



The Question of Property Values

Michael Dear and Robert Wilton

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In the Fall of 1994, the Campaign for New Community group commissioned Professor Michael Dear to undertake a series of research tasks to aid the group in their efforts to provide shelter and services for needy people in Washington D.C.

The results of this commission are series of Handbooks that are intended for use by service providers, activists, advocates, community leaders, planners, and service consumers and clients. The recommendations and guidance provided in the Handbooks are based on extensive research which is itself fully detailed in an accompanying set of Research Reports. A full listing of all the Handbooks and Research Reports produced during this project is to be found at the end of this document.

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The following individuals contributed to the preparation of the Handbooks and Research Reports in

this series:

- Michael Dear, Ph.D., Principal
- Andrew Straw
- Robert Wilton, M.A., Project Manager
- Lois Takahashi, Ph.D.
- Dallas Dishman, B.A.
- Jurgen von Mahs, B.A.
- Sharon Gaber, Ph.D.
- Lawrence Mull
- Deborah Metzger, M.A.

Introduction

Although there are many stated reasons why communities react unfavorably to human service facilities, the fear that a facility's presence will detract from the value of adjacent and nearby properties is perhaps the most commonly reported (Strickney, 1977; Lupin *et al.*, 1982; Anello and Shuster, 1985; Homebase, 1989; Dear, 1991). In many ways, perhaps the strength of this reaction is to be expected. Along with personal safety, a home and the capital invested therein occupy a high priority in many people's day-to-day lives. Perceived threats to this home, the quality of the surrounding environment, and by implication, the value of the property, however erroneous, are therefore potent catalysts for community mobilization against a planned human service facility.

In this annotated bibliography, an attempt is made to identify and briefly summarize a broad spectrum of research dealing with the property value impact of human service facilities. As one component of a resource guide designed to assist with siting, the accumulated materials may help to allay residents' fears and engender acceptance of a facility as simply another thread within the community fabric. The bibliography looks at almost fifty studies, both as primary and secondary sources. The studies focused on a number of different facility-types, including group homes for people with mental disabilities, group homes for people with mentally retardation and developmental disabilities, mental health outpatient facilities, subsidized/affordable housing, and foster homes. In simple terms, an overwhelming majority of the reports indicate that facilities have little or no negative impact upon surrounding property values. Indeed, in several instances, the opening of a facility appeared to exert a positive effect upon its immediate environs.

If we consider the studies in a little more detail, six criteria for detecting the property value impact of facilities are commonly employed. These are:

- changes in the market value of surrounding properties;
- changes in the rate of property turnover (i.e. whether the facility, or news of the facility, affected neighborhood stability by inducing a rash of sales);
- changes in the time properties spent on the market (i.e. whether the facility made properties nearby less attractive to potential buyers);
- distance decay (whether properties immediately adjacent to a facility performed more poorly on the housing market than properties at greater distances from the facility);
- residents' awareness of, and/or opinions about, the facility's existence; and
- the design and appearance of the facility relative to the appearance of the surrounding environment.

In the remainder of this introductory statement, the findings of the surveys with regard to each of these indicators are summarized.

1. Market Values

Not surprisingly, almost all of the studies considered the impact of facility siting upon the market values of surrounding properties. From a total of forty three studies, thirty two indicate that they found no significant impact on surrounding property values. Of these, twenty nine were quantitative studies (or reviews of a number of quantitative studies) which analyzed property sales before and after the opening of a facility [2, 4-7, 10, 13, 15, 17-21, 25-29, 31, 32, 34, 36-38, 40-43, 46]. Three additional studies used more qualitative methods, eliciting residents' perceptions about the impact of a nearby facility [11, 23, 24]. All three studies suggest that the initial concerns

of residents tended to dissipate once the facility had opened and the negative externalities had largely failed to appear. Arens, in her study of five community residences for the mentally ill in Long Island, suggests that although one neighbor did complain about a nearby facility, none of the seventy five neighbors interviewed were able to demonstrate a problem selling homes in the vicinity of the residences [23].

In addition to those thirty one studies which found no significant negative impact, six additional studies suggest that not only do community-based facilities not have a negative impact, they may in some cases exert a positive influence upon those properties around them [3, 8, 12, 14, 22, 30]. Wiener *et al.*, for example, found that subject property values around two of the eight small residential facilities for the mentally retarded that they studied actually exceeded the upper limits of the control property values. Explanations for these positive impacts often look to the well-maintained nature of many facilities and their grounds. As has been discussed elsewhere, the ability to offer neighbors a well-designed and aesthetically pleasing facility may be an important bargaining chip when working towards community acceptance.

Three studies found somewhat inconclusive evidence concerning property value impacts [1, 16, 35]. In each case, findings pointed toward the minimal impact of facility siting, but not conclusively so. Linowes, for example, in a review of six studies conducted between 1966 and 1983 found that property prices declined in one instance. Finally, two studies did find a negative impact on property values. A study by Gabriel and Wolch in Oakland, California, was unusual in that it segmented the housing market by race. Their findings suggest that service facilities for adults negatively impact the non-white housing market, while service facilities for juveniles had a negative impact on the white submarket [33]. A second study by Guy *et al.* examined subsidized housing projects in Fairfax county, Virginia, suggesting that houses further from the affordable units tended to sell for better prices [39]. However, this finding has been challenged by Baird who conducted a similar examination of four other projects in Fairfax county and found that property values increased toward the subsidized housing [38].

2. Turnover of Properties

A second commonly used indicator of facility impact is property turnover. Opponents of proposed community-based facilities frequently argue that the latter's undesirability will induce a spate of home and/or business sales leading to a weakening of community stability. To investigate the validity of these claims, studies generally monitor property market activity for several months, and sometimes years (see for example [6]), before and after the opening of a group home or community-based facility. In some cases, changes over time within the study community are contrast with those changes occurring in socio-demographically similar control communities [e.g. 6, 17, 29].

Here again, the evidence points strongly towards the non-impact of community-based facilities. From a total of sixteen studies considering turnover, fourteen found no increase [1, 4, 5, 7, 12, 13, 15, 17, 23, 29, 31, 34, 42, 43]. The remaining two studies found some evidence of accelerated turnover following the siting of facilities, but the results in each case were inconclusive. Dear, in a study of twelve Philadelphia community mental health facilities, found that while the prices of surrounding properties did not decline, there was some increase in sales. However, he concludes that this increase may have been a function more of general market trends than the specific impact of the facilities [2]. Boeckh *et al.* found that sales did increase in one of five metropolitan Toronto neighborhoods which experienced the opening of community mental health facilities, but the overall findings of the survey indicate minimal negative impact.

3. Time on the Market

A third gauge of community impact considers the likelihood that an undesirable community-based facility might make it harder for current residents or businesses to sell their properties when attempting to relocate. To test the validity of this hypothesis, studies use methodologies similar to those described above, comparing time taken to sell for properties placed on the market before and after the arrival of a facility, and in some cases, with properties in other control communities.

Seven studies in this bibliography included time on the market as an indicator of facility impact. Six of these seven suggest that there was no evidence to suggest that the presence of a facility made it more difficult to sell nearby property [5, 12, 17, 23, 32, 36]. The one study that did find a negative impact was conducted by Farber [14]. He examined a small number of property transactions around nine group homes for the mentally retarded or emotionally disturbed. Categorizing the neighborhoods as either high or below average socioeconomic submarkets, Farber found that properties in the high-end submarket did remain on the market a little longer after the opening of a group residence. However, he characterizes this potential cost as a:

A...small price to pay, especially for these wealthier individuals, when providing normalized settings for retarded and emotionally disturbed persons.

4. Distance-decay

In addition to studying the impact of a community-based facility on the property values of the neighborhood as a whole, or as compared to a control location, some studies also consider the differential impact of a facility within a given community. For the purposes of this discussion, distance-decay suggests that properties immediately adjacent to a given facility are most likely to suffer a decline in property value or other adverse impact, and that the likelihood of a negative impact declines with increasing distance from the facility. Finding a gradient of this kind within a given property market would clearly lend support to groups opposing supposedly "noxious" facilities. Conversely, the absence of a gradient may allow speculation that any fluctuation in selling price is the product of more general trends in the local sub-market.

Within the bibliography, eight studies discuss the distance-decay of facility impact. Five of these found no evidence of a gradient [1, 4, 5, 6, 12]. Among these, the study conducted by Knowles and Baba in Green Bay, Wisconsin, is unusual in that they conducted surveys of resident attitudes to facilities, as well as collecting data on housing market transactions. Although they recorded attitudinal distance decay, in that people nearer the facilities were more likely to express a negative opinion, they found no evidence of a negative property value impact or distance decay. Three other studies did record changes in impact with distance from the facility, but findings appear somewhat contradictory. Guy *et al.* and Baird have been mentioned above. Their studies examined similar subsidized housing projects in Fairfax county, Virginia, but produced conflicting results, with Baird's study indicating higher sale prices nearer the affordable housing [38, 39]. Similarly, Farber's study which analyzed the property markets of both high-end and low-income neighborhoods found distance decay in the former community, but a positive gradient appearing within the latter [14].

5. Residents' Awareness

An additional way of demonstrating the potential facility impact or non-impact focuses upon gauging the neighborhood's awareness of a facility's existence. Although this approach does not explicitly identify or quantify negative externalities, the level of awareness and concern expressed by residents and business owners after the opening of a facility may be a useful indicator of the "real" impact of a facility. Since pre-siting opposition arguments often cite a wide array of potential problems relating to the opening of a facility, we might reasonably expect community awareness/concern to be high should these problems materialize. Where the facility operates smoothly with few of the alleged problems evident, the reverse might be true.

Six of the studies contained within the bibliography looked at resident awareness and concerns following the arrival of a community-based facility [23, 24, 44, 45, 46, 47]. Five of these addressed the issue of awareness explicitly, reporting that anywhere between 10% and "most" of those individuals surveyed were unaware that they were living in close proximity to a community-based human service facility [23, 24, 44, 46, 47]. In addition, the majority of studies indicate that for those individuals who were aware of the facility's presence, a fairly marked improvement in attitudes was common after the latter became operational. However, an important caveat is issued by Wahl when he suggests that we should not equate the successful siting of a facility and the gradual community acceptance which follows as evidence of successful integration of the facility and its clients/residents [23].

6. Facility Design/Appearance

A final issue concerns the design and appearance of facilities. Where community residences or subsidized housing projects are well-designed and beautifully maintained, they may rapidly dispel concerns about their negative impact upon the neighborhood, and instead draw praise, for the way in which they help to improve the community's image. Such a phenomenon is, in some senses, problematic. Like Wahl, we should perhaps question the relative "success" of a project that augments the local built environment, but whose residents are not welcome on the local streets. Nevertheless, the ability to improve chances of acceptance through facility design/appearance is clearly important. Studies indicate that almost without exception the appearances of facilities equal or exceed those of properties around them [4, 5, 8, 11, 17, 32], a fact that could be used to further weaken arguments positing the detrimental impact of such projects. Also, Butterfield has extended the discussion of facility design to consider not only the impact that appearance has upon the surrounding community's attitudes, but also ways in which design and location of a facility

might be used to facilitate client-community interaction [9].

Conclusion

It seems clear from the studies contained within this bibliography that there is an overwhelming volume of evidence supporting the contention that human service facilities do not significantly impact the market values of properties around them. They do not make proximate properties harder to sell, and they do not destabilize the neighborhood by inducing relocation. The studies included here cover the time span 1973 - 1993, and there appears to be very little fluctuation in findings during this period. However, one weakness of the bibliography is that it does not contain studies documenting the property value impact of some of the more contemporary facilities such as group homes for people with AIDS and homeless shelters. Despite an extensive search, no literature was found dealing with the property value impact of these facilities, clearly an important absence given current siting difficulties.

A final point--despite the weight of evidence collected here, the property values "myth" remains a powerful battle cry for communities opposed to the siting of human services facilities. It is clear that more work should be done to provide facility operators and advocates with the tools they need to effectively counter such claims.

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10. ANNOTATED BIBLIOGRAPHY

1. Knowles, Eric and Ronald Baba (1973) The Social Impact of Group Homes: A study of small residential service programs in first residential areas Prepared for the Green Bay Plan Commission. Wisconsin: University of Wisconsin (unpublished).

This study, conducted for the Green Bay, Wisconsin, Plan Commission, looked at community

attitudes towards a number of residential facilities serving a diverse population, and also explored the effects of group home siting in property values. The study found that the group homes only made a negative impression upon roughly 20% of the immediate neighbors, and that the rate decreased rapidly after one block away from the home. By the third block, most residents responded positively about the group home. With regard to property values, the study's data were inconclusive. However, the authors were able to indicate that the siting of a single group home appeared to have no significant impact on the turnover of nearby residential properties. They found that the proportion of properties sold before and after the opening of the group home was the same, and that the home nearest the group home sold for 1.53 times the assessed value.

2. Dear, Michael (1977) "Impact of mental health facilities on property values" Community Mental Health Journal, 13: 150-157.

In a study of property market activity around twelve Philadelphia community mental health facilities, the author concluded that although there was some increase in activity, the anticipated decline in sales price did not occur. The author also suggested that the changes that did occur were more likely the result of general market trends rather than the specific impact of the facilities.

3. Fuerst, J. and M. Decker (1977) "How to Build Subsidized Housing in the Suburbs" Planning, October: 14-17.

This paper contains a series of suggestions about the successful siting of affordable housing projects within suburban communities and small towns. Focusing on a series of developments in the Chicago area, the authors attempt to draw out a series of lessons/strategies to be used in the planning and implementation of subsidized housing projects. These include the following:

- Avoid land immediately adjacent to residential areas
- Be creative about seemingly undesirable sites
- Consider the possibility of annexing land
- Avoid high income areas where land is costly
- Choose land already zoned for multi-family housing rather than trying to rezone single family housing tracts

For the purposes of this report, the study's primary value is its focus on the importance of confronting the issue of property value decline. The authors report that since the construction of the 27 projects in this region, other private developments have been completed and prices of the surrounding property continues to increase. They are able to name several instances where the increase in price has been quite substantial.

4. Wolpert, Julian (1978) Group Homes for the Mentally Retarded: An Investigation of Neighborhood Property Impacts, prepared for the New York State Office of Mental Retardation and Developmental Disabilities, Princeton: Princeton University.

This study, conducted during a four month period in 1978, looked at the impact of siting group homes for mentally retarded people on the property values of the surrounding community. Forty two communities within ten New York State cities that had experienced sitings of group homes were compared with forty two other control communities. Data collection consisted of obtaining socioeconomic and housing data for the communities, accompanied by field observations of the sites, and property transaction data for neighboring properties coded by the distance from the group home or control site. In total, 754 and 826 transactions were recorded in the facility and control neighborhoods respectively. Of these, 92 and 89 experienced before and after sales so that property values trends could be analyzed. Also 153 and 178 were sold in the 12 month period following the establishment of the homes so that turnover could be examined. The findings of the study can be summarized in the following way:

1. No evidence of "saturation."
2. Generally, the group homes were consistent and compatible with existing properties.
3. Generally, group home function is not conspicuous.
4. Group homes are generally better maintained than the properties around them.
5. Group home residents are generally not noticeable or visible from the street.

With regard to their impact on the surrounding properties, the study concludes:

1. Property value trends in the facility neighborhoods were similar to those in control communities.

2. Proximity to the facility did not significantly affect market value.
3. Immediately adjacent properties did not experience decline in value.
4. Property turnover relative to that evidenced in the control communities was not accelerated by the establishment of a group home.

5. Goodale, Tom and Sherry Wickware (1979) "Group Homes and Property Values in Residential Areas" Plan Canada, 19 (2): 154-163.

In this study, the authors used a variety of methods to identify fifty four group homes in the Ottawa metropolitan area. Of these, thirty eight were in residentially zoned areas. These thirty eight were visited to assess whether their appearance might have effected the value of adjacent property. Only one was perceptibly below the standard of the surrounding buildings, and as was expected there were situations where the quality of the property was above that of the buildings around it. During the visit, an attempt to identify those properties which were most directly affected by the group homes presence (i.e. those beside and facing the home). These were classified as proximate. A second category consisted of those properties on the same block. A third category was labeled street (all those properties on the same street +/- 100 housing numbers). Selling prices were recorded for all properties which fell into these categories near one of the thirty eight group homes. The data permitted the authors to consider five factors: i. rate of turnover; ii. selling prices year before/after the home was established; iii. annual appreciation of property; iv. length of time to sell; v. selling price as a percentage of list price. The analysis notes that many of the group homes included in this study were built during a transition from a very active market to a very slow one.

Overall the analysis found that the presence of group homes did not adversely effect the values of nearby properties in residentially-zoned neighborhoods, neither did it bring down their marketability. Two caveats are issued in conclusion. First, the authors suggest that more detailed analyses should be conducted for individual group homes and the surrounding neighborhoods. Second, there were insufficient data to allow the authors to comment on the different impact of a variety of different service dependent populations.

6. Boeckh, John, Michael Dear, and S. Martin Taylor (1980) "Property Values and Mental Health Facilities in Metropolitan Toronto" Canadian Geographer 24 (3): 270-285.

Here again, this study is concerned with the validity of claims that the establishment of a community mental health facility will have a negative impact on property values. The authors suggest that changes in the sale price of residential properties are generally regarded as sensitive indicators of neighborhood change. If the introduction of a facility is regarded either neutrally or positively (as a positive asset), we would not expect to see residents relocate, turnover would not increase, and prices would probably appreciate fairly "normally." However, if the development is viewed negatively, turnover may increase, and property prices may fall. To look further at the impact of community mental health facilities, the authors collected real estate and land-use data for areas in the vicinity of five facilities in Metropolitan Toronto. The five were selected from a larger group for this study because they were removed from other types of facility which might affect the local property market. Sales transactions within a radius of four hundred meters of each facility were collected by quarterly period for two years before and after the opening of the facility. A control area of comparable location and socioeconomic status was selected for each of the sites, and the same data was collected for these. Overall, a sample of 1,261 sales was obtained.

Results for the study are as follows. Regarding the number of sales, the results are inconsistent. Sales in one of the facility neighborhoods outstripped its control, but in the other four the reverse was true. Overall, the balance of the evidence shows no increase in sales because of facility presence. Neither does the evidence indicate that there was a marked reduction in sales activity (as might be the case if the facility worked to depress housing demand). Regarding the price of properties, the evidence suggests that the facilities did not caused a drop in sale prices. Prices in facility and control neighborhoods generally increased at a comparable rate. Regression analyses were also performed. Housing price was used as the dependent variable in each case. Independent variables related to the facilities, as well as other factors (housing variables, dummy lot variables, land use variable). Four analyses were conducted, and only in one case did the location of mental health facilities appear to have a significant, but the lack of distance decay casts doubt on whether the difference was really caused by the presence of the facility. The authors conclude that property market movements in the sample of Toronto neighborhoods are due primarily to traditional factors such as the neighborhood desirability and the nature of the property up for sale.

7. Dolan, Lawrence and Julian Wolpert (1982) Impacts of Group Homes for Mentally Retarded People, Princeton, New Jersey: Woodrow Wilson School of Public and International Affairs, Princeton University.

In this study, the authors looked at fifty two group homes for the mentally retarded in new York State. The study found that proximity to a group home did not affect property values or turnover rates, in either the short- or long-term.

8. Wiener, E., R. Anderson, and J. Nietupski (1982) "Impact of Community-based Residential Facilities for Mentally Retarded Adults on Surrounding Property Values using Realtor Analysis Methods" Education and Training of the Mental 17 (4): 278-282.

To investigate the impact of community residential facilities, the authors employ what is termed a "Comparable Market Analysis". This is an analytical tool used by realtors to compare the price of a particular property to the average selling price of several other homes based upon a series of 16 variables (location, style, age, sq. footage etc). In this study, the Comparable Market Analysis (CMA) was used to examine the impact of facility siting upon two Iowa communities; one identified as fairly homogenous, the other slightly more heterogenous. The communities had three and five residential facilities respectively, and for each of these facilities a subject property located within one block was identified, and a CMA was performed.

The results of the analyses strongly indicate that "...Community-based residential facilities serving 7 to 12 mentally retarded residents do not have a negative effect on surrounding property values." In fact, in two of the eight analyses, the subject property values actually exceeded the upper limit of the control property values. Reference is made again here to the fact that the residences may often be well maintained in terms of structural conditions, painting, landscaping, and so on.

9. Butterfield, D. (1983) "Neighbors' perceptions of outdoor spaces surrounding group homes for the developmentally disabled" Proceedings of the Annual Environmental Design Research Association Conference, 14: 91-104.

Although this study does not relate directly to property values, it does provide a useful examination of neighbors' of group homes and their residents. Butterfield set out to look at the way that the design of the facility influenced neighbors impressions and also worked to provide a supportive environment to residents. The specific questions that this study posed included the following: i. what are neighbors' perceptions of the homes?; ii. how satisfied are they with them?; iii. do perceptions differ depending on the type and design of home (converted single family residence, specially built, ...etc). To answer these and other questions, Butterfield identified seven homes in Illinois (2 specially built, 3 single family dwellings, and 2 adapted convents), and then surveyed neighbors of each. She points out that the study may be limited by the low return rate on a mailed survey (37%).

The study found that some 72% of the respondents thought that a group home would be a good place for the developmentally disabled to live. When the author performed regression analysis to identify those factors most strongly associated with satisfaction with the group home, she found that contact with the developmentally disabled was the strongest predictor. Contact between neighbors and residents was actually very low (regular interaction, knowing their names, ..etc), although casual contact was better. The second strongest predictor of satisfaction was feeling safe in front and back yards. Most neighbors did report feeling safe.

Butterfield concludes by recommending that homes should be placed in close physical proximity to other neighborhood homes-to increase contact. Also, that other opportunities to increase chance encounters should be worked out. She then looks at ways in which these recommendations could be translated into the physical environment.

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

The authors examined three affordable housing developments in Marin County, CA. Reinforcing the results of earlier studies, they concluded that the rate of property appreciation for areas near the affordable housing was as least as high as the rates for the community as a whole.

11. Howland, L. (1985) "Holloway Terrace: Neighborhood Acceptance of Affordable Housing in San Francisco"Urban Land, September.

Here again, the author seeks to draw out lessons from the experiences documented with a single project in the Ingleside neighborhood of S. San Francisco, where an attempt was made to convert a discussed school property into a complex of Section 8 housing for low-income residents was met with significant neighborhood opposition. Opponents were concerned about a number of issues, including the ever-present fear of property values decline. To diffuse the situation, developers worked to emphasize that the appearance of the project would, in fact, enhance the appearance of the neighborhood, and potentially improve the values of property therein. This fact, combined with a focus on the project providing homes for the residents' older children worked to win residents over.

As an aside, the author mentions a survey that was done among homebuilders about their willingness to engage in affordable housing construction. Most said that they stayed away from it because of its unfamiliarity and low profit margins, but that a growing minority said they avoided it specifically because of community resistance.

12. Ryan, Carey S. and Ann Coyne (1985) "Effects of Group Homes on Neighborhood Property Values", Mental Retardation 23 (5): 241-245.

As the title suggests, this study was conducted with the sole purpose of recording the effect of a group home on nearby property values. The authors collected data for 525 houses which were sold, and were in the vicinity of a total of 13 group home. They used time of sale (i.e. before or after the group home was occupied) and distance from the group home as independent variables for the study. In their literature review, they identify a number of studies which had previously looked at the impact of group homes on property values, noting that none of them found any detrimental effect.

During the analysis, data were collected on five issues: the date each of the houses sold; the amount of each transaction; the list price of each house; the number of days each was on the market; and the address of each house. The study also introduced three "zones" around the group homes (0-400ft; 401-800ft; and 801-1200ft away from the home), and calculated the turnover rates for each zone. Overall, the results of this study were very similar to those of similar studies. Three of the indicators (length of time on the market, rate of turnover, and sale price as a percentage of list price) support the contention that group homes do not effect property prices. In fact, turnover rates appeared lower and list prices higher after the group home opened.

13. Daniel Lauber Planning/Communications (1986) Impacts on the Surrounding Neighborhood of Group Homes for Persons with Disabilities, Prepared for Governor's Planning Council on Developmental Disabilities, Illinois: Daniel Lauber Planning/Communications.

This study was commissioned by the Governor's Planning Council on Developmental Disabilities to examine the validity of claims that housing for the developmentally disabled has a detrimental impact on the community surrounding it. Specifically it considers three issues: i. property values; ii. neighborhood stability; and iii. neighborhood safety. The authors suggest that the findings of this and other studies can be used effectively by municipalities at zoning hearings and the like to present an accurate picture of the likely effects of a proposed project.

To study the effects of group homes the report tracked the sales of 2261 residential properties in the immediate neighborhoods surrounding 14 group home sites, and 14 control neighborhoods for comparison. The report also conducted a mail survey of the 79 agencies that operated community residences in Illinois in the three year period 1983-1985 (response rate: 93.6%). The survey asked the agency staff to identify the number of residents who had been accused of a crime, and the number who had actually been convicted. The findings from the study can be presented in short form below.

1. Property values increased in 79% of the neighborhoods with a group home, and in 71% of those without.
2. Changes in mean sale price after group homes opened were unrelated to the opening of the group homes.
3. Opening a group home did not affect turnover rates in the surrounding community.
4. The crime rate for persons with developmental disabilities who live in community residences is substantially lower than the crime rate for the general Illinois population.

Persons living in one size of community residence are no more or less likely to commit crime than persons living in any other size of residence.

6. Criminal behavior among people with developmental disabilities who live in community residences generally involves minor crime against property, disturbing the peace or disorderly conduct. Crimes against another person are extremely rare.

The study therefore concludes that group homes don't have a negative impact on property values; they don't weaken the stability of the neighborhood; and their residents do not pose a threat to the neighbors or surrounding community.

14. Farber, S. (1986) "Market Segmentation and the Effects on Group Homes for the Handicapped on Residential Property Values" Urban Studies, December: 519-525.

This study follows the Gabriel and Wolch (1984) analysis which suggested that the impact of a group home would vary depending upon the submarket in which they are opened. The study uses a "micro data set" of 74 house sale transactions in a medium size southern city to examine prices of housing purchased with and without the existence of group homes, and to attempt to establish a distance gradient test to see how (if at all) the impact would vary with distance from a group home.

The study develops a model which presumes a price equation in which each site possesses a series of characteristics. These characteristics are divided into three components: physical nature of the house, nature of surrounding neighborhood, and two more specific characteristics concerning whether there is a group home nearby, and how far away the house is if it exists. The author identified nine group homes for the mentally retarded or emotionally disturbed located within single family, residential neighborhoods, and proceeded to look at the nature of each of the nine neighborhoods. To follow Gabriel and Wolch, even though all neighborhoods were predominantly white, the author categorized them as high and below average socioeconomic submarkets. House sales were observed within approximately three blocks of each of the facilities, at least either side of the opening of the group homes.

In sum, the study found that there was no significant impact upon house prices in the high-end neighborhood, but that houses may have stayed on the market a little longer. In the low-end neighborhood, the study found that there was a significant increase, in the prices of houses sold near the group homes. In each case, the effect diminished with distance from the home. The author does not use these findings to suggest that all group homes should be in lowered neighborhoods. He does however suggest that we should be aware of the positive spill-over effects that exist. With regard to the longer wait on the market for high-end housing, the author suggests that this is a small price to pay for the provision of a suitable environment for the normalization of the group home residents.

15. Mental Health Law Project (1988) The Effects of Group Homes on Neighboring Property: An Annotated Bibliography, Washington D.C.: Mental Health Law Project.

This paper begins with the statement that group homes do not cause property values to decline or neighborhood characteristics to change. MHLP suggests that these common concerns expressed by community residents are simply not valid. The organization has attempted to compile a comprehensive (and, they suggest, complete) listing of studies examining the issue, emphasizing that the studies conclusively establish the lack of negative impact. Among other things, the studies indicate that sale prices after the opening were equal to or higher than sale prices in control neighborhoods; that property transactions do not suddenly increase (destabilizing the neighborhood); and the presence of a group home or community residential facility will not damage the character of a neighborhood, and may, in fact, improve it. In all, some forty one studies are included in the annotated bibliography. Study dates range from 1973 to 1987, and were conducted in a wide range of neighborhoods (upper-middle to low income; single to multifamily; black to white to racially mixed; older to younger to mixed age).

16. State of California, Department of Housing and Community Development (1988) The

Effects of Subsidized and Affordable Housing on Property Values: A Survey of Research, Sacramento: State of California.

This document prepared by the California Department of Housing and Community Development is in response to the growing difficulty experienced by California cities when

attempting to promote and encourage low- and moderate-income housing opportunities for their citizens. As the report indicates, one of the primary fears raised by residents when faced with a development of this type is the impact that it will have on the value of surrounding property.

This report lists and summarizes fifteen papers that have studied the impact of subsidized housing. They breakdown in the following way: 11 on the effects of subsidized housing; 11 on the effects of group homes for the mentally handicapped; and 3 on the effects of manufactured housing. The studies were published between 1963 and 1986. Methodologies employed in studies varied. Most studied price changes between test areas and corresponding control areas. Others looked at the site in comparison with a city/county/census tract average.

Despite these variations, fourteen of the fifteen studies concluded that the housing projects had little or no negative impact on property values. Indeed, some studies reported that the presence of the housing project had a positive impact on property prices. The one study which did find a marked negative impact (Guy, Hysom and Ruth's (1985) study of subsidized housing in Fairfax County, Virginia) suggested that houses further away from the housing project sold for greater amounts. This conclusion was in contrast to the Baird (1980) study of four other Fairfax county

projects which concluded that property values increased towards the subsidized housing.

17. Boydell, Katherine, John Trainor and Anna Pierrri (1989) "The Effect of Group Homes for the Mentally Ill on Residential Property Values" Hospital and Community Psychiatry 40 (9): 957-958.

This study examined real estate data for two residential neighborhoods with group homes in Toronto (one urban, one suburban). In each case, control neighborhoods were used to indicate the relative effect of the group home. The control neighborhoods were extensively surveyed, and were matched as closely as possible with the study neighborhoods. The study used four market indicators: number of property transactions; average selling price; number of days on the market; selling price as a percentage of list price (fairly similar to the one above).

Results indicate no significant increase in turnover in either urban or suburban locations. Also the group homes did not appear to effect the selling prices of property, nor did they cause sales to take longer. Finally selling prices as a percentage of list prices actually increased (How do we know that the list prices didn't come down?) The article concludes that the presence of a group home does little to adversely affect the surrounding neighborhood, and may in some cases have an upgrading impact, a fact that should be recognized by many.

18. Coleman, A. (1989) The Effect of Group Homes on Residential Property Values in Stamford, Connecticut: St. Luke's Community Services, Inc.

This is an executive summary outlining a survey conducted during 1989 in Stamford. Data was collected for 35 areas surrounding group homes. After taking into account such factors as lot size, number of rooms distance from the group homes, multiple regression analyses were performed. Five results are presented in the summary. First, neighborhood property values were not significantly affected by the establishment of a group home. Second, proximity did not appear to the property values of the residences located nearby. Third, size of the group home (number of beds) was not a significant influence on market value. Fourth, of the data gathered, only the number of rooms proved significant in determining property values at the time of the second sale. Fifth, predicted average appreciation rates for the areas did not differ significantly from the city rates as a whole. In conclusion, the report indicates that despite the fact declining property values are frequently used to bolster opposition arguments against group home development, the actual impact is negligible.

19. Ekos Research Associates (1989) Summary report for the Evaluation of Property Value Impacts: Non-Profit Housing, prepared for Housing Advocacy Task Force, Toronto,

Ontario, Toronto: Ekos Research Associates.

As the report suggests, despite the clearly documented need for social housing, non-profit housing projects are often a significant source of conflict between residents of neighborhoods (especially the homeowners) and the advocates of the projects. These fears are often focused upon the impact of the projects upon neighborhood property values, as well as other concerns such as: damage to neighborhood quality/character/livability; increased parking/traffic/noise; and invasion of privacy. The primary focus of this study is the property value question.

The methodology used here is very similar to that seen elsewhere. The researchers compared the selling prices of the properties surrounding the housing projects with those of properties in other control neighborhoods. They also looked at the changes longitudinally (i.e., before and after the establishment of the housing projects). Control neighborhoods were matched to the project neighborhoods using size, age, and physical condition of properties contained therein. The report is not specific about how many property transactions were recorded, but suggests that the transactions were drawn from a computerized registry of all house sales activity, and that a representative sample of projects (and surrounding properties) was drawn in three urban centers (Toronto, Ottawa, and North Bay). The data collected and results of the statistical tests conducted both suggest conclusively that the housing projects had no significant impact upon the surrounding neighborhoods, relative to the control neighborhoods.

20. Mental Health Law Project (1989) Overcoming Community Opposition to the Establishment of Housing for People with Mental Disabilities, Washington D.C.: Mental Health Law Project.

Similar to the report summarized above, but with a few additional references that may be of interest. The report looks not just at property values, but at a number of concerns frequently

expressed by the community about proposed housing projects for people with mental disabilities. As has been suggested elsewhere, declining property values remain the most common concern given by opponents, despite the fact that virtually all evidence points to the invalidity of this claim. The report suggests that one of the most recent studies on this matter, conducted for the Association of Retarded Citizens of the District of Columbia ("Group Homes for Persons with Mental Retardation in the District of Columbia: Effects on Single-Family House Sales and Sales Prices") further substantiated the claim that group homes do not affect adjacent property values. The study also considers community fears and misconceptions about people with mental disabilities. People often perceive those with mental disabilities as deviant, unpredictable and dangerous. Yet studies continue to indicate that people with mental disabilities do not fill these

stereotypical roles. Lubin *et al.*, for example, found that it was probably safer to be a resident of a group home since the arrest rate for adults among the general population was substantially above that for mentally disabled group home residents.

21. A Not In My Back Yard" Removing Barriers to Affordable Housing (1991) Report to President Bush and Secretary Kemp by the Advisory Commission on Regulatory Barriers to Affordable Housing, Washington D.C.: Department of Housing and Urban Development.

This more general report looking at barriers to the development of affordable housing has a section which considers why people engage in types of NIMBY opposition to block the development of projects. Of course, one of the primary motivations identified is the fear of declining property values. The report makes the following statement to this effect:

Having a substantial investment in their homes, many homeowners fear changes they perceive may lower property values. In neighborhoods of single family detached homes ... threatening changes may include multifamily rental housing, attached single family housing, manufactured housing, housing on small lots, or accessory apartments developed from unused space in single family homes ... those who express concerns about property values are often unaware of evidence showing that expanding the mix of housing types ... will not adversely property values.

Some evidence is cited, and readers are directed to the review conducted by State of California, Department of Housing and Community Development (see above) which examined fifteen studies, only one of which found a significant impact on nearby property values.

22. Larry Smith and Associates, Ltd. (1992) A Property Values Case Study: An Analysis of the Effect of Non-Profit Housing on Neighboring Residential Property Values, Prepared for the Peel Housing Opportunity Center, Department of Housing, The Regional Municipality of Peel.

This study used a series of detailed case studies to examine the impact of non-profit housing on nearby property values. A selection of case studies were selected from three municipalities within the Region of Peel (Brampton, Caledon, and Mississauga). Here again, the methodology is very similar to other studies. The researchers located sites of non-profit housing development in low density residential neighborhoods and then compared the property values and

turnover of these neighborhoods with those in other control neighborhoods. The study emphasizes that it is based on a "worst case scenario"; in other words, it selected those developments which it considered most likely to have a negative impact on the surrounding property. The analysis was conducted at two levels. First, a macro-scale analysis was done that considered average neighborhood property values. Second, a micro scale approach looked at individual properties within one or two houses of the non-profit development.

The results of the study, despite the "worst case scenario" approach, indicate that the nonprofit housing developments did not affect property values. In one case, values actually improved. In another, where there was a slight decrease, a number of factors existed which may have contributed to the shift (including an adjacent retail plaza). At the micro level, the report suggests that there was a potential for the low density residential units located within one or two houses of the non-profit development to experience a 0-5% decline in value, but the analysis was not conclusive in this regard.

23. Arens, Diane Antos (1993) "What Do the Neighbors Think Now? Community Residences on Long Island, New York" Community Mental Health Journal, 29 (3): 235-245.

Here the author looked at the perceptions of the neighbors of five community residences for the mentally ill in Long Island. Each of the residences was opened between 1984-1987. As is required by the New York Site Selection Law (Padavan Law), the operating agency notified local municipalities and provided a description of the proposed program. Following notification, the municipalities required the operating agency to hold a public information meeting to discuss its

plans with the local community. At each of the meetings, community members expressed similar concerns about the residences. These included unsuitability of the site, safety, property values, and a threat to the quality of life of the neighborhood.

In this study, the author interviewed the 15 closest residences of each of the five group homes. The respondents were asked to describe their feelings towards the homes when they first heard about it, and their feelings now. More than one third of respondents said that they had either negative or strongly negative attitudes to begin with. Only 2% expressed negative attitudes at the time of the study. Positive attitudes saw a dramatic increase. When asked specifically about property values, 18% of respondents had thought that the residences would have a negative impact on property values. This had declined to 10% at the time of the study. When asked more specifically about the problems of seeking homes in the neighborhood, 99% said that they had heard of no problems because of the community residences. As the author suggests, property values are often a central cause of community resistance of group homes, ..etc. Here again though little evidence was found of problems attributable to the community residence. Although one neighbor did complain, none of the 75 neighbors were able to demonstrate a problem selling homes in the vicinity. Also, more than 10% were unaware that the residences were actually there. Reference is also made to a study conducted in Suffolk County where analysis of 163 sales transactions in 7 communities reached the same conclusion; that there was no sudden increase in the number of resales; sale prices were similar or greater than those in control areas; and so on.

24. Wahl, Otto F. (1993) "Community Impact of Group Homes for Mentally Ill Adults" Community Mental Health Journal, 29 (3): 247-259.

The author suggests that the phenomenon of community resistance to group homes is well-documented, but the extent to which such homes do or do not create problems for the local community is less clear. This study looks at residents' impressions of a group home one year or more after its establishment. To do this, a selection of residents from neighborhoods surrounding four group homes for people with mental illness were questioned about their impressions of the homes, and these were compared with the impressions of residents from "control neighborhoods" about the expected impact of a group home.

The methodology proceeded in the following way. Information about the locations of group homes was obtained from a local mental health services board in N. Virginia. Four group homes that had been open for more than a year were chosen as the focus of the study. Using subdivision maps, the four neighborhoods surrounding the homes were identified, and two control neighborhoods with similar housing stock, but no facilities were chosen. A selection of residents who lived within two blocks of each of the facilities were given questionnaires asking: i. their opinions about deinstitutionalization (taken from the Dear and Taylor's CAMI); ii. whether there were group homes in their neighborhood; and iii. if yes, what impact they had. Residents in the control neighborhoods were asked about the potential impact of a group home.

Overall forty one residents of group home neighborhoods and thirty nine residents of the control neighborhoods responded. The results appear consistent with the findings of previous studies. Residents tend to anticipate a variety of unfavorable consequences associated with a group home, in particular a number of unspecified "distressing" incidents, and harm to property values and housing sales. However, the responses of the group home neighbors indicate that these fears are largely unfounded. Residents found little unfavorable impact. A quarter did not even know the home was there, and some indicated that the well-maintained group homes had even improved the quality of the neighborhood. A number of qualifiers are issued in conclusion. First, these results do not imply that there is unqualified acceptance of group homes. Second, the fact that residents found few problems with the group homes does not imply successful integration. Third, the group homes in this study were small and well-maintained, and residents were relatively high functioning. Other situations might produce different results.

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(with findings, where available)

From Boeckh, Dear and Taylor (1980):

25*. Breslow, S. (1970) The Effect of Siting Group Homes on the Surrounding Environs
Unpublished paper, Princeton University: School of Architecture and Urban Planning.

No effect.

From Ryan and Coyne (1985):

26*. Caulkins, Z., J. Noah, and B. Wilkerson (1976) The Impact of Residential Care Facilities in Decatur, Prepared for Mason County Community Mental Health Board, Decatur, Illinois.

No evidence of any negative impact.

27*. City of Lansing Planning Department (1976) The Influence of Halfway Houses and Foster Care Facilities upon Property Values, City of Lansing, Michigan.

No evidence of any negative impact.

28*. Developmental Disabilities Program (1982) Policy Analysis Series No. 11: An Analysis of Minnesota Property Values of Community Intermediate Care Facilities for Mentally Retarded. St. Paul, MN: Developmental Disabilities Program, Department of Energy, Planning and Development.

No evidence of any negative impact.

29 *. Mambort, T., E. Thomas, and R. Few (1981) Community Acceptance: A Realistic Approach Montgomery County, Ohio: Montgomery County Board of Mental Retardation and Developmental Disabilities.

No evidence of any negative impact or increased turnover.

30*. Wagner, C. and C. Mitchell (1980) Group Homes and Property Values: A Second Look Columbus, Ohio: Metropolitan Human Services Commission.

No evidence of any negative impact. In some cases, evidence of a positive impact.

From Daniel Lauber Planning/Communications (1986):

31*. Montgomery County Board of Mental Retardation and Developmental Disabilities (1981) Property Sales Study of the Impact of Group Homes in Montgomery County.

Looked at neighborhoods surrounding seven group homes, and found no difference in property values or turnover rates when compared to control neighborhoods.

32*. Lindauer, M., P. Tung, and F. O'Donnell (1980) Effect of Community Residences for the Mentally Retarded on Real Estate Values in the Neighborhoods in Which They are Located, New York: State University College at Brockport, NY.

The authors compared seven neighborhoods with group homes opened between 1967 and 1980 to two control neighborhoods. They found no effect on prices, a selling wave before the homes opened, but no decline in selling price, and no problem in selling properties. The study found that the selling wave ended after the homes opened, and that there was no price decline or increased turnover after the opening of the homes.

33*. Gabriel, S. and J. Wolch (1983) Spillover Effects of Human Service Facilities in a Racially Segmented Housing Market, Los Angeles: School of Urban and Regional Planning, University of Southern California.

A well known study because it segmented the housing market by race, and found that there was a possibility that residential facilities may have differential impacts upon white and non-white populations / housing submarkets. The authors grouped residential facilities for all service-dependent populations, and found that, in Oakland, California, those facilities designed for adults had a negative impact on the non-white housing submarket, while facilities designed for juveniles had a negative impact on the white submarket.

From Mental Health Law Project (1988):

34*. District of Columbia Association for Retarded Citizens (1987) Group Homes for Persons with Mental Retardation in the District of Columbia: Effects on Single Family House Sales and Sale Prices, Washington, D.C.: DCARC.

In a study similar to many others, the Association looked at a number of group homes in the D.C. area. The study had three primary conclusions: i. no change in rate of sales or sale prices; ii. neighborhoods with group homes were generally sound and stable; iii. appearance and quality of the group homes was generally either equal to or greater than the surrounding properties.

35*. Linowes, L. (1983) The Effect of Group Care Facilities on Property Values: Pas Meno. Chicago, Illinois: American Planning Association.

Reviewed six studies conducted between 1966 and 1983. Five of them found no significant impact on property prices. One did find a significant relationship. The author suggests that these results indicate that careful planning will allow maintenance of neighborhood quality and effective delivery of service.

36*. Wagner, C. and C. Mitchell (1979) The Non-Effect of Group Homes on Neighboring Residential Property Values in Franklin County Columbus, Ohio: Metropolitan Human Services Commission.

Here the authors looked at eight neighborhoods with group homes to see whether there was a change in: i. time on the market, or ii. property value. Data was collected for six

months before and after the opening of the homes. All evidence suggested that there was no significant impact.

From State of California, Department of Housing and Community Development (1988):

37*. Babb, C., L. Pol, and R. Guy (1984) "The Impact of Federally-Assisted Housing on Single-Family Housing Sales: 1970-1980" Mid-South Business Journal, July: 13-17.

38*. Baird, J. (1980) The Effects of Federally Subsidized Low-Income Housing on Residential Property Values in Suburban Neighborhoods, Northern Virginia Board of Realtors Research Study.

39*. Guy, D., J. Hysom, and S. Ruth (1985) "The Effect of Subsidized Housing on Adjacent Housing" J. American Real Estate and Urban Economics Assoc., 13 (4).

40*. Norse, H. (1963) "The Effects of Public Housing on Property Values in St. Louis" Land Economics, November.

41*. Rabiega, W., T. Lin, and L. Robinson (1984) "The Property Value Impacts of Public Housing Projects in Low and Moderate Density Residential Neighborhoods" Land Economics 6 (2).

All studies but one found no significant negative impact on surrounding property values. The one study which did find a marked negative impact (Guy, Hysom and Ruth's (1985) study of subsidized housing in Fairfax County, Virginia) suggested that houses further away from the housing project sold for greater amounts. This conclusion was in contrast to the Baird (1980) study of four other Fairfax county projects which concluded that property values increased towards the subsidized housing.

From Arens (1993):

42*. Suffolk Community Council, Inc. (1984) ky Residences Upon Neighborhood Property Values, Smithtown, NY.

Here a study was conducted in Suffolk County where data analysis of 163 sales transaction in 7 communities reached the conclusion that i. there was no sudden increase in the number of resales; ii. sale prices were similar or greater than those in control areas, -and so on.

From Wahl (1993):

43*. Community Residence Information Services Program (1986) There goes the neighborhood: A summary of studies addressing the most often expressed fears about the effects of group homes on neighborhoods in which they are placed, White Plains, NY: CRISP.

One of the best known studies. CRISP examined and summarized the evidence from twenty two studies of the effects of group home siting on the host neighborhood. The studies were conducted in a variety of different communities in both Canada and the U.S., and demonstrated that group homes have little, if any, effect on the surrounding community

44*. Gale, C., C. Fan Ng, and L. Rosenblood (1988) "Neighborhood Attitudes Towards Group Homes for People with Mental Handicaps" Mental Retardation and Learning Disability Bulletin, 16: 7-26.

This study found that a quarter of the respondents were unaware of the group home's existence. The authors also reported that attitudes about homes for the mentally handicapped did not change over a one year period following the home's opening.

45*. Gardner, P., G. Pfaff, and S. Irwin (1982) Community Acceptance of Group Homes in Ohio. Columbus, Ohio: Association for the Developmentally Disabled.

This study from Ohio used a written questionnaire to gauge neighbors= (within one block) attitudes about group homes. Neighbors did not perceive group home residents as threatening. They also indicated that they were for the most part supportive of noninstitutional treatment.

46*. Muhlin, G. and A. Dreyfus (1984) Community Reactions to Neighborhood-based Residential Mental Health Facilities in Westchester County Scarsdale, NY: Social Area Research, Inc.

The authors used a telephone survey to survey neighbors of six residential facilities. They found that more than 40% of the neighbors were unaware of the group homes' existence. Those who did know of the home's presence indicated that its impact was negligible.

47*. Rabkin, J., G. Muhlin, and P. Cohen (1984) "What the Neighbors think: Community

Attitudes Toward Local Psychiatric Facilities" Community Mental Health Journal, 20: 304-312.

Conducted in New York City, the authors used a telephone survey to contact people living in proximity to a variety of different facilities (including psychiatric outpatient clinics; small residential facilities for discharged mental patients; and some SROs. The authors found that most respondents were unaware of their proximity to a mental health facility.

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Homes for Mentally Retarded People, Princeton, New Jersey: Woodrow Wilson School of Public and International Affairs, Princeton University.

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The Campaign for New Community is founded on the belief that people of good will can find common ground on which to build healthy, inclusive neighborhoods. We want to reclaim the practice of being open to our neighbors and reaching out to those among us who are in need. We seek to nourish a deepened sense of community that brings diverse individuals and organizations together in common purpose and in aid of their neighbors.

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