

## The relationship between multi-family housing and nearby single-family home values.

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Most studies that purport that multi-family developments do not decrease (and sometimes increase) the value of nearby single-family homes, are often flawed in 2 ways. First, they are sometimes done by zip code, census tract or other larger area, rather than by individual home values of the specific properties that are near a development. This can result in overlooking the effect of the immediate proximity of the development to the nearby neighbors. Unwanted attributes may be additional noise, traffic, lights, height of the buildings, or proximity of neighbors. Second, these studies are often done in high demand areas, like Seattle, Boston, New York, or Washington DC. These studies may confuse the effect of extremely high demand for housing, rather than the effect of the newly built high-density housing. I may be exaggerating, but people will pay \$3000/month to live in a shoebox in some of those areas.

My first reference is a study that makes these errors. This study was provided to me as a reference by Joe Kujawa, a member of the Elm Grove Plan Commission in support of high-density housing. This is a classic example of the literature that I found while researching that makes inappropriate comparisons that lead to inaccurate conclusions.

[https://uli.org/wp-content/uploads/ULI-Documents/HigherDensity\\_MythFact.ashx\\_.pdf?fbclid=IwAR2R0LVn2QIH9oXJ6QEnRENMB-x6ArVJY-dmF6kNpnI5K6NgOshovS\\_owlo](https://uli.org/wp-content/uploads/ULI-Documents/HigherDensity_MythFact.ashx_.pdf?fbclid=IwAR2R0LVn2QIH9oXJ6QEnRENMB-x6ArVJY-dmF6kNpnI5K6NgOshovS_owlo)

This study was prepared in collaboration with:

- National Multi Housing Council. “The NMHC is a national association representing the interests of the nation’s larger and most prominent apartment firms. NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information, and promotes the desirability of apartment living.” (This description is directly from the report. Doesn’t that sound like it would produce an unbiased opinion?)
- Sierra Club
- American Institute of Architects
- Urban Land Institute

This study presents an argument for high-density housing as an alternative to urban sprawl as being better for the environment because it increases walking and decreases driving. All good things. However, their conclusions focus on high density urban areas, not bedroom communities like Elm Grove. For example, on p.8 of their study:

“Even very-high-density housing can be practical, safe, and desirable. For example, the mixed-income apartments and condominiums or luxury high rises in New York and Chicago—some of the safest and most expensive housing in the country—prove that density does not equal an unsafe environment.”

Their additional examples are also not comparable:

- A Virginia community located within walking distance of a Washington, DC Metro stop, offering housing, offices, retail, and restaurants. (Including a Crate and Barrel.)

- A Florida development of **owned** townhomes that reflect a higher value than neighboring single-family homes.
- A Dallas development located adjacent to the light rail station.
- A 677-acre Chicago suburb that is a conservancy including wetlands.
- An Atlanta development attached to the subway system.
- A mixed use development in Boston's South End.

How are any of these comparable to Elm Grove? Please read and think carefully when reviewing information in support of high-density housing having a positive effect on single-home values. It is not likely to hold true for our village location.

This second reference, also provided by Mr. Kujawa, actually supported my point. This link will take you to a paper "The local relationship between higher density and single-family home values" by Arthur Acolin, Gregg Colburn, and Rebecca Walter. This is a 2018 study done by the University of Washington and is also prepared with data from "five U.S. metropolitan areas: Chicago, Los Angeles, Minneapolis, Philadelphia and Seattle" all large, urban areas that are not relevant to Elm Grove.  
[https://appam.confex.com/appam/2018/webprogram/Paper25598.html?fbclid=IwAR3rP-zRj0l6mzjbJ3O6J2gRk0r-k3DgQ\\_d0lWCvYLEzEVFv-QjPX7QpHclo](https://appam.confex.com/appam/2018/webprogram/Paper25598.html?fbclid=IwAR3rP-zRj0l6mzjbJ3O6J2gRk0r-k3DgQ_d0lWCvYLEzEVFv-QjPX7QpHclo)

However, it makes a couple of good points (p.18):

"When analyzing the relationship across all three zones in a metropolitan area, a consistent theme emerges in all five cities in the study. In each city, the relationship between density and value in the urban core is positive, and statistically significant. As one moves away from the urban center, the relationship becomes less positive, and in some cases turns negative."

"The findings across all five cities highlights that, independent of context, the density and value relationship becomes more negative farther from the urban core."

In other words. The study's conclusion of multi-family having a positive effect on housing value does not hold true as you move away from the city center of one of these urban areas. Elm Grove is clearly and deliberately distant from the urban center of Milwaukee.

This study also points out that **demand, and not density**, is one variable in these studies that can produce bad results and conclusions (p.3):

"Failure to address this challenge may produce biased estimates that capture the relationship between demand and home values, rather than the relationship between density and values."

This is the flaw with Mandel's notion that housing value in Whitefish Bay increased despite their development there. Housing value in Whitefish Bay consistently increases due to high demand. Whitefish Bay is also a suburb with sidewalks and street lights, and is a more urban setting than our community.

The third reference I would like to present is a 2012 study done at Colorado State University. The economics researcher is also a Realtor who has access to MLS home sale data.

[https://mountainscholar.org/bitstream/handle/10217/75297/Usrey\\_colostate\\_0053N\\_11509.pdf](https://mountainscholar.org/bitstream/handle/10217/75297/Usrey_colostate_0053N_11509.pdf)

This study concludes (p.30):

“I find strong evidence that rental density plays an important role in determining a home’s overall selling price; with rentals located within ¼ mile of a property negatively affecting price and rentals located between ¼ and ½ mile positively affecting selling price.”

My fourth reference is a 2002 study done at the University of Nebraska at Omaha. This researcher’s study supported her hypotheses that **both proximity and density** had a negative effect on nearby single-family home values. (p.59) That is, how close you are to the development and the number of units in the development both negatively affect nearby values.

<https://digitalcommons.unomaha.edu/cgi/viewcontent.cgi?article=2150&context=studentwork>

In conclusion, please make sure you are comparing apples-to-apples when you look at these studies that say high-density housing does not harm adjacent single family home owners. Putting large scale, high-density housing next to single family housing in a suburban setting will be harmful to home values. A project “for the good of the community” is not acceptable if there is a cost to other homeowners. For many people, their primary home is one of their largest assets. That asset must be protected. Existing residents must be protected.