

Does affordable rental housing decrease neighbouring property values?

In established neighbourhoods, residents often believe that new rental housing lowers property values. As a result, Not in My Backyard (NIMBY) syndrome can be a barrier to developers wanting to increase density.



There is increasing evidence that affordable rental units are not a threat to local property values and are instead a net plus. This is because compact development can help build stronger, healthier communities.

Does affordable rental housing lead to lower property values?

To find out the facts, we went looking for credible research on the topic. We started with the Chicago-based National Association of REALTORS® online library where we found links to more than 20 comprehensive studies and articles, some of which, in turn, reviewed and analyzed data from other studies.

The authors were academics, government, non-profits and independent researchers, ranging from Harvard University's Joint Center for Housing Studies to the Journal of Policy Analysis and Management.

The geographic areas studied included high-density urban areas, upscale suburbs and rural areas. Typically, studies compared the sale prices of nearby homes before, during and after rental housing is built.

What did the data find?

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In Vancouver, whether it's laneway homes or new multiple family units, there has never been an example of neighbourhood property values declining because of higher density, reports the City of Vancouver.

In contrast, quality higher density developments bring benefits including decreased pollution since more residents walk, cycle and take transit.

Most often, average home prices increase more in areas where there is new high density development than in areas where there is not, according to research in seven communities done by the BC Housing Policy Branch. So why do some existing residents oppose affordable rental development?

Michael Geller, an architect, planner and SFU adjunct professor at the SFU Centre for Sustainability, has been involved with numerous rezoning applications throughout the Lower Mainland which have been oftentimes vehemently opposed by NIMBY groups in both public and private sectors.

Geller explains that existing residents often fear that new development will create significant traffic congestion and other friction which will reduce property values.

“The solution is to engage the neighbourhood at an early stage in the planning process” says Geller, “so that residents don't think that a building has been designed without any input and has been thrust upon them.”

To read the studies we refer to:

National Association of REALTORS® (NAR): www.realtor.org and click on Library and then Field Guides (scroll down) and then Effects of Low-Income Housing on Property Values.

BC Office of Housing and Construction Standards: www.housing.gov.bc.ca/pub/index.htm and select the section headed Planning Information and Social Housing (for studies on NIMBY and property values).

Geller advises that if the appearance of the new housing development is similar to the appearance of the surrounding neighbourhood, and if the buildings are well maintained and managed, there will be less resistance, and myths that lead to NIMBY syndrome will not become a reality.

What about property values? “If the new rental housing is at higher density compared to the surrounding area it could well lead to an up-zoning of adjacent properties resulting in higher values,” says Geller.

A key benefit to higher density affordable housing is keeping property taxes stable, according to Geller. “Infrastructure such as roads and water pipes typically have to be replaced every 50 years. If there are no new residents to share upgrading costs, then home owner property taxes are going to increase.”

Information as obtained from <http://www.bcrea.bc.ca/economics/economics.htm>