

**St. Leonard's Society of Canada**  
**Research Brief**  
**Do Halfway Houses Affect Property Values?**  
**August 2004**

BACKGROUND

The purchase of a home is arguably the most significant acquisition one will make in his or her lifetime. With that, home owners wish to feel that their investment will provide long-term emotional and financial stability and safety. This includes confidence in its property value. This brief will review research findings indicating that there is no relation between halfway houses and property values, as so commonly perceived.

As crime becomes an ever-increasing focus in communities, media and politics, public perceptions of crime and criminal justice do not necessarily represent factual truths. Further, with a slight increase in federal community sanctions<sup>1</sup>, the need to acknowledge and address public safety concerns is a reality.

Society in 21<sup>st</sup> century North America tends to be fearful and punitive of the unknown; while we have evolved to appreciate the needs of the physically disabled, for instance, we have yet to view mentally ill persons in the same light. Similarly, all of these factors and the demonization of offenders can result in what is called the NIMBY ("Not In My Back Yard") syndrome:

"a collective, negative reaction to a proposed change in the local environment. NIMBY can often relate to a proposal that has general social value, such as social housing, but that raises concern when close to people's homes. This has given the NIMBY syndrome a reputation as an expression of intolerance and prejudice. However, NIMBY can also arise when local residents have genuine concerns about such issues as appropriate land use or a neighbourhood's physical appearance" (Energy Pathways Inc. 1994).

NIMBY as it relates to halfway houses, correctional facilities and offenders (and/or ex-offenders) can draw upon both the perceived and genuine concerns of individuals, families and communities. Keeping all this in mind, it is important to consider the empirical basis of NIMBY-ism.

ISSUE

Limited research exists on halfway houses as they affect property values. In fact, only one Canadian study, done by John MacNeil and Bruce Kappel in 1986, explicitly examines correctional facilities and property values to this extent. While many other Canadian and American studies exist in a more broadly-based area, they looked at the influence of group homes generally (e.g. social housing projects, homes for the mentally ill, non-profit developments), as opposed to halfway houses specifically.

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<sup>1</sup> As noted from Statistics Canada: *Adult correctional services, admissions to provincial, territorial and federal programs* (1997-2001).

MacNeil and Kappel analysed property transactions, police records, crime rates and public attitudes over a four year period in Toronto, London and Ottawa. They hoped to identify the impact of correctional group homes on property values and crime rates, and the attitudes and perceptions of neighbourhood residents on these issues. Eighteen control and experimental groups (neighbourhoods) were established. The researchers concluded that the presence of the home *may* affect property values. They noted that several experimental groups found an increase in property values compared to control groups, and that the results were inconsistent across each of the cities. MacNeil and Kappel therefore determined that the findings were not conclusive.

The length of time a property remained on the market was also evaluated, as was the total number of property transactions in each group; again, there was no evidence to support any difference between the control and experimental groups. They concluded that the presence of the home did not have any definitive impact on surrounding neighbourhood property values.

Interestingly, all other studies in this field (which examine the presence of a wider scope of group home) do conclusively indicate that their presence in no way affects property values.

Most recently and significantly was the then Ministry of Housing, Recreation and Consumer Services of British Columbia's initiation of a task force on this subject in 1995. Their investigation highlighted seven property value studies<sup>2</sup> undertaken by professional property appraisers. In all seven cases there was no evidence that the existence of the 'special needs home' negatively affected prices of homes in that neighbourhood. In fact, in five of the seven areas examined, the task force noted that the average house price actually increased in the areas with a group home. Overall, sales patterns were found to be strikingly similar between the 'impact area' with the group home and the 'control area' in absence of such a home.

Ekos Research Associates Inc. were funded by the Canada Mortgage Housing Corporation to complete the only major study which looked at both the perceived and real impacts of social housing across Canada. In 1994, results were published from fifteen housing projects in Vancouver, Ottawa, Montreal and Halifax. While decreasing property values were listed as the primary concern of respondents in the neighbourhoods (almost half of the 556 individuals questioned believed that their property value was negatively affected by the home), the analysis of property values found that there was no statistically significant difference in price of property due to the presence or absence of social housing, regardless of proximity.

Further research reaffirms these conclusions. Larry Smith and Associates published results in 1992<sup>3</sup>, as did Ekos earlier in 1989<sup>4</sup>. While these research studies examined the impacts of non-profit social housing on property values, yet another study found similar conclusions relating

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<sup>2</sup> Conducted in Esquimalt, Kelowna, Nanaimo, North Vancouver, Surrey, Vancouver and Victoria

<sup>3</sup> Regional Municipality of Peel, Ontario (Mississauga, Brampton, Caledon)

<sup>4</sup> Ontario Ministry of Housing, carried out in Toronto, Ottawa and North Bay

to group homes for the mentally ill. Boydell, Pierri and Trainor (1986) concluded that property markets near the group homes they studied in Toronto were not negatively impacted, and they went on to postulate that neighbourhood real estate values were perhaps strengthened through its presence. They hypothesized that upgrading (i.e. improving property characteristics) near group homes occurs, and that this may positively impact property values.

Furthermore, the Ontario Municipal Board (OMB), an independent tribunal that hears appeals and applications to resolve land disputes, has also considered this issue. In a court case appealing an Assessment Review Board decision to reduce 10 property assessments by 10% as a result of local group homes in North York in 1983, the OMB reversed the decision stating that there was no evidence of loss of property value due to proximity to the homes<sup>5</sup>.

In the United States, similar findings are evident

Martinez (1988) identified 15 studies between 1963 and 1986 and compounded evidence involving group homes, subsidized housing and manufactured housing. All but one study found that there was no negative impact on market values due to the homes' existence in the area.

By far the most notable study done in America was the City of Lansing Planning Department's 1976 which looked at foster care homes in five areas in Lansing Michigan. They also determined that there was no relationship between halfway or foster care homes on property values, regardless of neighbourhood socio-economics, number of residents in the homes, or the nature of the individuals at each home. Despite the fact that this study was conducted almost thirty years ago, the author contends that similar conclusions would arise today.

## CONCLUSION

While there has not been a great deal of research published on the impact of halfway houses and correctional residential facilities on property values, there has been a reasonable amount of comparable research in North America. Every indication suggests that the presence of such homes does not negatively affect property values, as the public at large may instinctively fear or believe.

The following three interesting issues have become evident through this investigation:

1. Factors that do affect property value include economic forces, location of industrial sites, shopping malls and transportation services, the quality of public services and facilities, the presence or absence of schools and the general characteristic of the property itself (for example, see Lapointe Consulting, 1991).
2. Individuals who are unaware of social housing in their area are more likely to think that the presence of social housing would have a negative impact on the neighbourhood, generally (e.g. see Centre for Community Corrections, 2002 or Energy Pathways, Inc., 1994)
3. Communities who are more aware, involved, and communicate with planners and house operators more are more tolerant, feel greater confidence in the home generally, and are less likely to perceive negative impacts of the home on their

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<sup>5</sup> As seen in Halton Hills Residential Care Facilities Study (2001) Appendix 4: Literature Review. OMB and Assessment Review Board rulings are no longer available.

neighbourhood (e.g. see Benzvy-Miller, S., 1988, Energy Pathways, Inc., 1994 or Ekos Research Associates Inc., 1994).

This author therefore concludes that ignorance is not bliss after all.

## RESOURCES

Benzvy-Miller, S. (1988) *Community Corrections and the NIMBY Syndrome*. Correctional Service Canada. On-Line [http://www.csc-scc.gc.ca/text/pblct/forum/e022/e022h\\_e.shtml](http://www.csc-scc.gc.ca/text/pblct/forum/e022/e022h_e.shtml). Ottawa.

Boydell, K., Pierri A. and Trainor, J. (1986) *The Effect of Locating a Group Home for the Mentally Ill on Neighbourhood Property Markets: A Case Study Approach*. Queen Street Mental Health Centre. Toronto.

British Columbia Ministry of Community, Aboriginal and Women's Services (1996) *Toward more inclusive neighbourhoods: Property Values unaffected by non-market housing*. On-Line <http://www.mcaaws.gov.bc.ca/housing/NEIGHBOUR/index.htm>

Centre for Community Corrections (2002) *Summary of Findings. Public Outreach and Halfway Houses and Intergovernmental Solutions: Final Report*. Open Society Institute, Criminal Justice Initiative. New Jersey.

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MacNeil, J. and Kappel, B. (1986) *Executive Summary. Community Impact Study: The Effect of Locating Correctional Group Homes in Residential Neighbourhoods*. Canadian Training Institute. Unpublished manuscript.

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prepared by Susan Haines for St. Leonard's Society of Canada

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