportive housing properties for providing photographs of their properties.

# SUPPORTIVE HOUSING IN HOUSTON

Throughout Houston, several permanent supportive housing sites provide people with limited incomes a stable home to live paired with the services they need to remain in housing. Supportive housing units successfully blend in with their neighborhoods through attractive architecture and landscaping. The United Way of Greater Houston studied the effect six supportive housing units in central Houston have on surrounding property values, and found that in all instances, the neighboring properties within a 1,000 foot radius of the permanent supportive housing increased in value during the five years after opening.

## Methodology

The Furman Center for Real Estate and Urban Policy at New York University established the most commonly used method for measuring property value changes in its 2008 study titled *The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City*. Because Houston has fewer supportive housing properties to study, a modified method was used in our research.

Property value data was obtained from the Harris County Tax Office, and the combined Land Value and Improved Value was used to determine a property's value. The six properties studied were mapped using Geographic Information System (GIS) software, and 500 foot; 1,000 foot; and 5,000 foot radiuses around the properties were set.

Each location was built or converted into supportive housing during a different year, so property values for each location were obtained for the year prior to construction/conversion, the year following construction/conversion, and five years after. This data was used to measure changes in property values nearest the permanent supportive housing units—in the 500 surrounding feet and 1,000 feet areas. A comparison to changes in the larger 5,000 foot radius neighborhood was made. By comparing the property values nearest the permanent housing to the larger surrounding area, it is possible to see if the permanent housing itself had an impact on the properties. The property values within the 5,000 foot radius can be viewed as a "control group" for comparison purposes.

Some types of properties had to be excluded from the property value analysis because the value of the properties is not available—these include civic properties and new properties that did not have a value the first year of the comparison.

## Background

During the time period between 1994 and 2010, downtown Houston and the surrounding areas underwent major transformations in municipal and private improvements. Because this is the area and timeframe the permanent housing study examines, it would be overly simplistic to attribute the increase in property values solely to the development of supportive permanent housing. The following narratives include both a description of the permanent housing locations studied as well as an overview of changes that occurred in the surrounding neighborhoods during the time period examined.

The permanent housing locations studied are owned by three different entities—Cloudbreak Houston LLC, The Housing Corporation of Greater Houston, and New Hope Housing, Inc. All of the residences are single room occupancy (SRO), meaning that only one person lives in each residence and rooms have a private bathroom and are equipped with a microwave and small refrigerator. Common areas include living rooms, kitchens, fully equipped business centers and computer labs, libraries, and outdoor areas. Apartment managers and social service support staff are on-site at each location, and there is often a front desk staffed 24/7. Tenants sign leases and pay between 30% of their income and approximately \$400 per month depending on the location.

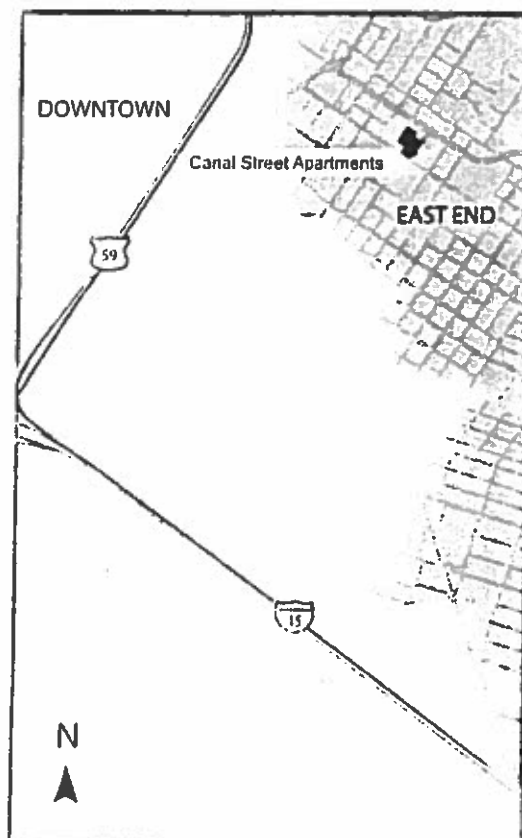
## EAST END LOCATION

### Neighborhood Changes

The Texas Legislature created the Greater East End Management District in 1999 in order to strategically implement positive real-estate, business, educational, recreational, safety, and visual enhancements in the neighborhood. According to the Greater East End Management District, "Downtown redevelopment and the opening of Houston's new baseball stadium created strong interest in properties east of I-59. Just under \$100 million in new loft apartments and town homes are now under construction between I-59 and Dowling Street."

Between 2004 and 2010 (the period that property values were analyzed near Canal Street Apartments), the following occurred:

- Each year, \$900,000 from area property taxes were invested into civic improvements in the Management District
- 2006: a \$3.4 million grant from the Texas Department of Transportation and City of Houston was used for construction and aesthetic improvements to streetscapes and underpasses leading into the neighborhood
- 2007: plans for construction of a new light rail line in the East End are announced
- 2009: \$5 million in Federal stimulus funds was awarded to bring sidewalks up to city standards
- 2009: a Livable Centers plan was announced for the Greater East end—strategically setting out proposals for enhanced transportation, housing, retail, and business opportunities
- 2004 – 2010: thousands of graffiti sites in the East End were abated

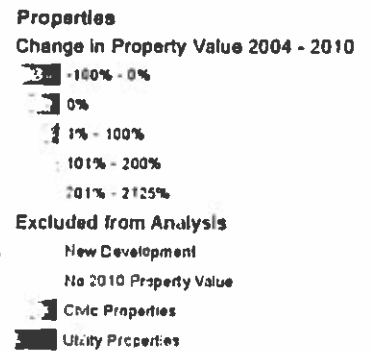
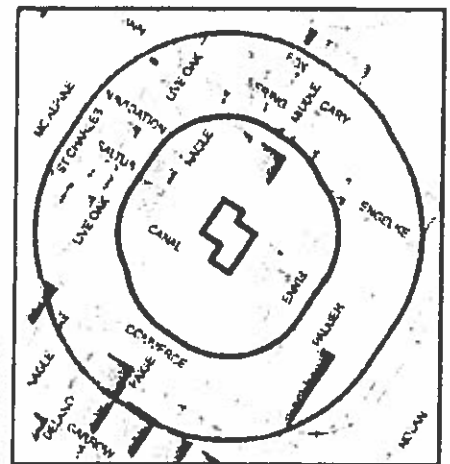
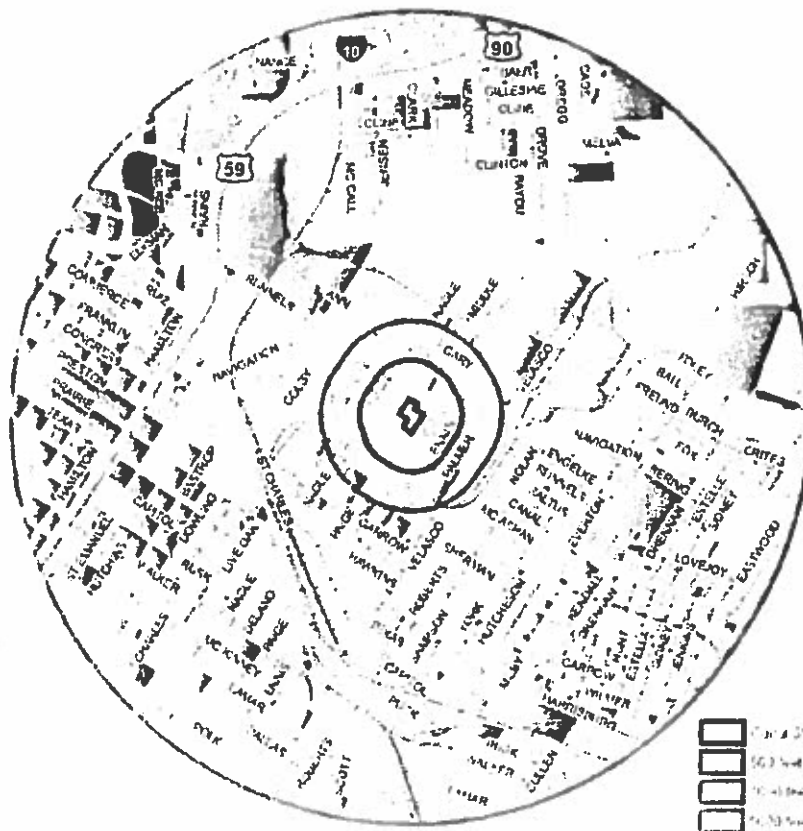


2821 Canal Street—New Hope Housing, Inc.



New Hope Housing's Canal Street Apartments opened in 2005 in the East End near the original Ninfa's restaurant, and is an attractive contemporary new construction SRO apartment building with 133 fully-furnished units. A 2009 Urban Land Institute-Houston Development of Distinction, the Canal Street Apartments are a component of revitalization in the East End, a historical neighborhood that has since the mid-1800s been a thriving culturally diverse area close to Houston's downtown.

Close-up of 1,000 feet surrounding Canal Street Apartments



Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from Canal Street Apts.	Pre-Construction to Opening 2004 - 2005	Opening to Post 5 Years 2005 - 2010	Pre-Construction to Post 5 Years 2004 - 2010
500'	34%	151%	251%
1,000'	32%	127%	202%
5,000'	30%	121%	171%

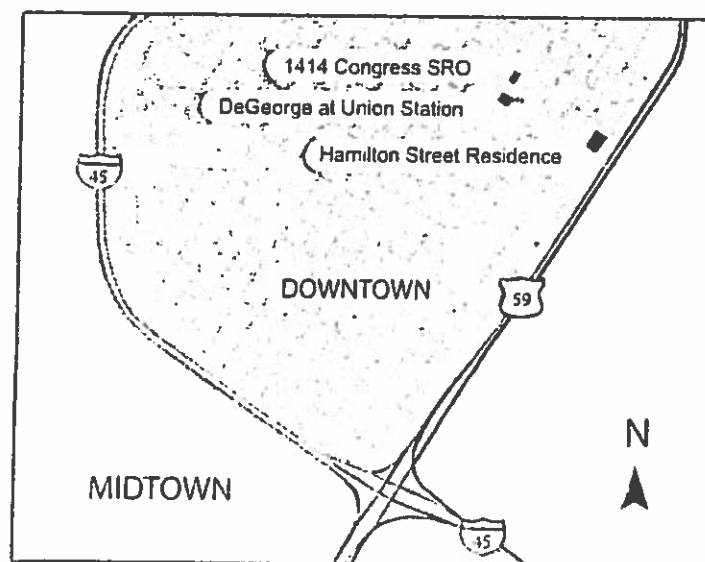
# DOWNTOWN LOCATIONS

## Neighborhood Changes

The Texas Legislature created the Downtown Management District in 1995. The Management District promotes and implements improvements to the downtown region in the areas of housing, business development, light rail transportation, aesthetic enhancement, and safety. Developers invested more than \$4 billion in downtown Houston's housing, businesses, and entertainment between 2000 and 2010.<sup>1</sup>

Between 1994 and 2005 (the period that property values were analyzed in the downtown area), the following occurred:

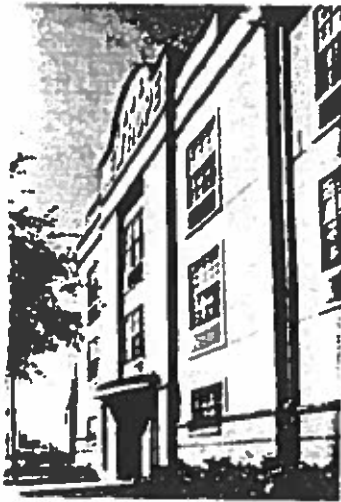
- 1995 – 1999: the amount of residential units downtown more than doubled from 900 to 2,000<sup>2</sup>
- 1995: Houston's first single room occupancy (SRO) housing opened, New Hope Housing, Inc's Hamilton Street Residence
- 1996: plans for professional baseball stadium in downtown announced
- 1997: Bayou Place in the Theater District was repurposed from the former convention center into a center for entertainment and restaurants
- 1997: University of Houston Downtown opened
- 1998: the historic Rice Hotel which stood vacant for twenty years was converted into high-end residences and opened as the Post Rice Lofts
- 1998: the Cotswold Project began, investing \$62 million into rebuilding streets and converting northern downtown areas into a pedestrian-friendly environment by adding greenery, trees and public art
- 1999: the Buffalo Bayou bridges were replaced and created an artistic entry point into downtown
- 2000: professional baseball stadium, now Minute Maid Park, opened
- 2000: the Star of Hope Men's Center, a shelter for homeless men, was relocated, causing many people living on the street to move out of the area surrounding Minute Maid Park, the Hamilton Street Residence, and the DeGeorge at Union Station
- 2003: expansion of the George R Brown Convention Center
- 2003: Toyota Center, the professional basketball and entertainment center opened
- 2003: Hilton of the Americas opened, the hotel nearest the Convention Center and the Toyota Center
- 2004: light rail along Main Street leading from downtown through the Medical Center to Reliant Park opened
- 2004: Main Street Square, a three-block pedestrian plaza with art and retail space opened
- 2005: construction of Discovery Green Park was announced and community input was sought in the transformation of concrete public parking lots into an urban green space with free exercise classes, a farmer's market, music and visual entertainment, and restaurants



<sup>1</sup> www.downtownhouston.org

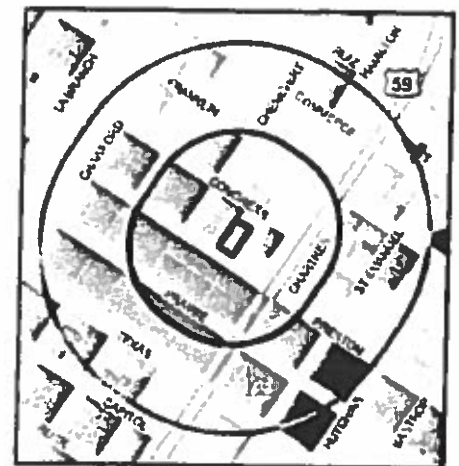
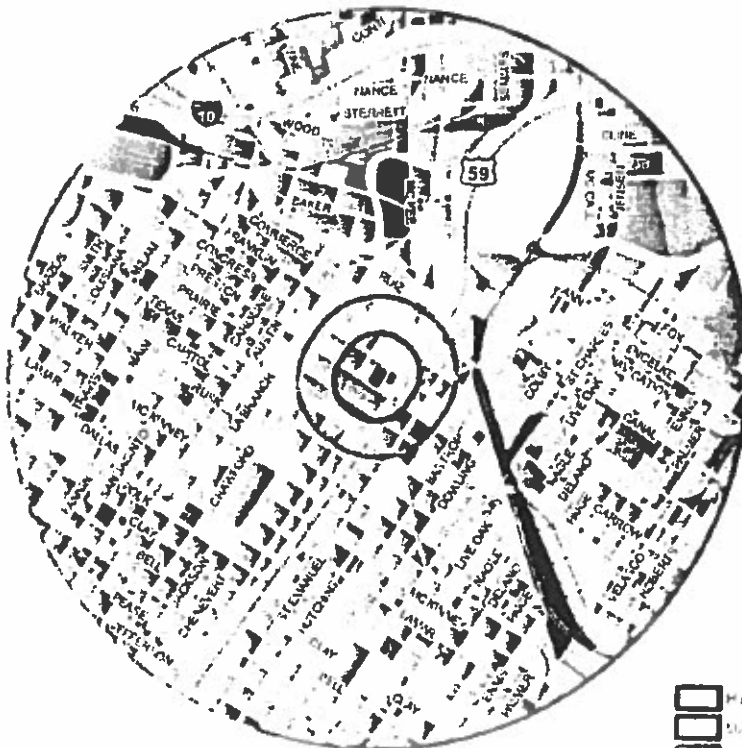
<sup>2</sup> Barua, Joel Warren. "Filling the Doughnut" 1998. Published in: Scardino, E. and Bruce Webb. *Ephemeral City*. University of Texas Press, 2003.

### 320 Hamilton Street—New Hope Housing, Inc.



In 1995, the first SRO housing in Houston opened—forty units—the first wing of New Hope's Hamilton Street Residence, just 100 feet from what would be Minute Maid Park. Due to the level of demand, the Hamilton Street Residence expanded twice and today 129 furnished units are available at an affordable rate for people in need of permanent supportive housing.

Close-up of 1,000 feet surrounding Hamilton Street Residence

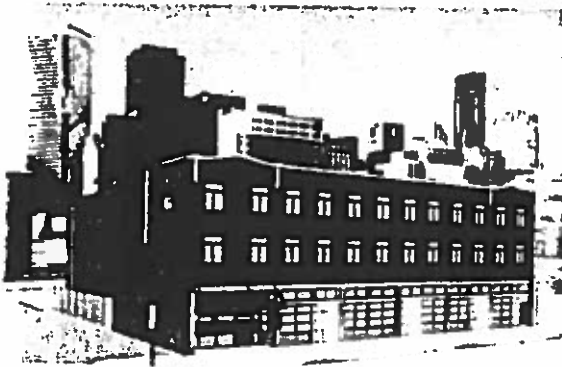


- Properties**  
**Change In Property Value 1994 - 2000**
- < 0%
  - 0%
  - 1% - 100%
  - 101% - 200%
  - > 200%
- Excluded from Analysis**
- New Development
  - No 2000 Property Value
  - Civic Properties
  - Utility Properties

### Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

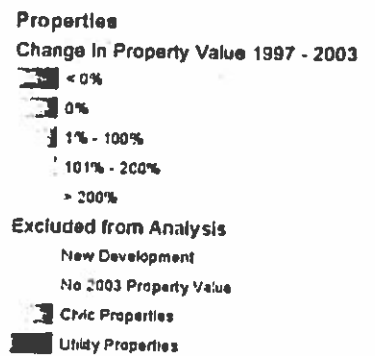
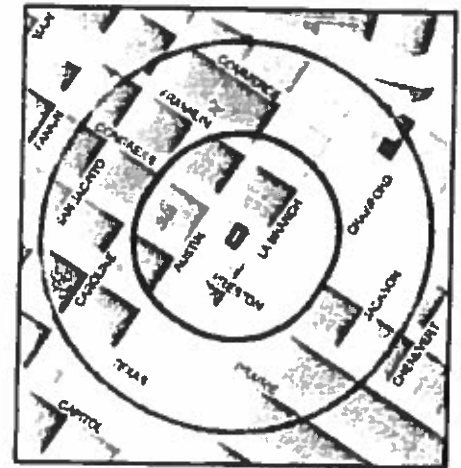
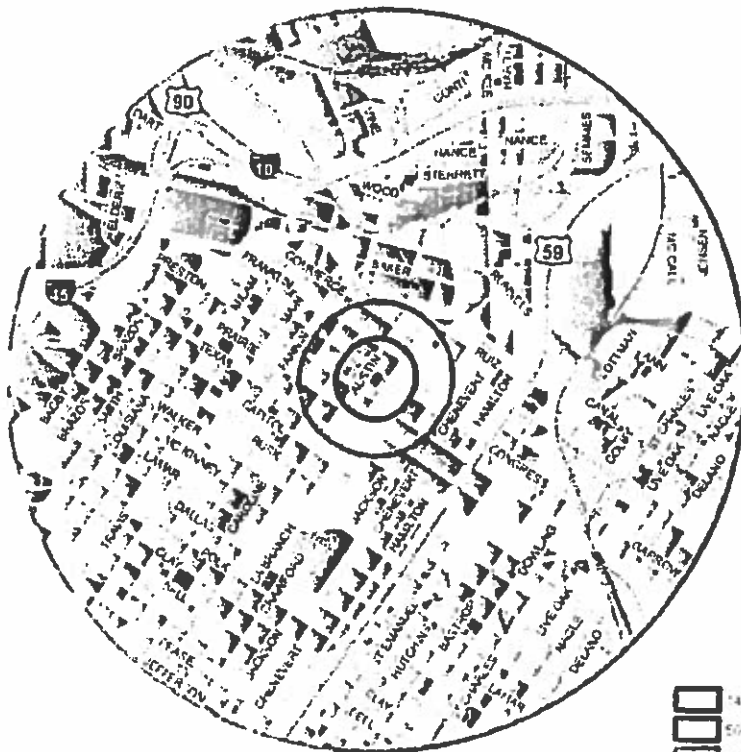
Distance from Hamilton Street Residence	Pre-Construction to Opening 1994 - 1995	Opening to Post 5 Years 1995 - 2000	Pre-Construction to Post 5 Years 1994 - 2000
500'	-2%	265%	252%
1,000'	-3%	228%	212%
5,000'	1%	53%	54%

1414 Congress Street—New Hope Housing, Inc.



In 1998 the restoration of an existing 1930s railroad or travelers' hotel was completed, and the former Powell Hotel became SRO apartments offering permanent supportive housing. Fifty seven furnished units were made available to people in need of an affordable place to live. New Hope Housing assumed governance of the property in late 2002. In 2008 the building was closed for an extensive renovation and reopened in summer 2010.

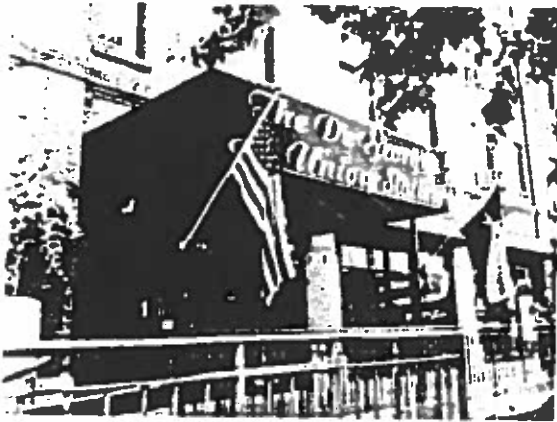
Close-up of 1,000 feet surrounding Congress Street SRO



Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

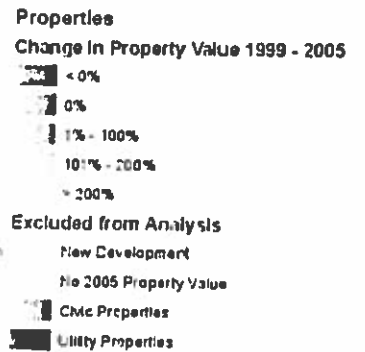
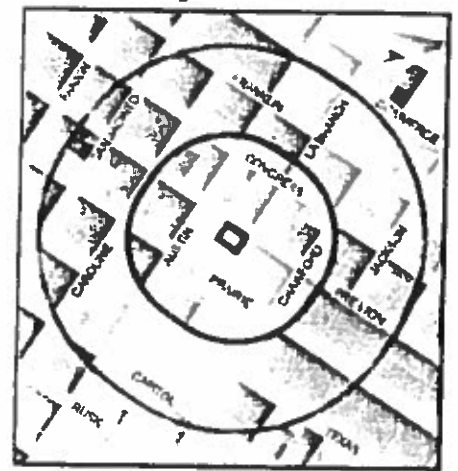
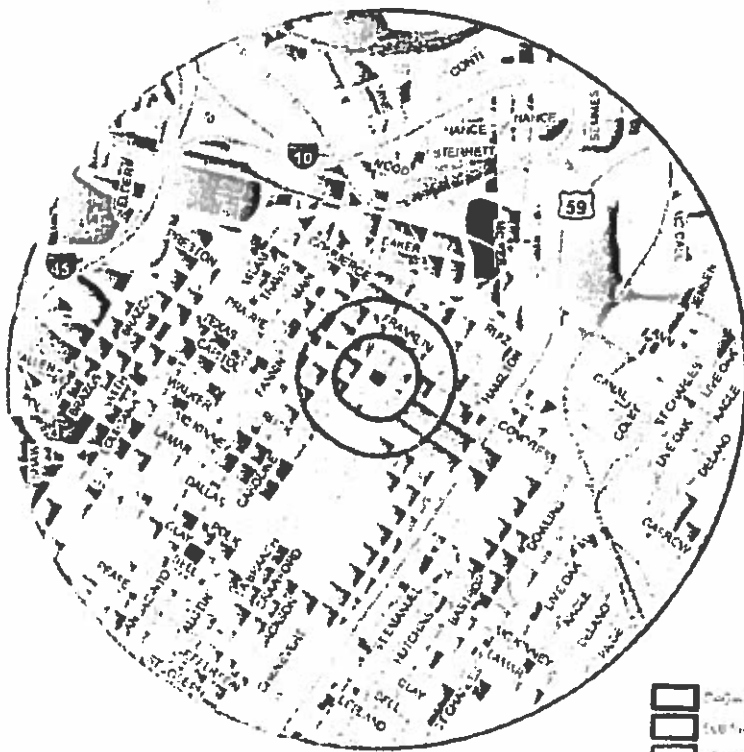
Distance from Congress Street SRO	Pre-Construction to Opening 1997 - 1998	Opening to Post 5 Years 1998 - 2003	Pre-Construction to Post 5 Years 1997 - 2003
500'	-238%	325%	151%
1,000'	-153%	227%	268%
1,500'	-33%	135%	144%

1418 Preston—DeGeorge at Union Station, The Housing Corporation of Greater Houston



The 100 unit DeGeorge at Union Station SRO apartment for veterans opened in 2000 after a \$3 million renovation of the historic building was completed. The building was originally constructed in 1913 as a high-end hotel near the Union Station for passenger trains. Over the years, the hotel fell into disrepair and eventually became a semi-abandoned "by the hour" hotel. To meet the needs of the veterans who live at the DeGeorge, a Veterans Administration staffed health care center is located on-site.

Close-up of 1,000 feet surrounding De George at Union Station



Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from DeGeorge at Union Station	Pre-Construction to Opening 1999 - 2000	Opening to Post 5 Years 2000 - 2005	Pre-Construction to Post 5 Years 1999 - 2005
500'	107%	13%	120%
1,000'	57%	28%	36%
5,000'	32%	98%	154%



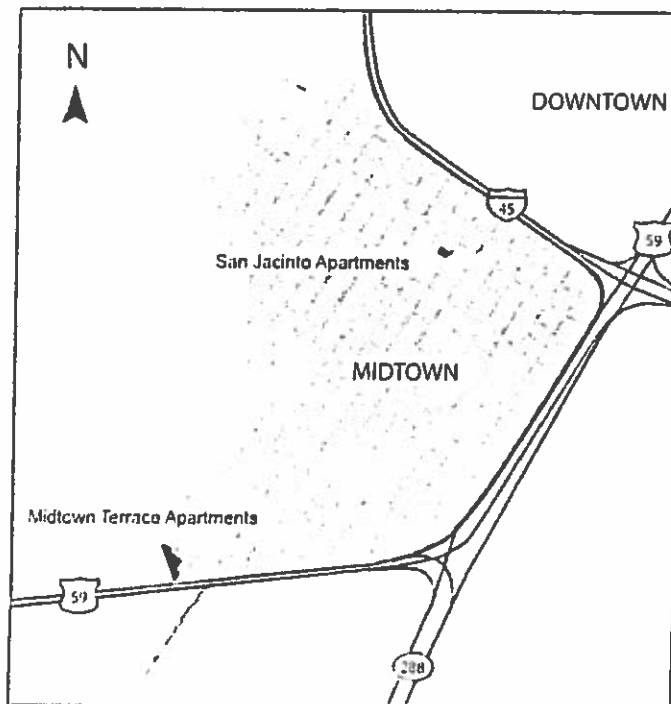
# MIDTOWN LOCATIONS

## Neighborhood Changes

The City of Houston authorized the Midtown Redevelopment Authority whose goal is to increase and enhance housing choices, employment, education, retail, and entertainment in 1995. In 1999, the Texas Legislature created the Midtown Management District whose mission is to improve marketing and perception, urban planning, services and maintenance, and security and public safety for the Midtown area. Between 1990 and 2000 the area within the Midtown SuperNeighborhood saw the population increase from 3,070 to 5,311 and 2,200 multi-family units opened.<sup>3</sup>

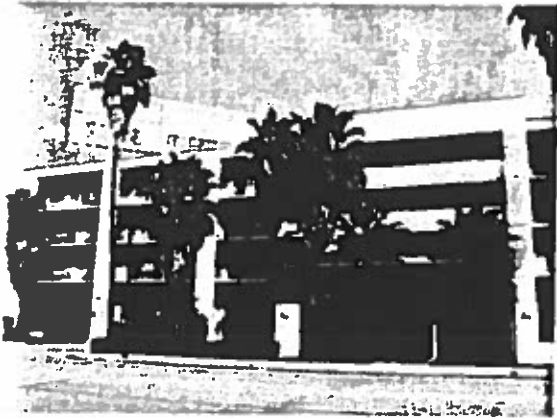
Between 1996 and 2005 (the period that property values were analyzed in the midtown area), the following occurred:

- 1999: Midtown VISIONS Cultural Art Tour began and has been an annual event since
- 2000: street light program began - end result is 1,700 new street lamps in Midtown
- 2001: Midtown Paper began with the goal of portraying the positive aspects of living and working in the neighborhood
- 2001: public safety program enacted to deter and prevent crime
- 2002: annual neighborhood plant and tree planting and trash pickup event began
- 2004: Main Street light rail began
- Federal Transportation Administration awarded grant to improve accessibility for pedestrians in area
- Midtown Park was created, providing a well-maintained green space for recreation and sports



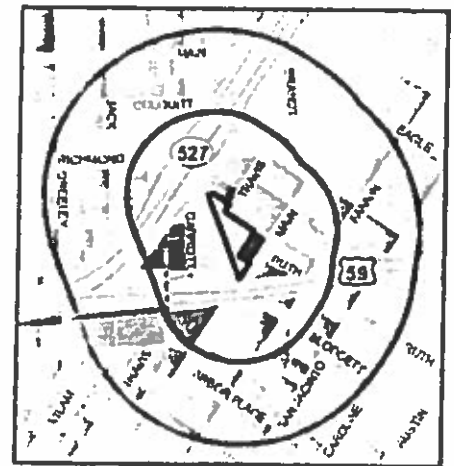
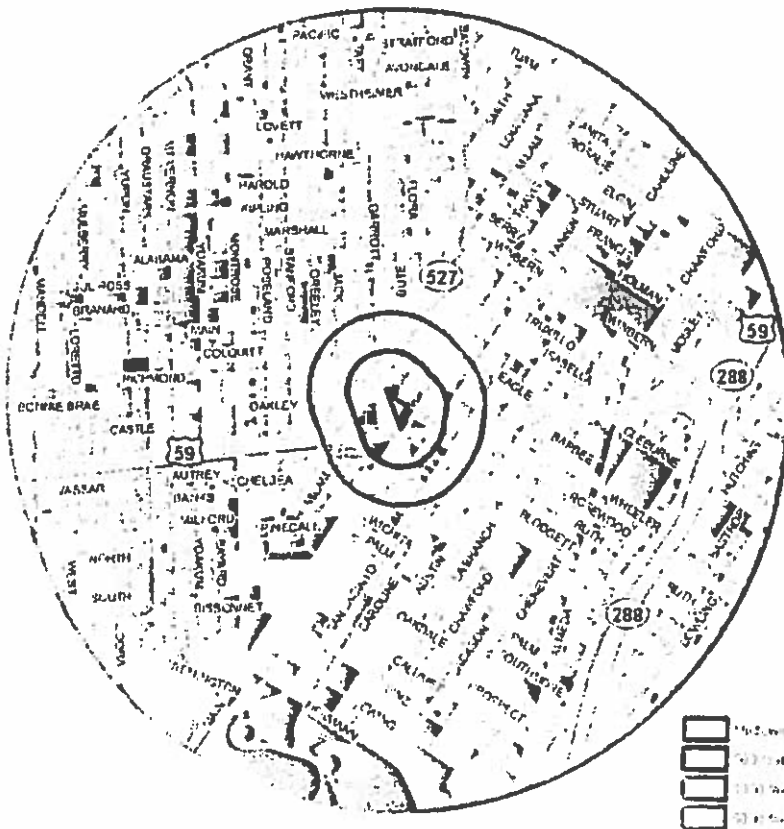
<sup>3</sup>Houston Land Use and Demographic Profile, City of Houston Planning and Development Department, 2000.

4640 Main Street, Midtown Terrace, Cloudbreak Houston LLC



In 1997, after remodeling and converting a Days Inn Motor Lodge into SRO apartments, Midtown Terrace SRO opened. There are 170 units of affordable housing available for veterans at the location, and support services are offered by US Vets on-site.

Close-up of 1,000 feet surrounding Midtown Terrace



- Properties**
- Change in Property Value 1996 - 2002**
- < 0%
  - 0%
  - 1% - 100%
  - 101% - 200%
  - > 200%
- Excluded from Analysis**
- New Development
  - No 2002 Property Value
  - Civic Properties
  - Utility Properties

Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

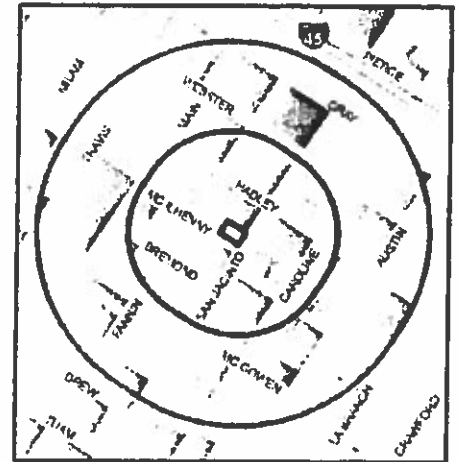
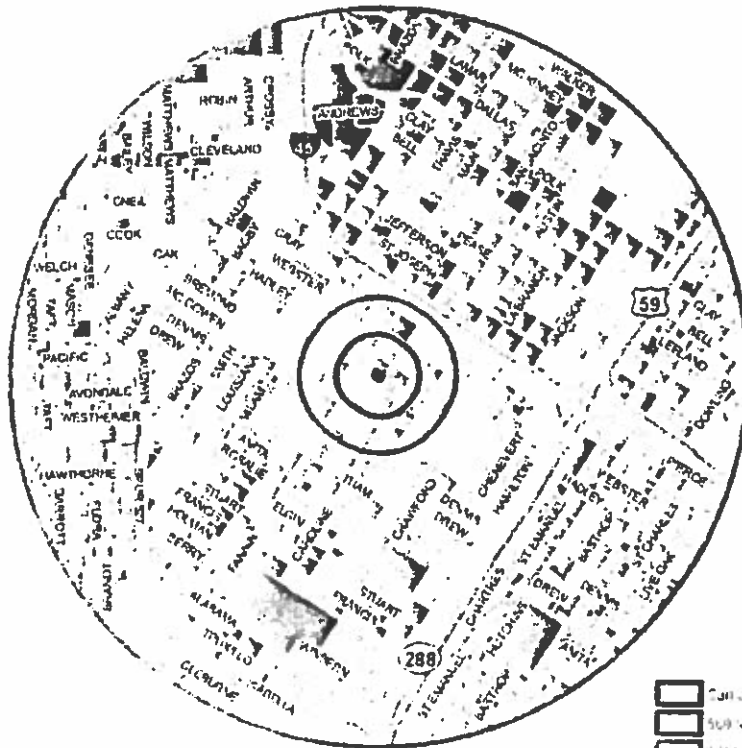
Distance from Midtown Terrace	Pre-Construction to Opening 1996 - 1997	Opening to Post 5 Years 1997 - 2002	Pre-Construction to Post 5 Years 1996 - 2002
500'	7%	97%	77%
1,000'	2%	99%	97%
5,000'	3%	78%	82%

1111 McIlhenny, San Jacinto Apartments, The Housing Corporation of Greater Houston



The Housing Corporation of Greater Houston renovated a historic building and opened as a 33 unit affordable permanent SRO housing in 2000. The building was originally owned by a business that used it as temporary housing for out-of-town employees, and the remodeling project cost \$1.5 million.

Close-up of 1,000 feet surrounding San Jacinto Apartments



- Properties**
- Change in Property Value 1999 - 2005**
- < 0%
  - 0%
  - 1% - 100%
  - 101% - 200%
  - > 200%
- Excluded from Analysis**
- New Development
  - No 2005 Property Value
  - CMc Properties
  - Utility Properties

Proximity to Permanent Supportive Housing and Appreciation of Property Values After Opening

Distance from San Jacinto Apartments	Pre-Construction to Opening 1999 - 2000	Opening to Post 5 Years 2000 - 2005	Pre-Construction to Post 5 Years 1999 - 2005
500'	29%	124%	183%
1,000'	17%	97%	136%
5,000'	35%	84%	133%

## WHAT MAKES SUPPORTIVE HOUSING WORK SUCCESSFULLY IN A NEIGHBORHOOD?

*Theoretically, supportive housing developments could either depress or raise neighborhood property values. If the development isn't well-maintained or doesn't blend in well with the surrounding community, it could have a negative impact on neighborhood property values. Similarly, if the residents of the new supportive housing engage in offensive behavior or participate in or are targets for illegal behavior, the housing might cause prices to drop. On the other hand, if a new development is attractive and replaces a community eyesore, such as an abandoned or vacant property, or helps to house people who otherwise would be living on the streets nearby, it likely would have a positive impact on property values. Similarly, if the new development is a conscientious and good neighbor and provides useful services to the community, it could raise the price.*

-NYU's Furman Center for Real Estate & Urban Policy,

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

### What do Leaders in Houston Think About Permanent Supportive Housing?

*High quality permanent housing, coupled with excellent management, is crucial to gaining neighborhood confidence.*

-Michael M. Fowler, board president of New Hope Housing, Inc.

*Originally, people were hesitant about a supportive housing location being proposed for our area—thinking it would be like a problematic halfway house. The neighborhood's whole attitude toward subsidized housing has changed as a result of New Hope. The Canal Street Apartments has excellent care, oversight, and management. They have a person on staff 24 hours a day with a single point of entry, making sure people on the property are actually supposed to be there. The building is one of the most attractive in the neighborhood and has created a positive change.*

-Diane Schenke, President of Greater East End Management District

## WHO ARE SUPPORTIVE HOUSING TENANTS?

Residents of supportive housing are individuals and families who might have been homeless, who also have very low incomes due to low-wage employment or physical or cognitive disabilities. Some residents are older adults living on fixed incomes or veterans who served in the military in need of affordable housing. They might have chronic health conditions or permanent disabilities related to mental illness, physical disabilities, or substance abuse. Life situations such as these often make it difficult for a person to find stable housing, but with the necessary support services and affordable rent, tenants are able to thrive.

### In Their Own Words

#### **Perry:**

*As a disabled Vietnam Veteran, I am unable to work, and I live on a very limited budget. Until last February, when I moved into Canal Street, I was in a shabby apartment with no heat or air conditioning. My health was deteriorating and I knew I could not face another hot summer or cold winter in that awful place. Luckily, a friend of mine saw the article about Canal Street in Houston Home and Garden and we came to see the property.*

*I could hardly believe my eyes when we drove into the parking lot. The building is new and beautiful, landscaped and well lighted and everyone was so friendly. The community manager and assistant took a lot of time showing me the building, the community spaces and the apartments. The veranda upstairs even has a view of downtown Houston.*

*The best part, though, is my apartment. It came with a lot of furniture and the appliances built in, so I just needed my personal items and linens to make it a real home. I now have my own little cooking area, my own private bath, windows and good light and a lockable private apartment—I really have a home. And it is heated and air-conditioned—so comfortable.*

*Living here is so much healthier for me, and so much for comfortable. It has lifted my spirits and changed my life for the better. Honestly, it has been an adjustment to live in a community, as I lived alone for so long. I've gotten to know my neighbors and it's good to see people every day who know me and whom I know.*

*Sincerely,  
Perry*

#### **Pat:**

*My journey began with a string of poor choices of my own making, that resulted in many other difficult experiences in my life. Getting pregnant at the age of sixteen, which should have been one of my life's greatest highlights, actually set in motion a new set of circumstances and problems.*

*A failed dysfunctional marriage at the age of seventeen introduced me to life in the fast lane, and that comes with: alcohol, drugs, crime, and incarceration. But more importantly, my greatest loss was relationships with my child, family, and my relationship with the God of my understanding. I wanted to change, but somehow I was powerless to do anything to bring about that change. Finally, after years of living my life in frustration, and hopelessness, I cried out to God to give me whatever it was that I was missing because I was so tired of being sick and tired!*

*However, the answer didn't come as I had expected; He truly did for me what I could never have done for myself. On June 3rd, 1994 I was arrested and remained incarcerated for six years. Upon my release back into society, I checked myself into an innovative transitional living facility for women. It was there that I first heard of New Hope; the name alone sounded inspiring to me. After my graduation from the transitional program, I applied and was accepted as a resident of the New Hope Hamilton Street residence. Truly, this was a new beginning that's given me a "new hope." A clean and safe living environment that's affordable is a blessing beyond measure or words to even explain all the advantages of being a resident at New Hope. I've resided at New Hope since December, 2005. Not only am I a resident, I am also presently a part-time employee, employed by New Hope, which has been a benefit that's had a very positive affect on my life.*

*No matter what the future holds for me, I will be forever grateful to New Hope, the staff, and all those involved for assisting me in the rebuilding of my life.*

*Gratefully yours,  
Pat*

# SUPPORTIVE HOUSING THROUGHOUT THE COUNTRY

Every city that has studied the affects of supportive housing on property values has come to a similar conclusion—that supportive housing properties either have a neutral or positive impact on neighboring properties.

## Denver

A study of 11 supportive housing apartment complexes in Denver found that the facilities had a positive impact on property values within 1,001 to 2,000 feet of the supportive housing.

"We found no evidence that the announcement and development of these supportive housing sites was associated with any negative impact on proximate [property] prices. On the contrary, the areas within 1,001 to 2,000 feet of these sites experienced both a post-announcement/ operating increase in both general level and trend in [property] prices relative to the prices of similar [properties] in the same census tract not near such facilities."

- "Supportive Housing and Neighborhood Property Value Externalities," *Land Economics*, Feb 2004

## Chicago

The economic and social impact of seven supportive housing properties in the Chicago Metropolitan Area was examined using four different methods, and determined, "[W]e find no evidence that group homes adversely affect neighborhood property values."

- "The Effect of Group Homes on Neighborhood Property Values," *Land Economics*, Nov 2000

## Fort Worth

Three permanent supportive housing developments in Fort Worth were used to determine the property value effects. "Each of the three permanent supportive housing developments examined appreciated in value between 2000 and 2004 as well as between 2000 and 2008. The largest property value increases for neighboring properties were for those parcels within 500-feet of a permanent supportive housing development."

Proximity to Permanent Supportive Housing and Annual Property Value Appreciation per sq ft

	Cornerstone New Life Center		Samaritan House & The Villages at Samaritan House		Pennsylvania Place Apartments	
	2000 - 2004	2004 - 2008	2000 - 2004	2004 - 2008	2000 - 2004	2004 - 2008
Properties within 500 Feet	29.17%	23.57%	23.3%	15.75%	35.91%	20.48%
Properties within 1,000 Feet	22.99%	19.79%	15.54%	13.06%	20.83%	15.08%
Census Tract	23.07%	19.22%	14.88%	12.36%	18.09%	12.84%

"Our Neighbors, Our Neighborhoods: The Impact of Permanent Supportive Housing on Neighborhoods in Fort Worth, Texas," Sept 2009

## Philadelphia

The immediate effect of a supportive housing site opening in a neighborhood does not adversely affect surrounding housing values. In fact, the opening of supportive housing in a neighborhood is associated with a positive effect on housing values over time (grew 1.8% faster per year than the baseline 5% increase citywide home value increases).

- "Project HOME's Economic and Fiscal Impact on Philadelphia Neighborhoods," Econsult Corporation, Nov 2007

## Connecticut

The data collected to assess the impact of the [supportive housing] projects on neighboring property values implied that the markets surrounding all but one of the projects improved from the date of our first evaluation, June 25, 1999 through March 1, 2002. [For the property whose neighboring values decreased], the decrease in values, however, was a nominal \$1.96 weighted average per square foot.

- "Chapter 3. Impact of the Projects on Neighboring Property Values," Connecticut Housing Demonstration Program

## CONCLUSION

The United Way of Greater Houston's research confirms that permanent supportive housing units have no negative impact on their neighbors' property values. In fact, the opposite affect is exhibited. Property values closest to the supportive housing increased at a higher rate than those in the larger neighborhood. Public and private funders of homeless services must continue to provide permanent solutions to ending homelessness, and well-managed properties paired with support services are key to ending chronic homelessness.



United Way of Greater Houston

50 Waugh Drive  
Houston, Texas 77007

713 685-2300  
[www.unitedwayhouston.org](http://www.unitedwayhouston.org)



## **Exhibit 8-A: Sample Research on the Impact of Affordable Housing on Housing Values**

(reprinted with permission from HOMEBASE, a public interest law and social policy center on homelessness)

1. *Habitat for Humanity South Ranch 2 Community Impact Study* (Coopers and Lybrand, AZ 1994)

Study of potential impact of a proposed 196-unit owner-built and occupied home development in a previously unoccupied area of Phoenix concluded that the development would benefit the overall community by bringing in a community-committee, stable, working families, drawing commercial development to a new area and spacially linking existing developed areas of Phoenix.

2. *Relations Between Affordable Housing Development and Property Values* (Institute for Urban and Regional Development, University of California, Berkeley, CA, Working Paper 599, 1993)

Determined that proximity to affordable housing is not a significant factor in determining sales prices and, in one instance, may have had a positive impact on sales prices.

3. *Measuring the Effects of Affordable Housing on Residential Property Values* (San Francisco State University, unpublished master's thesis, Smith, B., 1992)

Analysis found that among 13 "proximity zones" the highest increases in value and the lowest turnover rates were in areas closest to an affordable housing facility.

4. "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.

5. *Texas Department of Mental Health and Mental Retardation: Questions and Answers* (Johnson and Olson Associates of Austin, TX, 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.





6. *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.

7. *The Impact of Group Homes on Residential Property Values* (The Maryland-National Capital Park and Planning Commission, Prince George's County Planning Department, MD, 1988)

Study found that most areas around group homes appreciated more than other similar areas in the county. Determined that there is no correlation, positive or negative, between location of group homes and neighboring property values.

8. *Impact Study for Sacramento Housing and Redevelopment Agency* (Spear Street Advisors, Inc., San Francisco, CA, 1988)

Determined that proximity to affordable housing was not a statistically significant factor affecting property values.

9. *Impacts on the Surrounding Neighborhood of Group Homes for Persons with Developmental Disabilities* (Illinois Planning Council on Developmental Disabilities, Daniel Lauber, Springfield, IL, 1986)

Research ascertained that the location of group homes had no effect on property values, mean sales price or residential turnover rates.

10. *Impact of Affordable Housing on Property Values* (Lynn Sedway and Associates, 1983)

Study determined that appreciation rates near affordable housing were at least as high as the area average.

11. *Long Term Neighborhood Property Impacts of Group Homes for Mentally Retarded People* (Woodrow Wilson School of Public and International Affairs, Princeton University, NJ, 1982)

Of 32 group homes all over New York State, none had a short- or long-term impact on neighboring property values.

