

# Making the Case for Affordable Homeownership

As long-time affordable housing providers, Dallas Habitat staff have heard many arguments against affordable housing, including that affordable housing never pays for itself – that it's always a financial loser in terms of government cost of services versus property tax revenues. Of course, we are familiar with the argument and the studies that show unfavorable cost to revenue ratios for residential property. It made us think, however, that we ought to take a break from hammering to explain why affordable residential development, especially for homeownership, is good for communities' collective bottom lines.



## The Argument Against Affordable Homeownership

Some of you may be wondering how anyone could be against affordable homeownership. Essentially the argument comes down to dollars and cents for local government services. The argument is that homes cost more to serve than they generate in tax revenues, with the exception of very high end developments. The negativity about affordable residential has its roots in Cost of Community Service studies that were

developed in the mid-1980's by the American Farmland Trust. Their original purpose was to make a financial case for open-space and agricultural land preservation and for good land-use planning, but the studies were often used to characterize residential development as an economic drain on local governments, and therefore, presumably, a bad idea. And Habitat itself does not advocate for sprawl.

So what is the problem with these types of studies? **First, they usually allocate all school costs to residential property.** School expenditures dominate total local government expenditures (in Dallas, for example, DISD and the DCCD account for roughly 51% of the property tax rate), so the school results dominate the cost impact numbers. But don't commercial and industrial uses benefit from schools? What about the two-thirds of Dallas households that do not include anyone under the age of 18? (2010 Census) Should their cost of service for education be reduced to zero as well? **Additionally, these studies do not take into consideration the multiplier effect of different types of development.** As anyone who has lived in a growing community has experienced firsthand, rooftops bring commercial development – grocery stores,

restaurants and big box retailers follow the new houses. **Most importantly, the cost of service studies assume that all services will be newly created by residential development.** This is not the case when homeownership opportunities are in infill communities, where the public infrastructure is already in place and repopulating neighborhoods will help fully amortize the existing public investment. Many of our depopulated neighborhoods in southern Dallas have parks, recreation buildings, schools, water, sewer, roads and so on, which were built to serve a much larger population. The infill development that we talk about so often in these newsletters – Oak Cliff Gardens, West Dallas, Bonton, Mill City, and Joppa – increases the efficiency of public sector service delivery in existing neighborhoods.

## Why Affordable Homeownership Opportunities Are Good for the Community

One thing we do know is that the work that Dallas Habitat does is good for families, neighborhoods and communities. One of the fallouts of the housing crisis has been that lending has fallen precipitously in distressed neighborhoods creating disinvestment in our communities. By (1) building new homes in existing neighborhoods, (2) helping complete unfinished subdivisions, and (3) purchasing, repairing, and selling foreclosed homes, Dallas Habitat is breathing new life into neighborhoods that otherwise would continue to fall into disrepair and neglect. In addition to the community-wide benefits of our work, sustainable homeownership provides an opportunity for household financial stability. Mortgage payments represent a long-term investment and a type of forced savings that can shield families through financial crises. Homeownership also has a positive effect on personal and neighborhood safety, stability and security. A recent study, [Building Our Way Out of Crime](#), details how neighborhood revitalization and crime reduction go hand-in-hand. In essence, the authors tell us that police departments around the nation “have been discovering they can build their way out of crime problems that they have been unable to arrest their way out of.”



These are enough reasons for us to go back to hammering!

### Read More

If you are interested in reading more about these issues, check out some of our sources:

A brief explanation of COCS by the University of Illinois Extension [click here](#).

A COCS study by Larry DeBoer, Purdue University, [click here](#).

A meta-analysis of COCS studies, [click here](#).

*The State of the Nation's Housing 2012*, Harvard University, [click here](#).

*Shelter Report 2012*, Habitat for Humanity International, [click here](#).

*Building Our Way Out of Crime*, US Dept of Justice, [click here](#).

*The Transportation and Environmental Impacts of Infill Versus Greenfield Development*, US Environmental Protection Agency, [click here](#).

*Investing in a Better Future*, Brookings Institution, [click here](#).