

How to Deal with Property Values Concerns

I. KEEP FOCUSED ON THE GOAL:

Getting local government approvals for a good proposal is the goal - it does not entail making everyone happy. The two are somewhat related, but not the same. Note: in this sense, the term "community acceptance" is confusing.

II. ASSESS THE THREAT:

Who is articulating this concern? What is their political power or potential to keep you from getting approval because of this concern? Don't spend an inordinate amount of resources or time responding to concerns that are not likely to be consequential.

III. DETERMINE APPROPRIATE RESPONSE(S):

Through careful listening, conversation and other research, try to figure out to what degree is the basis of concern primarily (1) an honest factual issue; (2) based on fear; or, (3) hiding another different issue (and, if so, what?).

a. if the concern is primarily factual:

Consider the following responses:

- Provide most relevant property value studies;
- Get testimony from an informed realtor and/or appraiser familiar with doing property value studies (e.g. Michael Dear, Jennifer Wolch, Lynn Sedway or John Landis);
- Show the concerned neighbors your budget (and sources of funds) for property maintenance, your management plan, and other information to demonstrate that you will be a responsible property manager and neighbor;
- Demonstrate that your proposal and program are based on the best practices or best models and incorporate lessons learned from other similar facilities, e.g. that the plan tracks advice from *Transitional Housing: A Bridge to Stability and Self-Sufficiency, Best Practices in Program Design and Delivery* (HomeBase, 1998)
- Give concerned neighbors a copy of "Defending Their Turf," an investigative article in the August 1995 issue of *Smart Money Magazine* which provides the following guideline of when a concern is justified:

If it is ungodly loud, blocks your view, smells bad or is a proven health hazard, there's a chance your property value will suffer.

- Do a new property value study of potential effects (Coopers and Lybrand did one for a Habitat for Humanity proposal.)

In general, over a period of several decades, dozens of studies conducted by independent researchers and employing a wide variety of methods have found that contemporary affordable housing has no negative impact on surrounding property values, rate of turnover, or other measures. A few studies have shown increases in property values and a few have shown possible or small negative impacts.

Make sure you understand **the uses and limits of property value statistics** based on the complexity of home buying dynamics and appraisals and statistics. Changes in neighborhood property values are usually determined by larger economic trends, overall neighborhood desirability, the characteristics of the particular housing for sale, and only rarely by the presence or impacts of one particular nearby property.

- i. The most relevant point to draw from statistics is the interpretation of the results of property value studies. What accounts for no impact or an increase in surrounding property values? Most studies finding no negative impacts on nearby property values attribute the finding to the fact that the residences, though controversial, were well-designed, well-maintained and well-managed. Studies finding increases in property values usually explain that finding by the fact that the new use had replaced what had been a dilapidated structure or vacant property, or that its presence spurred other positive action in an otherwise declining neighborhood.
- ii. Statistics cannot predict any individual behavior. In other words, a particular fearful buyer may not be aware of or moved by facts about non-impact on property values or livability, and she/he might withdraw an offer. This single event does not mean that the market value of the nearby properties has decreased, only that this particular buyer decided not to buy the property. Only a pattern of such behavior would indicate a possible decrease. In this case it would be useful to know whether such a prospective buyer would be willing to buy the property but for less money or not at all. If for less money, this may indicate a potential decrease in value, but if not at all, then his/her reluctance is not about price. Rather, it may indicate a subjective decision on the part of that buyer about the proposed use of the nearby property.

We can't/shouldn't be held (hostage) responsible for the subjective preferences (or prejudices) of individual potential buyers if we've done our best to create a well-designed, well-maintained and well-managed residence that fulfill critical community needs and city-identified priorities. However, such analysis may also relate to other dimensions of market value concerns (e.g. how long a property will be on the market before it sells).

- iii. Some studies (e.g. Knowles and Baba study) demonstrate that there can be a conflict between some residents' feelings about the proposed residence and their objective property values.
In other words, some residents might not like certain neighbors, but this doesn't reduce the objective value of their own property. If the neighbors are not actually causing a nuisance or doing things that actually detract from the livability of the neighborhood, then these feelings will not be reflected in the property value of the unhappy neighbor's house.
- iv. There's almost never an exactly on-point study, so there will always be room for dispute by both sides (including the studies summarized in Dear's publication).
This is the problem with any argument based on statistics: you can always argue about methodology, etc., etc.
- v. Use the statistics to gain perspective on the concern.
A common finding in many studies, including in San Francisco Redevelopment Agency's 1993 "Following Up" report on supportive housing residences, and in almost all developers' experience, is that the feared impacts do not occur and that most neighbors who were initially very concerned about the proposal tend to feel much better about it after it actually is completed and operating for a while (assuming it is well-designed, well-maintained and well-managed). This perspective is hard to gain in the moment of fear, but it is true.
- b. If the concern is primarily fear:
- Consider all of the above responses AND:
 - Try to build a respectful, honest and professional relationship with the concerned neighbor;
 - Get testimony from a realtor who is informed about the issues and trusted by the concerned neighbor;
 - Conduct a housing tour of similar existing residences and talk with other "peer" neighbors;
 - Keep distinguishing between current fears and whether or not the fears are substantiated with facts and are likely to be realized.

Remember, the key issue about fears that are not primarily based on lack of credible, relevant information is that the person usually needs reassurance from a trusted authority.

c. If the concern is primarily something else:

You will need to consider and/or try all of the above and during this process try to "smoke out" the underlying actual basis for concern/opposition.

In this process, you should:

- Pay attention to the neighbors' responses to what you present: Are they never willing to accept/credit any credible, relevant genuine factual information? Do they somehow always identify new and additional issues of concern?
- Document all your actions, conversations and interactions with the concerned neighbors;
- Consider your political and legal options;
- See "Special note: dealing with opponents who act in bad faith" at the end of chapter entitled "How to Work Through Local Community Issues," Building Inclusive Community: Tools to Create Support for Affordable Housing, (HomeBase, 1996).

IV. WHILE MAKING RESPONSES TO CONCERNED NEIGHBORS:

- Be sure to keep elected officials and staff (especially supportive and potential "swing") informed about how you are attempting to meet the concern;
- Don't stop creating and building active support for the proposal;
- Consider how your supporters may assist you in this work;
- Prepare to address this issue when responding to questions from reporters.