

Creating Successful Communities

A New Housing Paradigm



After years of struggling with traffic, pollution, long commutes and overcrowded schools, Americans are calling for more livable communities. Local policy makers struggling to accommodate growth without sacrificing quality of life have discovered that **apartments** are an important, but often **overlooked**, part of their toolbox.

Why? Because apartments

- are more compact, less sprawling and conserve green space
- create pedestrian-friendly and vibrant 24-hour neighborhoods
- use municipal infrastructure more efficiently
- revitalize deteriorating neighborhoods
- reduce auto traffic and provide the critical mass of users required to make mass transit feasible
- place less burden on local schools
- improve economic prosperity by providing much-needed housing for the employees and customers local businesses need.

Unfortunately, because of outdated stereotypes, many Americans oppose new apartment construction. Local governments, eager to retain the support of voters, in turn erect barriers to higher-density development, such as zoning ordinances and development moratoria.

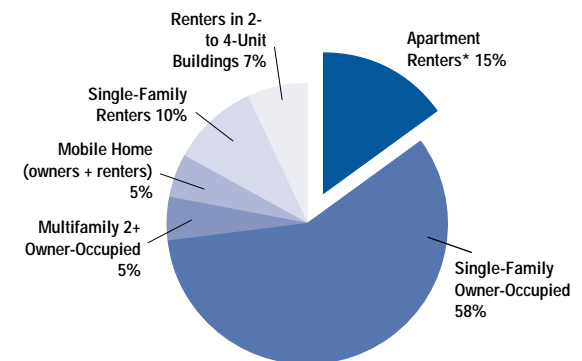
If we are serious about wanting to change our future and create more successful communities, we will have to change our thinking about density and apartments. The first step is to throw out the conventional wisdom about housing preferences and break down the myths about apartments. In this brochure, the National Multi Housing Council and the National Apartment Association have joined forces to do just that.

In the following pages, you will learn the “real” story about:

- Who actually lives in apartments
- How apartments impact local school systems
- How apartments reduce traffic congestion
- Whether apartments cause crime rates to increase
- Whether homes located near apartments maintain their property values

- To what degree apartment residents “pay” for the local services they use
- Whether homeowners really are better citizens than renters
- Whether Americans really oppose higher density housing

Fully 32% of American households rent, and 15% rent apartments



Source: Census Bureau, Current Population Survey, March 2001

*refers to renters in buildings with five or more units

Conventional Wisdom: The dream for homeownership is universal

Reality: Apartment living is gaining in popularity, particularly among higher-income households

For half a century, the “American Dream” has been defined as owning a single-family home. But the times are changing, and today an increasing number of Americans are choosing to rent an apartment even though they could afford to buy a house. Along the way, old-fashioned stereotypes about who rents are quickly going by the wayside.

Recent research tells us that:

- A surprising 40 percent of Americans living in an apartment do so by choice and not because of their financial situation.¹ This is up significantly from 32 percent in 2000 and 28 percent in 1999.
- For the past four years, households earning \$50,000 or more have been the fastest-growing segment of the apartment market. They now total 3.6 million.²

America’s population is more diverse than ever, and as it changes, so do its housing

preferences. Millions of established and affluent families are now drawn to apartments. The draw? Superior locations near work/shop/play areas, the lack of homeowner chores, the freedom to respond to job changes and to adjust their housing without financial penalty and risk, and access to new amenities and new technologies.



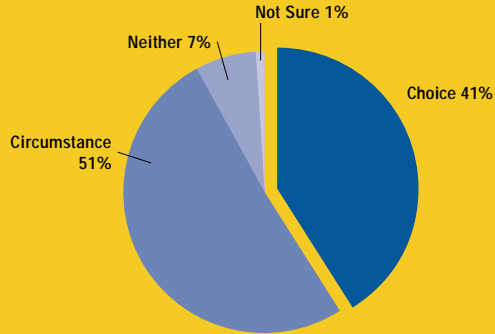
Census 2000 revealed some unexpected shifts in types and sizes of households, and the implications for housing are profound. Long-term demographic trends will lead to unusually strong apartment demand for at least the next 10 years, as the echo boomers (born 1977 to 1994) enter the household formation years and the leading edge baby boomers (born 1946 to 1964) consider downsizing their housing. Quite simply, the fastest growing segment of the U.S. population—households without school age children—is the segment most likely to rent.

As the definition of the “typical” American household changes, we have to re-think our housing assumptions. The demand for homeownership is no longer universal, and communities that want to prosper by attracting new residents and new employers must be open to including apartments in their community development plans.

Photo courtesy of Mark-Taylor Residential.

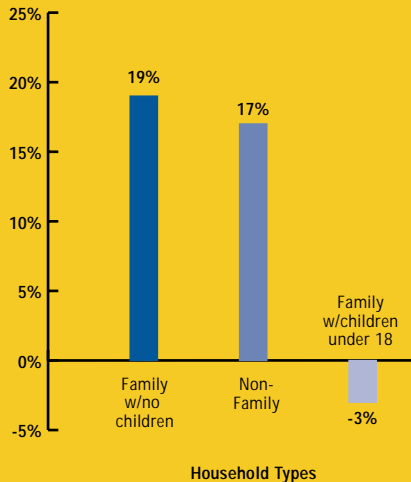
Rethinking Homeownership

More than 40% of renters rent by choice



Source: 2001 Annual Housing Survey by Fannie Mae

The households projected to grow the most by 2010 are the ones most likely to rent



Source: Census Bureau

What's It Like to Live in An Apartment Today?

You walk in, the concierge greets you with a friendly hello, and asks if you'd like to make dinner reservations at the restaurant below. Eager to release the day's stress, you take a walk around the nature path surrounding the property and then head to the state-of-the-art fitness center to hit the spa and hot tub. After dinner you realize you need to finish your presentation for tomorrow. You use the high-speed Internet connection in your room to finish your research and then go to the business center to use the copy machine. You end the evening taking in a movie at the media center and then turn in. On your way out in the morning, complimentary fresh coffee and bagels fortify you as you make your way back to the office.

No, you aren't on a business trip. You are at home in your rented apartment. Welcome to Apartment Life in 2001. Suddenly it's clear why those moving into apartments are making lifestyle decisions and not just shelter decisions.



Photo courtesy of JPI Companies.

Conventional Wisdom: Apartment residents do not pay for the services they use

Reality: Apartment residents pay property taxes via rent, and often at a higher rate



Photo courtesy of McCormack Baron & Associates, Inc.

The effective tax rate (ETR) of apartments is on average, two times that of single-family houses.

Effective tax rate on apartments compared to single family houses. (1.0 means rates are the same)						
State	National Average	New York	Minnesota	South Carolina	Florida	Texas
Apartments/ Single-Family Effective Tax Rate	1.97	5.96	3.49	2.87	1.80	1.67

Source: 1998 State Property Tax Comparison Study by the Minnesota Taxpayers Association

Misinformed activists often claim apartment residents do not pay for the public services they use because they do not pay local property taxes. But the truth is that renters do pay property taxes—they just do so indirectly. Property owners pay the taxes and the cost is then included in the resident's rent. Moreover, evidence from national surveys shows that apartments are usually taxed at a much higher tax rate. So, apartment residents not only pay local taxes, they actually pay them at a higher rate.

When you consider the fact that apartment residents have fewer school-age children and place less demand on area roads, it appears apartment residents are actually subsidizing their single-family neighbors and not vice versa.

Additionally, new apartment development has an immediate and long-lasting effect on a community's prosperity. Construction of 100 new apartments in the average city results in 122 new jobs, \$579,000 in local taxes and fees, and \$5.2 million in local income generated by workers and businesses. The ongoing, annual effect of 100 new apartment households in a local economy is 46 local jobs, \$308,000 in local taxes and fees, and \$1.8 million in local wages and business receipts.³

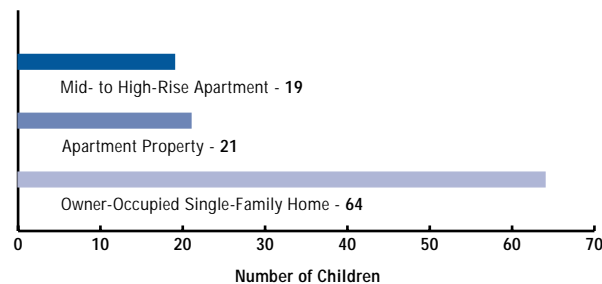
Conventional Wisdom: Apartments disproportionately burden school systems

Reality: Single-family owners have three times as many school-age children

Public schools are generally the single largest expense for local governments, so persistent misconceptions that apartments contribute to school overcrowding is particularly damaging to sound urban planning. On a unit-by-unit basis, newer single-family houses have three times as many school-age children as apartments.⁴

There are, on average, 64 school-age children for every 100 new owner-occupied single-family houses, but just 21 children for every 100 new apartments, and only an average of 12 children for every 100 apartments in mid- and high-rise buildings (more than four stories).

The number of school-age children per 100 new housing units



Source: NMHC tabulations of 1999 American Housing Survey

This finding shows that there is no empirical support for the all-too-common strategy of barring or limiting apartment construction to relieve pressure on local school systems.



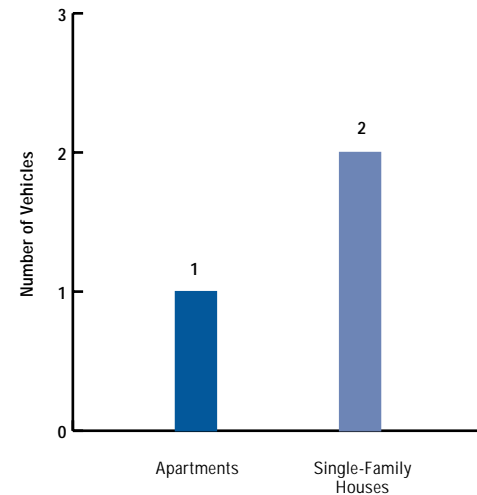
Photo courtesy of JPI Companies.

Conventional Wisdom: Apartments bring traffic congestion

Reality: Apartment residents own fewer cars and are more likely to use public transportation

Government officials often think they can reduce traffic and congestion by limiting apartment construction. In reality, apartments can help improve congestion because apartment residents are more likely than single-family residents to use public transportation. Apartment residents average one motor vehicle per household, while owner-occupied houses average two vehicles,⁵ and apartment households generate 30 to 40 percent fewer vehicle trips than single-family units.⁶

Apartments help reduce traffic congestion



Source: NMHC tabulations of 1999 American Housing Survey

Conventional Wisdom: Apartments bring down property values

Reality: Homes near apartments maintain their values

Many zoning codes limit or preclude apartment construction to supposedly protect property values. But evidence indicates that homes near apartments do not lose their value. The Urban Land Institute

reports that between 1987 and 1995, the average annual appreciation rate for single-family houses within 300 feet of an apartment building was 3.12 percent, compared to 3.19 percent for single-family houses not

near an apartment property.⁷ That finding is corroborated by an NMHC analysis using more recent data.

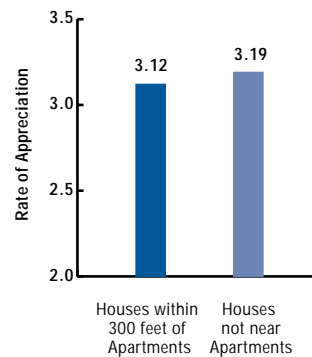
Even the presence of publicly-assisted housing does not adversely affect property values or community cohesion. Research in the *Journal of the American Planning Association*⁸ found that locating public housing units “in predominately White, middle income neighborhoods had no discernable effects on surrounding property values. Additionally, a comparison of homeowners living near the public housing and those living elsewhere reported similar levels of satisfaction with their neighborhoods.”

Progressive communities have seen first-hand that a modern apartment community, through environmental planning and exterior landscaping, is fully compatible with surrounding single-family neighborhoods.



Photo courtesy of Mark-Taylor Residential.

Apartments do not decrease nearby property values



Source: Urban Land Institute

Conventional Wisdom: Apartments increase crime rates

Reality: Apartments help create safe and secure neighborhoods

There is a widespread belief that crime is higher in apartment communities. But much of that belief is based on faulty logic that leads to incorrect perceptions. Police officers tend to think of apartment properties as a single “house.” But an apartment property with 250 units is more accurately defined as 250 houses. A local police officer may mentally record every visit to an apartment community as happening at a single house, but to truly compare crime rates between apartments and single-family houses, the officer would have to count each household in the apartment community as the equivalent of a separate single-family house. When they do that, many find that crime rates between the different housing types are comparable.

For instance, one study in Arizona found that when police data are analyzed on a per-unit basis, apartments actually create less demand



Photo courtesy of Archstone-Smith.

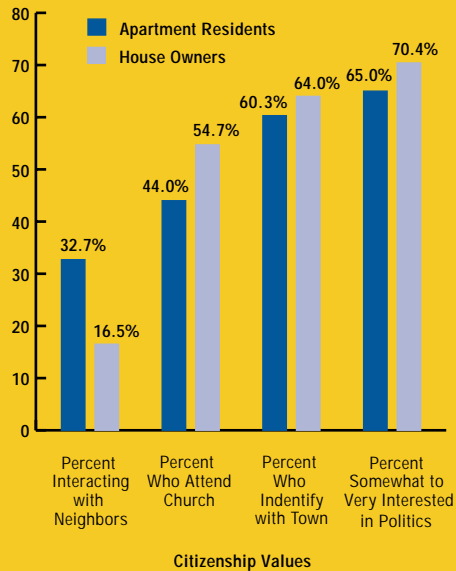
for police services than a comparable number of single family houses.⁹ In Tempe, AZ, a random sample of 1,000 calls for service shows that 35 percent originated from single family homes and just 21 percent came from apartments. Similarly, a random sample of 600 calls for service in Phoenix, AZ found that an apartment unit’s demand for police services was only 42 percent of the demand created by a single-family house.

Furthermore, many apartment residents say they chose apartment living specifically because they felt more secure there; they feel safer because there are so many people coming and going that it is more difficult for criminals to act without being discovered. Many apartment owners have recognized this lifestyle advantage and are including built-in alarms and controlled access systems into their buildings.

Conventional Wisdom: Homeowners make better citizens

Reality: Homeownership is not required for good citizenship and strong neighborhoods

Apartment residents are more socially engaged and similarly attached to their communities and religious institutions



Source: NMHC tabulations of General Social Survey Data from the University of Chicago's National Opinion Research Center. Statistics shown here are based on the seven fieldings of the survey between 1987 and 1996 and reflect 930 to 8,958 sample respondents, depending on the question. More information about the GSS is available at www.norc.uchicago.edu.

The benefits of homeownership to communities are overstated, and the disadvantages tend to get swept under the rug. Advocates of homeownership often allude to the idea that owners are better citizens with the implication that apartment renters are less desirable residents. But the reality is that differences between owners and renters in this area are small and often not statistically significant.

Data from the University of Chicago's General Social Survey indicate that compared to house owners, apartment residents are more socially engaged, equally involved in community groups, and similarly attached to their communities and religious institutions. Apartment residents are also comparably interested in national affairs and active in local politics.¹⁰



Photo courtesy of Corcoran Jennison Companies.

Conventional Wisdom: Apartments increase local infrastructure costs

Reality: Apartments use municipal infrastructure more efficiently

The clustering of apartment homes makes them substantially less expensive to service. First, they generally concentrate growth in areas already well served by public facilities so they require fewer new infrastructure expen-

ditures. Second, it costs less, on a per-household basis, to provide public services to apartments. They require fewer miles of roads, sewers and water lines. By contrast, single-family developments require public services,

such as police and fire protection, to be spread over a larger geographic area. Localities looking to accommodate population growth while minimizing infrastructure expenditures should embrace higher density housing.



Conventional Wisdom: Americans oppose higher density development

Reality: Consumer acceptance of higher density development is understated

Standard opinion surveys routinely claim consumers simply do not want to live in higher density developments. Research by the University of North Carolina (UNC) refutes this and says consumers are actually quite open to such developments. The researchers found that standard opinion surveys understate consumer interest in higher-density areas, but when consumers opinions are measured by “visual surveys” with pictures, consumers prefer smaller lots, smaller homes, mixed housing types, openspace, narrower streets with sidewalks, and commercial development within walking distance.

The message according to the UNC researchers: Density is a complex concept, and is too subjective to be measured by traditional surveys. Therefore, local officials should not be discouraged from considering higher-density development because of standard opinion survey results. Done well, higher density development with a mix of housing types receives higher marks than traditional single-family development.



Photo courtesy of Archstone-Smith. © Phil Spears/Creative

Conclusion:

Balancing the need to grow with a desire to maintain quality of life—this is the pre-eminent challenge facing most state and local policymakers across the country. The key to succeeding is a willingness to change old ideas and add new solutions to the mix, including updating the conventional wisdom about apartments. Apartments are an integral part of communities. Their positive economic impact and their conservation of scarce fixed resources make them an important part of all American communities. Today's population is more open to apartment living than ever before. Isn't it time for our policymakers to catch up? We hope this brochure will be a starting point for a new dialogue about the importance of housing choice.

For more information, please contact us at:
**National Multi Housing Council/
National Apartment Association
Joint Legislative Program**

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NOTES

1. *National Housing Survey, 2001*. Washington, DC: Fannie Mae.
2. NMHC tabulations of microdata for the U.S. Census Bureau's Current Population Survey, March Supplement, 1997-2001.
3. Colton, Kent, David A. Crowe, and Paul Emrath, *The Benefits of Multifamily Housing*. 1998. Washington, DC: The National Association of Home Builders.
4. NMHC tabulations of the U.S. Census Bureau's 1999 American Housing Survey.
5. NMHC tabulations of the U.S. Census Bureau's 1999 American Housing Survey.
6. Data from the Institute of Transportation Engineers.
7. *The Case for Multifamily Housing*. 1991. Washington, DC: The Urban Land Institute. Study conducted between 1987 and 1995.
8. Briggs, Xavier de Souza, Joe T. Darden and Angela Aidala. 1999. "In the Wake of Desegregation: Early Impacts on Scattered-Site Public Housing on Receiving Neighborhoods in Yonkers, New York." *Journal of the American Planning Association*. 65(1): 27-49.
9. Elliot D. Pollack and Company. *Economic and Fiscal Impact of Multi-Family Housing*. September 17, 1996. Arizona: Arizona Multihousing Association.
10. "Apartment Residents as Neighbors and Citizens," *NMHC Research Notes* (June 15, 1999). Washington, DC: National Multi Housing Council.

Apartments can help solve
a wide variety of problems

Problem: Suburban Sprawl
Solution: Multifamily Housing

Problem: Affordable Housing Shortage
Solution: Multifamily Housing

Problem: Urban Decay
Solution: Multifamily (Infill) Housing

Problem: Housing our Aging Parents
Solution: Multifamily Housing

Problem: Boring, Homogeneous
Development
Solution: Multifamily Housing in Mixed-
Use Developments

Source: Niles Bolton Architect



National Multi Housing Council

Based in Washington, DC, NMHC is a national association representing the interests of the larger and most prominent apartment firms in the U.S. NMHC's members are the principal officers of firms engaged in all aspects of the apartment industry, including ownership, development, management and financing. 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.

National Multi Housing Council

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National Apartment Association

The National Apartment Association (NAA) has been serving the apartment industry for more than 50 years. NAA is the largest national federation of state and local apartment associations. NAA is comprised of 155 affiliates and represents more than 27,000 professionals who own and manage more than 4.4 million apartments.

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Joint Legislative Program

NMHC and NAA unite under the auspices of the NMHC/NAA Joint Legislative Program to support legislative and regulatory policies that enable the nation's 25 million multifamily rental housing units to continue to provide high quality homes that remain accessible and affordable. The NMHC/NAA Joint Legislative Program, which is the foremost proponent of the apartment industry, assures that owners and managers of multifamily rental units are able to engage government officials in constructive, ongoing dialogues and participate in policy decisions affecting their ability to provide housing to millions of Americans.