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Affordable Housing and Nearby Property Values

An Assessment in Alexandria, Virginia

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Affordable housing has many benefits

Reduces homelessness

Lifts people out of poverty

Improves health outcomes

Improves educational outcomes for youth and long term earnings

Reduces the likelihood of later adult incarceration

Maintains health, daily functioning, quality of life, and maximum independence for adults as they age

Supports economies as a whole

Still, there is often opposition to affordable housing developments

- One reason for opposition is a fear that the developments will cause nearby property values to decline
- Research has provided little evidence that subsidized housing depresses neighborhood property values
 - LIHTC:
 - ↑ nearby property values of 3.8 percentage points to 6.5%
 - Revitalize neighborhoods and attracts racially and income diverse populations
 - developments in higher income areas can be associated with house price declines
 - Other types of affordable developments, such as those funded by New Markets Tax Credits, have not been found to depress property values, and can increase property values under certain conditions

Our study

We use Zillow's Assessor and Real Estate Database (ZTRAX) to estimate the relationship between affordable housing developments in Alexandria, Virginia, and sales prices of nearby single-family homes, duplexes, cooperatives, and residential condominiums between 2000 and 2020.

Data and Methods

Analysis methods

- **Sample:** properties that were sold more than once between 2000 and 2020 within the City of Alexandria
- **Model:** Repeat sales model -- examines multiple sales of the same properties over time controlling for attributes about each property that do not change over time. Also control for changes in the housing market at the city level to account for overall trends in the housing market.
- **Treatment variable:** number of affordable units in each development

Data:

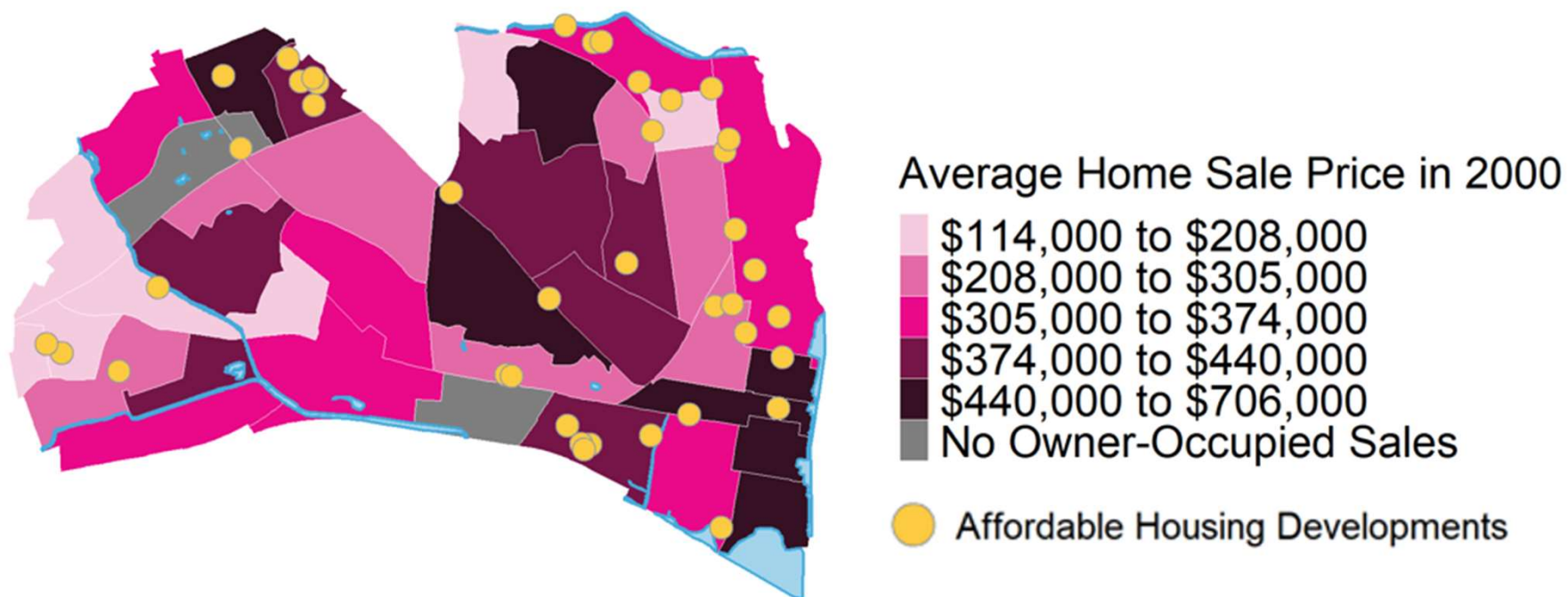


Administrative data from the City of Alexandria, VA about multifamily affordable housing developments that began assistance between 2000 and 2020



Sales data from the **Zillow Transaction and Assessment Dataset (ZTRAX)** between 2000 to 2020

Multifamily Affordable Housing Developments in Alexandria, VA between 2000 and 2020, Overlaid with Average Home Sale Price in 2000



Source: Author calculations from Alexandria, VA administrative data and Zillow ZTRAX Home Sales Data. Home sale price is inflation-adjusted to 2020 dollars.

Multifamily Affordable Housing Developments in Alexandria, VA, where assistance began between 2000 and 2020

Project Name	Year Assistance Began	Set-Asides	Public Housing	Level of Affordability	Committed Affordable Units	Total Units in Complex
Potomac West Apartments	2001	No	No	60-80	45	60
Lynhaven Apartments	2002	No	No	50-60	28	28
Chatham Square	2004	No	Yes	0-30	52	151
Northampton Place	2005	Yes	No	60	12	275
BWR/ Reynolds	2005	No	Yes	0-30	18	18
BWR/ Whiting	2005	No	Yes	0-30	24	24
Beverly Park Apartments	2005	No	No	60	33	33
Arbelo Apartments	2006	No	No	60	34	34
Lacy Court Apartments	2006	No	No	40-60	44	44
Parcview Apartments	2006	No	No	60	120	149
Carlyle Place	2007	Yes	No	60	13	326
BWR/ Braddock	2007	No	Yes	0-30	6	6
Halstead Tower	2007	Yes	No	60	9	174
Meridian at Eisenhower Station	2007	Yes	No	60	15	369
The Alexander	2007	Yes	No	60	13	275
Longview Terrace	2007	No	No	60	41	41
The Tuscany Apartments	2007	Yes	No	60	2	104
The Station at Potomac Yard	2009	No	No	60-80	64	64
Alexandria Crossing at Old Dominion	2009	No	Yes	0-30	36	54
Alexandria Crossing at West Glebe	2009	No	Yes	0-30	48	48
Del Ray Central	2010	Yes	No	60	9	141

Multifamily Affordable Housing Developments in Alexandria, VA, where assistance began between 2000 and 2020

Project Name	Year Assistance Began	Set-Asides	Public Housing	Level of Affordability	Committed Affordable Units	Total Units in Complex
Beasley Square	2011	No	No	60	8	8
Post Carlyle Square II	2012	Yes	No	60	6	344
Old Town Commons	2013	No	Partial	0-30	134	379
Station 650 at Potomac Yard	2015	Yes	No	60	8	186
The Bradley	2015	Yes	No	60	10	159
Notch 8	2015	Yes	No	60	12	252
Parc Meridian at Eisenhower Station	2016	Yes	No	60	33	505
Jackson Crossing	2016	No	No	60	78	78
Southern Towers	2016	Yes	No	55-60	105	2184
The Thornton	2018	Yes	No	60	24	443
St. James Plaza	2018	No	No	40-60	93	93
Silverado Alexandria Memory Care	2018	Yes	No	0-80	2	66
Gables Old Town North	2019	Yes	No	60	9	232
Ellsworth Apartments	2019	No	No	50-60	20	20
The Nexus at West Alex	2019	No	No	40-60	74	74
Parkstone	2020	No	No	60-80	244	326
The Foundry	2020	Yes	No	60-80	5	520
Denizen Apartments at Eisenhower Square	2020	Yes	No	60	13	336
The Bloom	2020	No	No	40-60	97	97

Findings

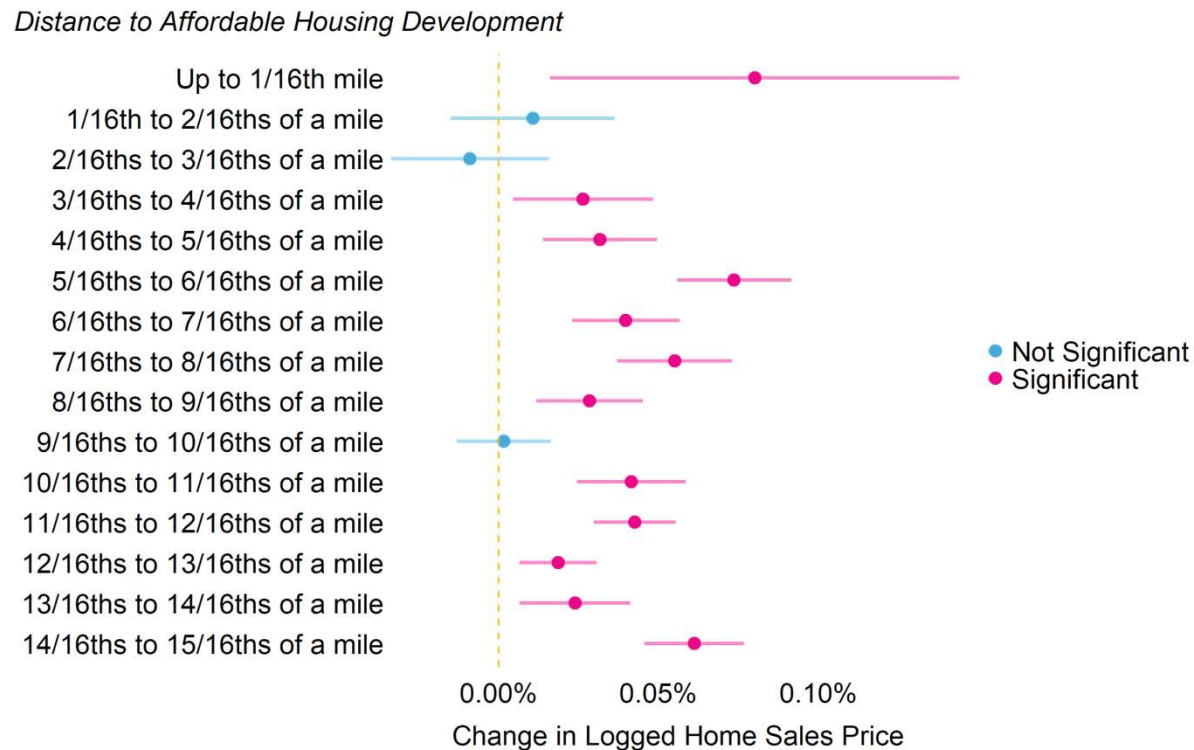
Affordable housing units in the City of Alexandria are associated with an increase in property values of 0.09% within 1/16th of a mile of a development, on average.

	In Sales Price
Affordable housing units	0.09%*** (0.03%)
Number of observations	57,998
Adjusted R-Squared	0.46

Source: author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01 **p<0.05 * p<0.10.

Over space, affordable housing units are associated with a positive and statistically significant effect on properties within 1/16th of a mile of a unit, and then no effect between 1/16th of a mile and 3/16th of a mile



Source: Author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Confidence intervals at the 95 percent level (shown as lines) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. Coefficients that are red are statistically significant at the 5% level, and those that are blue are not.

The relationship between affordable units and nearby properties after removing set-asides is even larger than it was when including them

	In Sales Price
Affordable housing units that were not set-asides	0.11%*** (0.03%)
Number of observations	57,998
Adjusted R-Squared	0.460

Source: Author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01 **p<0.05 * p<0.10.

Affordable housing in higher income neighborhoods is positive and highly significant, as is affordable housing in lower income neighborhoods

	In Sales Price
Affordable housing units in census tracts with household median incomes below the median	0.17%* (0.101%)
Affordable housing units in census tracts with household median incomes above the median	0.06%*** (0.03%)
Number of observations	57,998
Adjusted R-Squared	0.460

Source: Author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01 **p<0.05 * p<0.10.

Results are robust to a number of other

	In Sales Price within the following distance from a development:				
	1/16 th of a mile (main model)	1/8 th of a mile	1/4 th of a mile	1/2 of a mile	1/8 th , controlling for 1/8 th to ½ mile
Affordable housing units	0.09%*** (0.03%)	0.03%** (0.01%)	0.01%** (0.007%)	0.03%*** (0.004%)	0.02%* (0.01%)
Observations	57,998	57,998	57,998	57,998	57,998
R-squared	0.460	0.460	0.460	0.461	0.461

Source: Author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects.

***p<0.01 **p<0.05 *p<0.10.

Additional robustness checks

	In Sales Price within the following distance from a development:				
	1/16 th of a mile (main model)	1/8 th of a mile	1/4 th of a mile	1/2 of a mile	1/8 th , controlling for 1/8 th to 1/2 mile
Effects controlling for five- year development window	0.16%*** (0.044%)	0.03%* (0.018%)	0.02% (0.010%)	0.04%*** (0.005%)	0.03% (0.018%)
Five-year development window	0.20%*** (0.047%)	-0.01% (0.009%)	-0.01% (0.005%)	0.003% (0.003%)	-0.01% (.009%)
Observations	57,998	57,998	57,998	57,998	57,998
R-squared	0.460	0.460	0.460	0.461	0.461

Source: Author calculations from ZTRAX and Alexandria, VA administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within one mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects.

***p<0.01 **p<0.05 * p<0.10.

Policy Implications

Affordable housing developments in the City of Alexandria, Virginia, not only do not reduce property values, but they are actually associated with a small but statistically significant *increase* in values

- These positive results could reflect a combination of
 - strict requirements for design, development, maintenance, and operation of affordable housing,
 - a cadre of sophisticated local and regional developers including nonprofit housing developers working in the city's real estate market.
 - ongoing oversight from local, state, federal and private lenders and investors,
 - The city's commitment to diversity and inclusion as core values which helps to incorporate new and preserved affordable housing developments into the fabric of Alexandria neighborhoods.
- Given the known benefits of affordable housing on housing stability, access to opportunity, and the overall health of households with low-incomes and economies as a whole, these results support the development of additional affordable housing in the City of Alexandria.



Questions?

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