

# AFFORDABLE HOUSING AND NEIGHBOURHOOD PROPERTY VALUES



This summary report highlights the key findings from our research on the impacts of affordable housing on neighbouring property values, focusing on five Alberta case studies. A full report on exploring the impacts of affordable housing on neighbourhoods, a report on strategies for responding to community opposition, and factsheets about affordable housing are available on our website at [civida.ca/AHFacts](https://civida.ca/AHFacts).

Housing providers, developers, municipalities, and others can use this research to answer questions about the impacts of affordable housing on surrounding property values.

## Introduction

Affordable housing providers face barriers to increasing the supply of safe and affordable housing.

**Community opposition** (sometimes also called NIMBY or Not In My Backyard) directly affects the ability to increase the supply of community housing and create more diverse and inclusive communities.

While most people support affordable housing in principle, **local community members are often concerned about the potential impacts of community housing developments on their neighbourhoods.** Concerns may relate to urban intensification, densification, sense of place, crime and safety, property maintenance/upkeep, and impacts on property values. These concerns may at times be grounded in stereotypes and discriminatory beliefs about tenants living in community housing.

To address these concerns, Civida conducted an applied research project on the impacts of affordable housing on neighbourhoods, with a focus on property values.

## Our Findings

There is no evidence that affordable housing has intrinsic negative impacts on neighbourhoods. In fact, there is *more* evidence that affordable housing has *positive* impacts on families and communities.

Social and affordable housing is key to inclusive and diverse communities and supporting the health and well-being of individuals and families. Overall, property assessments around the affordable housing sites in both Edmonton and Calgary mirrored the city-wide trend in three out of the five sites. This indicates that **property assessments were not strongly impacted by the opening of the affordable housing developments.**

Global and local economic factors have much bigger impacts on residential property assessments compared to the development of affordable housing. This is clearly shown in the year over year analysis.

**In Edmonton, the median residential property assessment increased by 4.52% in the years of analysis.**

**Around Stadium Manor, the median property assessment also increased by a similar rate (2.93%) while it decreased around McDougall Manor (5.43%).**

The year over year analysis suggests this decrease is recent and not likely due to the opening of McDougall Manor.

**In Calgary, the median residential property assessment decreased by 6.67% in the years of analysis.**

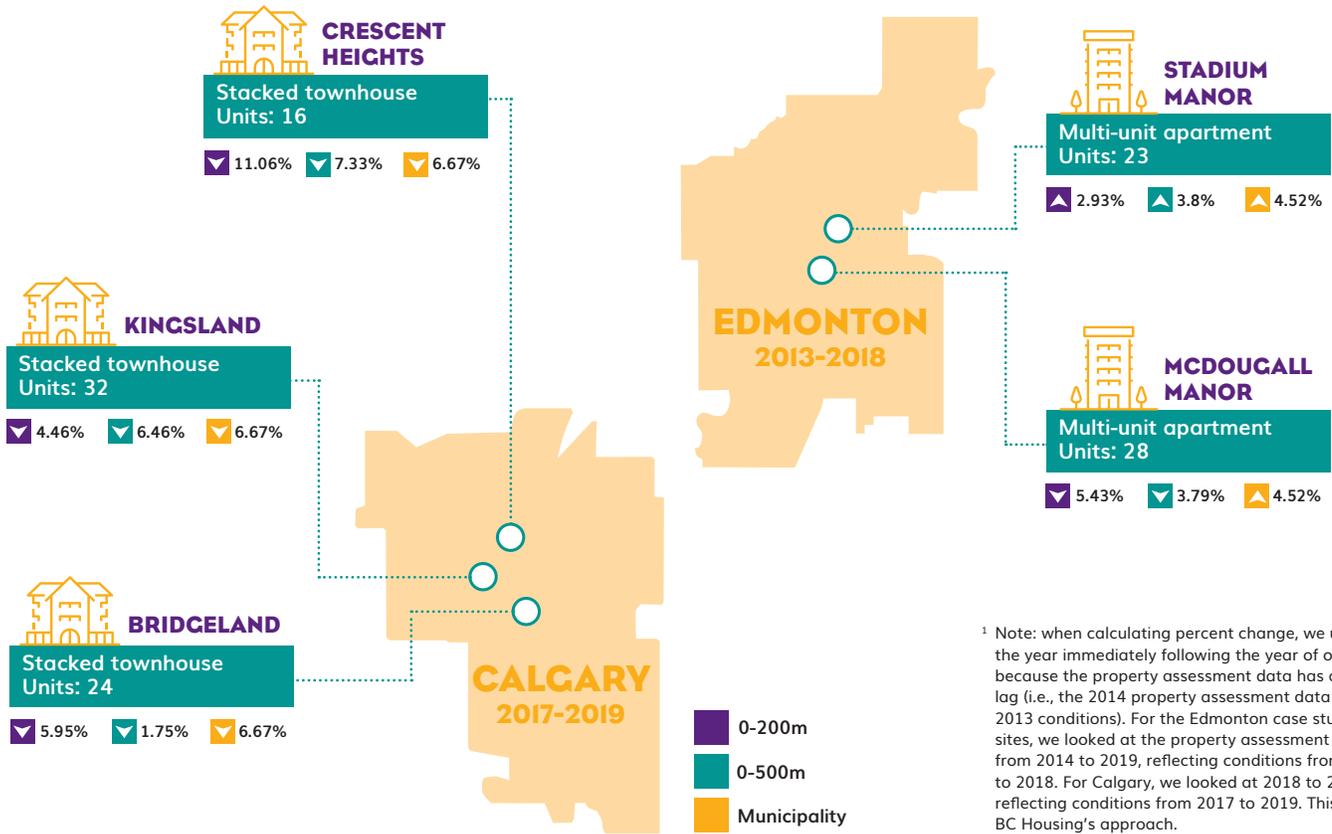
**Around Crescent Heights, the median residential property assessment decreased slightly more (11.06%), while it decreased slightly less in Kingsland (4.46%) and Bridgeland (5.95%). For Crescent Heights, the absolute change in the median property assessment was the same as the city-wide change (\$26,500).**

The year over year analysis indicates that the area around Crescent Heights has been declining before the opening of the affordable housing development and is not likely due to the opening of the development.

The Alberta case studies showed no universal negative impact from affordable housing on neighbouring property assessments.



**Percent change in median property assessment for residential properties surrounding cases study sites for up to five years post opening<sup>1</sup>**



- 1** We followed the approach of BC Housing<sup>2</sup> and used municipal property assessment data to explore the impact of affordable housing developments on property values for five case study sites in Edmonton and Calgary where data was available.<sup>3</sup>
- 2** For each affordable housing development, we looked at the surrounding property values in
  1. 0 to 200 metre range around the development (*representing the immediate area*);
  2. the 0 to 500 metre range (*representing the neighbourhood*); and
  3. the municipality.
- 3** We then calculated the percent change in the median property assessment for all residential properties in different geographic range.

<sup>2</sup> BC Housing, "Exploring Impacts of Non-Market Housing on Surrounding Property Values Full Report."

<sup>3</sup> The property assessment is the fair market value of the property as of July 1 of the previous year, meaning that there is a one-year lag represented in the data. However, it remains the best available data to explore the impact of affordable housing on property values.

## Neighbourhood Characteristics of Case Study Sites

The neighbourhoods in Edmonton and Calgary where these five case study sites are located are older, mature neighbourhoods, with older housing stock, and are in various stages of revitalization and redevelopment.

Choosing affordable land options in lower cost neighbourhoods helps keep down development costs and keeps rents more affordable. Aging housing stock and more affordable land is likely a reason why these affordable housing developments we studied are located in these neighbourhoods.

All five affordable housing developments are situated on the boundaries of the neighbourhoods they are located in, bordering major roads and commercial and retail areas. These locational features will also impact the property values in the immediate area.

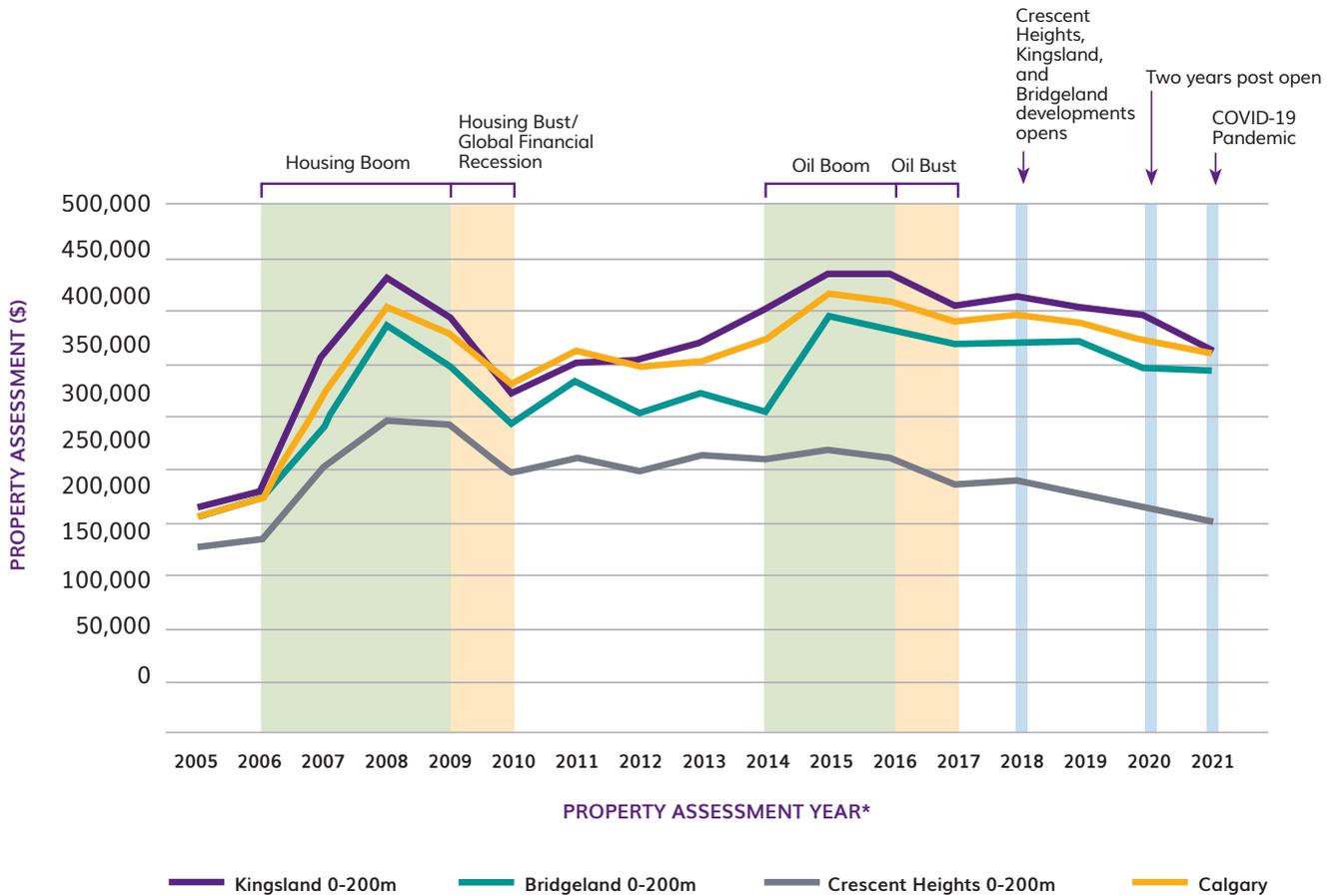
## Macroeconomic changes are more likely to have impacts on property assessments.

While this report was not focused on the broader housing market, it highlights how macroeconomic factors have a much larger impact on property values.<sup>4</sup>

Alberta is an oil dependent province, and the impacts of the most recent oil boom (reflected in the 2014/2015 property assessments) and bust (reflected in the 2015/2016 property assessments) in the median assessed values in both Calgary and Edmonton were noticeable, but more so in Calgary, which is more reliant on oil and gas.

It is more likely that the relationship between property values and affordable housing goes the other way – affordable housing is more likely to be located in neighbourhoods with lower property values due to cost of land, rather than affordable housing lowering property values.

## Median Residential Property Assessments from 2005 to 2021, Calgary



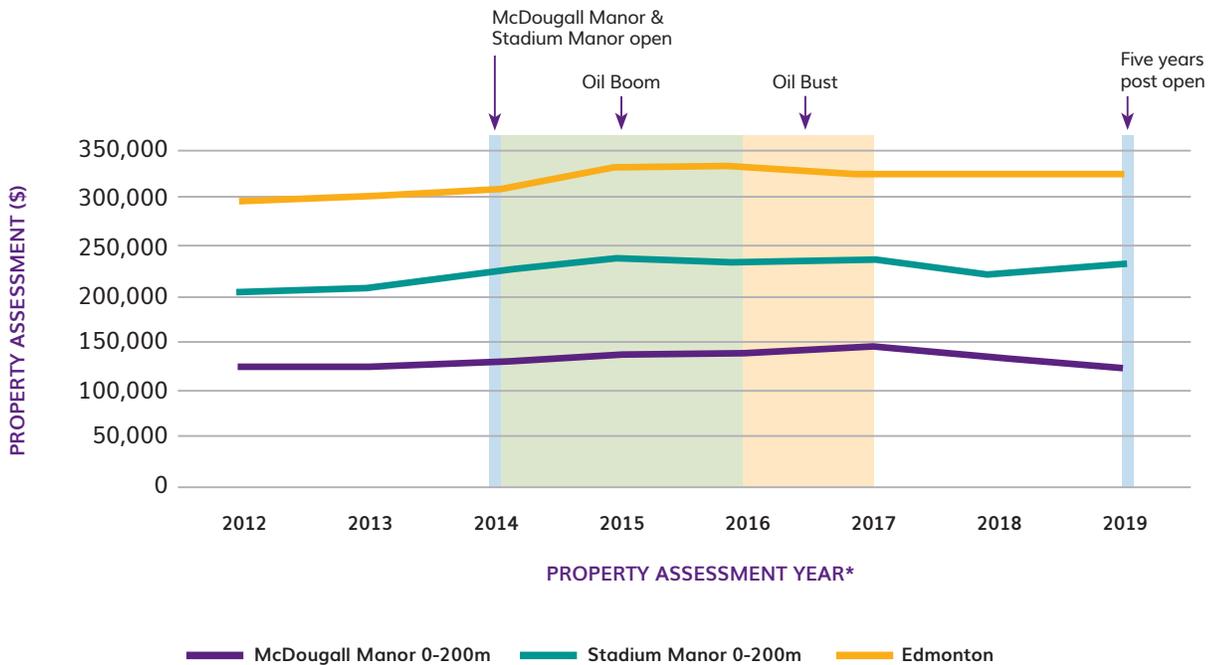
\*Note: the property assessment year reflects the previous calendar year (e.g., 2021 reflects 2020 economic conditions).

For the Calgary case study sites, the immediate areas around Kingsland and Bridgeland closely followed or surpassed the city-wide median property assessment. The median property assessment in the area around Crescent Heights was declining before the development opened. Further, this area is immediately adjacent to the Trans Canada Highway and commercial areas, which can impact property values.<sup>5</sup> These factors indicate that the decrease in property values is not likely due to the affordable housing development.

<sup>4</sup> CMHC-SCHL, "Examining Escalating House Prices in Large Canadian Metropolitan Centres."

<sup>5</sup> Larsen and Blair, "Price Effects of Surface Street Traffic on Residential Property."

## Median Residential Property Assessments from 2012 to 2019, Edmonton



\*Note: the property assessment year reflects the previous calendar year (e.g., 2021 reflects 2020 economic conditions).

For the Edmonton case study sites, median property assessments in the immediate area have a similar trend line to the city-wide trend. The median residential property assessment around McDougall Manor only started to decrease in 2018, which suggests that something else other than the opening of McDougall Manor is impacting the surrounding property values. Since the summer 2014 oil price crash, Edmonton overall has seen softer economic conditions and stagnating and/or declining property values and sales.<sup>6</sup>

<sup>6</sup> Sun, "Housing Market Assessment - Edmonton CMA."

Where affordable housing has been built, it is typically without operating subsidies.

### It was difficult to find enough case study sites with available data.

It was difficult to complete this research because there has been so little affordable housing built since the 1990s. Most new neighbourhoods have been built with no purpose-built affordable housing.

Where affordable housing has been built, it is typically without operating subsidies. Since the cost of land is a significant barrier for affordable housing development, affordable housing tends to be located in areas with lower cost land in order to keep the rents more affordable.

We were also unable to include a rural or small-town case study due to data availability.

### Data and Analysis Details

This section briefly outlines our analytical strategy to explore the research question, “what are the impacts of affordable housing on neighbouring property values?” Data availability limited both what kind of analysis we could do and the case study sites we could select. For more details on the methodology, please see our full report.

In total, we identified five affordable housing case study sites (two in Edmonton and three in Calgary) that opened in years where property assessment data was available for surrounding properties.

At the time of analysis, Edmonton data was available for the years 2012 to 2019 (reflecting the calendar years 2011 to 2018) while Calgary data was available for years 2005 to 2021 (reflecting the calendar years 2004 to 2020). Both datasets were publicly available on their open data sites.<sup>7</sup>

In total, we identified five affordable housing case study sites (two in Edmonton and three in Calgary) that opened in years where property assessment data was available for surrounding properties. We restricted the analysis to residential properties as defined under section 297 of the Municipal Government Act and/or the relevant bylaws in the City of Edmonton and City of Calgary.

We were unable to further refine the residential categories, which is a limitation, as property assessments will vary by dwelling type (e.g., single detached house vs condominium apartment unit). To address this issue and avoid skewness due to high and low values, we used the median residential property assessment. The median represents the value of the middle case where half of the values are below, and half are above. It is less prone than the mean (average) to being skewed by high and low values.

<sup>7</sup> City of Edmonton, “Property Assessment Data (Historical) | Edmonton - Open Data Portal”; The City of Calgary, “Property Assessments | Open Calgary.”

As we did not have enough data to conduct regression models<sup>8</sup>, we followed the approach of BC Housing and calculated the median property assessment for residential properties surrounding the affordable housing developments within different geographic ranges. We then calculated the percent change between the opening of the development and up to five years post-opening. We included case study sites so long as there was at least three years of data. We excluded 2021 if within the five-year range due to the impacts of the COVID-19 pandemic.

Importantly, because we did not use regression models, we did not assess correlation or causation (the degree to which variables are related to or caused by each other). We were only able to descriptively analyze differences over time; however, this still provides an exploratory analysis of changes over time in areas where affordable housing has been built. Future analyses should look to ways to conduct more detailed regression models to better assess the impacts, if any, of affordable housing on neighbourhoods.

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## More Information

To find out more about our research on neighbourhoods and affordable housing, please see our full report at [civida.ca/AHFacts](https://civida.ca/AHFacts)

## Acknowledgements

We gratefully acknowledge the support of the Alberta Real Estate Foundation Community Grant Program to complete this research.

## Notice to Readers

Civida has undertaken this research as a part of its research program into social and affordable housing. The greatest care has been taken to confirm the accuracy of the information contained herein. However, no responsibility is accepted by the authors, Civida, or the funders for the accuracy or omission of any statement, opinion, advice, or information in this publication. The views expressed in this publication do not necessarily represent those of any individual contributor, Civida, or funder.

<sup>8</sup> Regression models are statistical procedures that enable researchers to quantify the relationship between two or more variables, controlling for other factors. This approach can allow researchers to isolate the impact of affordable housing on neighbourhoods. However, it relies on more detailed datasets than we had access to, and so we were unable to use these models.