

THE VALUATION REPORT

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Nixing the NIMBYs: Dispelling the Myths of Affordable Housing

By Brandi Day, Novogradac & Company LLP

Developers of multifamily properties often face the threat of NIMBYs – those community crusaders who proclaim “Not In My Back Yard!” Although this threat is even greater for developers of affordable housing than for those builders of market rate apartments, there are some basic arguments for all multifamily properties. Most multifamily properties are considered “affordable” when compared to the single-family home that most Americans are comfortable with having next door.

Part of the American Dream is to own a home and, as convention has it, homeowners are stable and trustworthy while renters are itinerant and suspect. The National Multi Housing Council (NMHC) recently addressed two such myths associated with multifamily living:

- Residents of multifamily properties overburden local schools.
- Residents of multifamily properties do not pay property taxes and, therefore, do not support the public services they drain.

Multifamily properties and local schools

NMHC analyzed data from the 1999 American Housing Survey in order to address the myth that apartment renters are the source of school overcrowding. It found that the average household in the United States has 0.47 school-age children. However, most households (72 percent) have no children at all. The average single-family owner-occupied house has 0.51 school-age children. Meanwhile, the average apartment renter household has only 0.29 children. Although these numbers fly in the face of the myth regarding school overcrowding, it is consistent with common sense as many households purchase a home before having children or shortly thereafter. Within the realm of apartment renters, there are disparities, however. For instance, lower-income households have, on average, more school-age children as indicated in the chart below:

School-age Children Per Apartment Household, by Area Median Income (AMI)	
Income Level	Average Number of School-Age Children
Less than 50% of AMI	0.37
50-79% of AMI	0.33
80 -119% of AMI	0.23
120-170% of AMI	0.13
170% of AMI and above	0.11

Source: NMHC, 08/2001

BRIEFS & RESOURCES

H.R. 1073, a bill to clarify a tax credit for developers who build housing for low-income residents, was recently signed by Georgia Gov. Roy Barnes after being approved unanimously by the Legislature earlier this year. The bill will amend the Georgia Constitution to provide

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Nixing the NIMBYs

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Although the numbers, as shown on the table above, are higher for lower-income renter households than for higher-income renter households, the average number of school-age children is still considerably less than those found in single-family owner-occupied households. Other findings show that among apartment renters high-rise developments have fewer children than garden-style apartments. Newer apartment buildings (those built since 1990) with four stories or fewer have 0.21 school-age children per household, compared to 0.12 children per household in new developments with more than four stories.

Multifamily properties and taxes

The discussion of school overcrowding often leads NIMBYs to contend that apartment dwellers do not pay property taxes and, therefore, do not support public services. This myth is based on misinformation regarding the property tax assessment process. While it is true that apartment renters do not pay real estate property taxes directly, it is not true that they do not support public services. Real estate property taxes are assessed on the property and paid by the owner. This is often the largest cost associated with owning and operating a multifamily property, but these taxes are then passed on to the tenants in the form of higher rent.

In addition, many jurisdictions assess and tax multifamily properties at a rate higher than that of single-family homes as they are income-producing properties. The result is that apartment properties often generate more revenue per household than a similar-sized single-family development. When combined with the fact that apartment-dwelling households actually make fewer claims on public services, the result is that multifamily developments are often subsidizing single-family developments in their neighborhood.

Although these are only two of the myths perpetuated by NIMBYs about apartment development, it is important to note that these are just that, myths, and they are not supported by reality. ❖

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TVR INFORMATION

Address all correspondence and editorial submissions to:
Jane Bowar Zastrow
The Valuation Report
Novogradac &
Company LLP
246 First Street, 5th Floor
San Francisco, CA 94105
Telephone: 415.356.8034
E-mail: cpas@novoco.com

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