



COMMON MYTHS

A number of myths about affordable housing continue to circulate. But in reality, communities benefit when they ensure access to affordable housing.

Myth #1: “Affordable housing will lower property values in my community.” *Response:* A number of studies have documented that contemporary affordable housing developments have no impact on nearby property values, and in some cases contribute to increased property values. One study conducted in Minneapolis found that “proximity to nonprofit-developed subsidized housing actually enhances property values.” A recent study of four very low-income family housing developments in suburban Chicago revealed that affordable housing can have a positive impact on surrounding property values. ^[1]

¹Numerous studies over time from around the country support the general notion that affordable housing has no negative impact on surrounding property values. ^[2]

Myth #2: “Affordable housing residents won't ‘fit in’ to our community; or affordable housing will lead to an increase in crime in my community.” *Response:* This objection is often a code term for racist attitudes against blacks and Latinos since the media paints people of color, particularly those in public housing, as “the face” of affordable housing. In most cases, however, people who need affordable housing are already members of the community no matter what their race. They are senior citizens living on fixed

incomes and families working entry-level and low-wage jobs. They are preschool teachers, travel agents, food service workers, clergy, and medical assistants. There is no evidence that affordable housing brings crime to a neighborhood. 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.

Myth #3: “Affordable housing developments are a waste of taxpayer money.” *Response:* The largest subsidy for housing in the United States is the federal homeowner mortgage interest tax deduction which totaled \$108 billion in FY 2003. This is more than three-and-half times the entire budget for the U.S. Department of Housing and Urban Development, and larger than the budgets of every state except California. And it’s high-income families who benefit – approximately 50% of these benefits went to the top 11% of all U.S. taxpayers. ^[3] Homeownership, therefore, is not the embodiment of self-sufficiency and independence from public subsidy as the rhetoric purports. The reason units at a redeveloped or newly constructed “affordable housing” building can be offered at below-market rents or purchase prices is that the up-front acquisition and development costs of financing would be reduced by federal tax credits and grants from such sources as the Illinois Housing Trust Fund. In other words, the day-to-day operating costs and the rental income would not be subsidized by the municipality.

Myth #4: “Land in my community is too expensive for affordable housing.” *Response:* Expensive land doesn’t automatically exclude the development of affordable housing. Sometimes it’s a better bargain because the

land is in better shape. Less expensive land is often in poorer shape and requires more site preparation and increases the overall development costs.

Myth #5: “Affordable housing will look like “cheap housing.” *Response:*

Affordable housing must comply with the same building restrictions and design standards as market-rate housing. Because it is often funded in part with public money, sometimes it needs to comply with additional restrictions and higher standards than market-rate housing. 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 #6: “Affordable housing will bring more traffic to the

community.” *Response:* Studies show that affordable housing residents own fewer cars and drive less often than those in the surrounding neighborhood. ^[4]

Myth #7: “Affordable housing will bring lots of large families to the

community, thereby increasing the burden on schools and roads.” *Response:*

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. ^[5]

Although not all multi-family rental units are affordable, they make up the bulk of affordable housing.

Myth #8: “Affordable housing doesn’t contribute to the local tax base and

overburdens the local property tax system.” *Response:* Nationwide, the effective

tax rate (property tax paid relative to the market value) for multi-family complexes is significantly higher than single family homes. [6] Thus, multi-family developments pay their “fair share” in local property taxes. Furthermore, as stated above, multi-family housing actually produces less burden on the local tax system in terms of new services generated than single family homes.

Conclusion: Everyone Benefits from Affordable Housing

In conclusion, the evidence clearly shows that a *lack* of affordable housing has a negative affect on employers, seniors, poor people, immigrants, entry-level and service sector workers, and public sector professionals such as teachers, firefighters, and policeman. A shortage of affordable housing also has a negative impact on broader quality of life issues, such as the economic development of the region, traffic congestion, commute times, and air quality. In short, housing issues affect us all.

By ensuring access to affordable housing, communities can enjoy greater economic development, lower pollution and less traffic, improved access to services, and a better quality of life for everyone.

1. Michael MaRous, “Low-Income Housing in Our Backyard: What Happens to Residential Property Values?” *The Appraisal Journal* 64, 1, (1996): 27-34.

2. The National Association of Realtors is an excellent source of studies on the relationship between affordable housing and property values. See "[Field Guide to Effects of Low-Income Housing on Property Values](#)". 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); 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.

3. U.S. Census Bureau, 2001 Statistical Abstract of the United States, Section 9: Federal Government Finances and Employment. See also: [National Low-Income Housing Coalition](#).

4. See: Building Inclusive Community: Tools to Create Support for Affordable Housing Home Base/The Center for Community Concerns (1996).

5. U.S. Census Bureau American Housing Survey, 1995 and U.S. Census Bureau's Current Population Survey, 1998.

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