Do Affordable Housing Projects Harm Suburban Communities? Crime, Property Values, and Taxes in Mount Laurel, NJ

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Abstract

This paper offers a mixed-method analysis of the municipal-level consequences of an affordable housing development built in suburban New Jersey. Opponents of affordable housing development often suggest that creating affordable housing will harm surrounding communities. Feared consequences include increases in crime, declining property values, and rising taxes. To evaluate these claims, the paper uses the case of Mt. Laurel, NJ – the site of a landmark affordable housing legal case and subsequent affordable housing development. Employing a multiple time series group control design, we compare crime rates, property values, and property taxes in Mt. Laurel to outcomes in similar nearby municipalities that do not contain comparable affordable housing developments. We find that the opening of the affordable housing development was *not* associated with trends in crime, property values, or taxes, and discuss management practices and design features that may have mitigated potential negative externalities.

Keywords

suburbs; affordable housing; mixed methods; low income housing tax credit

After one year of operation, the Ethel Lawrence Homes in Mount Laurel, N.J. were proclaimed in November 2001 as "The Affordable Housing Complex That Works" (Capuzzo, 2001). This proclamation of success followed decades of opposition to the project's construction. At planning board meetings, community members repeatedly expressed concerns about increasing crime rates, falling property values, and rising tax burdens that were expected to follow from its opening (Haar, 1996; Kirp, Dwyer, and Rosenthal, 1997). The project grew out of two New Jersey Supreme Court decisions that together established "the Mount Laurel Doctrine," stating that municipalities throughout the state had an "affirmative obligation" to provide for their "fair share" of the regional need for

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affordable housing. Mount Laurel thus constitutes a landmark in the inclusionary zoning movement and a touchstone for affordable housing advocates everywhere.

Akin to residential mobility programs such as Chicago's Gautreaux Program, the federal government's Moving to Opportunity Program, and inclusionary zoning efforts such as the Massachusetts 40b Program, California's Housing Element law, and the Moderately Priced Dwelling Unit Program of Montgomery County, Maryland, the Mount Laurel doctrine has led to the movement of low-income black and Latino households into white middle class suburbs (see Rubinowitz and Rosenbaum, 2000; Briggs et al., 2010; Goetz and Chapple, 2010). Here we examine this high-profile case to determine whether the fears articulated by Mount Laurel residents about the project were indeed realized.

We situate our analysis in the broader literature on the effects of subsidized housing on surrounding communities and draw upon publicly available data to undertake a multiple time series control group quasi-experiment to assess the effect of the opening of Ethel Lawrence Homes (ELH) on local crime rates, home values, and property taxes. Finding no detrimental effects, we draw on qualitative interviews with residents and officials to reveal the social processes and management practices that produced the benign outcomes we observe. We conclude that careful property management, aesthetic consistency with local architecture, spatial congruency with surrounding neighborhoods, and the cultivation of high levels of formal and informal social control were important in mitigating potential negative externalities.

In the course of this analysis, we make three contributions to the broader literature on affordable housing. First, we focus on *suburban* affordable housing development. Save for a small number of studies (Funderburg and MacDonald, 2010; Deng, 2011a, 2011b) little research has assessed subsidized housing in suburban areas. Second, we employ quantitative and qualitative methods in complementary fashion within the same analysis. Prior research on affordable housing has generally utilized either quantitative methods (e.g. Bauman, 1987; Goldstein and Yancey, 1986; Bickford and Massey, 1991; Massey and Kanaiaupuni, 1993; Deng 2011a, 2011b) or qualitative analysis (Rainwater, 1970; Hirsch, 1983; Venkatesh, 2000); but rarely have both been combined in the same study. Heeding the call in reviews by Nguyen (2005) and Freeman and Botein (2002), we employ quantitative methods to study the influence of affordable housing on communities and qualitative methods to understand how affordable housing project personnel acted to manage potential threats to social disorder.

Finally, in assessing effects of ELH on the surrounding municipality we focus on multiple outcomes – crime, property values, and property taxes – the three issues that were most often mentioned as concerns by Mount Laurel residents. Past studies of subsidized housing have focused either on property values (see Nguyen, 2005 for a review) or crime (Griffiths and Tita, 2009) but not both simultaneously. We are unaware of any studies that have examined the effects of subsidized housing development on property tax burdens. By considering all three outcomes, as well as the underlying social processes that govern the behavior of project residents, we offer a more comprehensive understanding of how

affordable housing developments affect suburban communities and the actions that one may undertake to promote their successful integration.

AFFORDABLE HOUSING AND SOCIAL DISORGANIZATION

The development of affordable housing in suburban areas invariably entails increasing the ethnic heterogeneity, residential mobility, and class diversity of suburban communities. In response to these developments, social theory predicts---and suburban neighbors clearly expect---increases in social disorganization that will, in turn, lead to increased rates of crime and declining property values (Shaw and McKay, 1969; Sampson, 1993; Sampson and Wilson, 1995). Of course, the tacit assumption that poor neighborhoods promote social disorganization has been strongly contested (Suttles, 1969; Small, 2004).

Prevailing theories about the relationship between affordable housing and crime focus on the characteristics of either people or places. "Place" theories link aspects of affordable housing *design* to levels of social disorganization. The design hypothesis asserts that the built environment of subsidized housing provides greater opportunities to commit crimes, thus explaining higher rates of violent crime in subsidized housing compared to non-subsidized housing (Griffiths and Tita, 2009). "People" theories link the *allocation* of poor people to confined spaces to the social production of disorganization. Wilson's (1987) social isolation hypothesis argues, for example, that concentrated poverty produces social disorganization by isolating poor residents from "mainstream" society, concentrating crime-prone people spatially to produce a social environment that perpetuates criminality (Weatherburn et al., 1999).

Subsidized Housing and Crime

A number of studies have examined the relationship between affordable housing and crime. As already noted, however, all have analyzed crime patterns in *central cities*, where affordable housing has traditionally been concentrated (Holloway and McNulty, 2003). To date most studies have focused on violent crime rather than non-violent crime, and all have employed quantitative methods. In their study of crime and affordable housing in Sydney, Australia, for example, Weatherburn, Lind, and Ku (1999) used regression methods to test people and place theories. The authors employ multiple regression models to predict crime participation rates from affordable housing measures (quantity and building-type), while controlling for a variety of social and demographic characteristics. They found that variation in neighborhood crime is largely explained by the characteristics of housing residents, rather than the design of the housing itself. They concluded that the social isolation hypothesis was more promising as an explanation for higher crime rates than the design hypothesis.

Examining homicide trends in southeast Los Angeles from 1980 to 1999, Griffiths and Tita (2009) estimated logistic regression models to predict murders. They concluded that both people and place theories hold true to some extent. The design of public housing projects by definition spatially concentrates poor, crime-prone people to drive up local homicide rates. As a result, murder rates in public housing projects were much higher than expected, in keeping with the social isolation hypothesis. The authors also found, however, that homicide was largely self-contained within the projects themselves. Thus the housing projects served

neither as a magnet for non-local offenders nor a generator of violence in surrounding neighborhoods.

The foregoing studies generally lend more support to the social isolation hypothesis than the design hypothesis. However, neither study assessed the effects of *introducing* subsidized housing on neighborhood crime rates. Given their cross-sectional design, a plausible alternative hypothesis is that crime rates were high in those areas to begin with, and that projects were built there precisely because they were socially disorganized, so that the construction of the projects themselves had no net effect on crime rates. In order to eliminate this alternative explanation, one must analyze the crime patterns before and after the introduction of subsidized housing into a community – as two recent studies have done.

Assessing crime trends in Louisville, Kentucky, Suresh and Vito (2007) found that increases in neighborhood crime were associated with changes in the location and concentration of affordable housing. Based on geographic clustering of crime reports to police, the authors conclude that crime hotspots emerged in two specific areas after the revitalization of low-income housing projects. The authors argue that both the characteristics of places and people determined spatial crime patterns. Supporting the place theory, higher density housing projects were associated with higher rates of aggravated assault than lower density projects. Supporting the people theory, individual criminal careers emerged within the niches of concentrated poverty the projects created. Using econometric models to test for discontinuities in crime trends before and after the opening of subsidized housing sites, Santiago, Galster and Pettit (2003) examined crime rates before and after the development of scattered site affordable housing in Denver, Colorado. They found that proximity to assisted housing was not associated with increases in crime. Their study does not utilize comparison neighborhoods or towns, instead comparing the crime trends near subsidized housing to city-wide trends.

As implied by the foregoing studies, both the general public and academic researchers have worried about the "spread effects" of low-income housing on surrounding neighborhoods. Spread effects, of course, are shaped by the size and density of housing projects and their spatial relationship to surrounding neighborhoods. Although Griffiths and Tita (2009) found little evidence of spread effects in Los Angeles, in Atlanta McNulty and Holloway (2000) found that the magnitude of association between racial composition and crime decreased with increasing distance of neighborhoods from housing projects. They used crime data provided by the Atlanta Police that permitted geo-coding of crime incidents by census block-groups. While their analysis speaks to the relationship between crime and distance from subsidized urban housing, it does not address the impact of the *introduction* of subsidized housing – the heart of contention in the Mount Laurel case.

The relationship between subsidized housing policy and crime is the subject of extensive speculation and contentious debate across academic and non-academic arenas. For example, in a controversial *Atlantic Monthly* article, Rosin (2008) suggested a direct causal link between subsidized housing policy changes and the dramatic increase in violent crime in inner-ring suburbs. Many social scientists disputed the Rosin article's argument that the

relocation of public housing residents resulted in more violent crime. Briggs and Dreier (2008) offer a particularly thorough critique of the Rosin analysis.

Subsidized Housing and Property Values

Even more than crime, the relationship between affordable housing and property values has been a subject of concentrated inquiry, with more than seventeen studies conducted since 1963 (Nguyen 2005). Studies have looked at the effect of a variety of types of subsidized housing programs on property values (low-income housing, elderly projects, special needs housing, Section 8 certificates, low income housing tax credit (LIHTC) developments, and Community Development Corporation (CDC) projects). As with the literature on affordable housing and crime, most studies have focused on urban areas, such as Denver (Santiago et al., 2001), Madison and Milwaukee (Green, Malpezzi, and Seah, 2002), Memphis (Babb et al., 1984), Minneapolis (Goetz et al., 1996), Philadelphia (Lee et al., 1999), Portland (Rabiega et al., 1984), and Yonkers (Briggs et al., 1999). However, there is a scant but potent research program evaluating the impact of affordable housing in the suburbs.

Deng (2011a) utilizes cluster analysis to assess the impact of LIHTC developments across Miami-Dade County in Florida. Deng generates clusters based on demographic, social, and housing variables, and finds the class and racial composition of neighborhoods to be primary factors associated with the varying effects of LIHTC developments. The study finds that black high-poverty neighborhoods enjoyed the most positive changes from LIHTC investment, while 63% of the LIHTC developments that had the most severe negative impacts were located in majority white middle-class suburbs. In addition to race and class, Deng points to a variety of possible intervening factors: density between LIHTC developments, municipal incorporation, and changes in political boundaries. Deng's (2011b) study of the impact of LIHTC development in Santa Clara County, California (Silicon Valley) includes 30 LIHTC developments in the suburbs. Twenty-five of the 78 developments analyzed are in majority white middle class neighborhoods. Deng generally finds *positive* impacts on property values of surrounding neighborhoods, and finds no difference in impact based on whether the developer is for-profit or non-profit.

Funderburg and MacDonald's 2010 study of LIHTC developments in Polk County, Iowa, which includes portions of suburban Des Moines, finds that clustered LIHTC housing developments were associated with a 2–4% slowing of property value appreciation among nearby single family homes that were matched with comparable homes elsewhere in the same county; but they also found that this effect was negligible when the housing was high quality and mixed-income. In a study of seven 40b projects in Massachusetts between 1982 and 2003, Pollakowski et al. (2005) utilize hedonic price modeling and find no evidence of a decrease in property values due to location of single family homes in the impact areas of subsidized housing. However, their study does not offer qualitative inference into how potential negative externalities have been mitigated.

Our analysis of a LIHTC development in a suburban, majority-white, middle class neighborhood deepens the foregoing research by investigating municipal level outcomes. This is necessary because the municipal and school district geographies are congruent, and perceived changes in school quality can affect all property values within the municipality.

Furthermore, through our qualitative analysis, we explore how social structure and place managers (Eck 1994) within suburban LIHTC developments, which to date have not received adequate attention, can impact outcomes.

One factor that has been studied is the demographic composition of the housing project relative to the receiving community. Briggs et al. (1999) found that despite substantial racial and socio-economic differences between subsidized housing residents and neighboring residents, no change in property values occurred in Yonkers. Another key factor appears to be the trend in property values *before* the introduction of the project. Galster et al. (1999) found that neighborhoods with decreasing property values were more likely to evince a significant negative effect of affordable housing compared with neighborhoods that had appreciating property values. Moreover, areas with appreciating home values were likely to continue appreciating even after the construction and opening of affordable housing.

An additional factor is the character of the project itself, and hedonic regression models have revealed that the influence of subsidized housing on property values tends to be minimized when the development is of high quality (Lyons and Loveridge, 1993), is well-managed (Goetz et al., 1996), and is aesthetically attractive and consistent with the surrounding housing stock (Cummings and Landis, 1993). The effects of subsidized housing on surrounding property values also dissipate with distance, falling quite rapidly as distance increases (Guy, Hysom, and Ruth, 1985; Schwartz et al. 2006). Studies of the effect of project density on home prices have yielded mixed results, with Lyons and Loveridge (1993) finding that tightly clustered scattered site units had stronger negative effects on property values than dispersed scattered site units, but Lee et al. (1999) finding little effect on property values even of large-scale public housing projects.

Subsidized Housing and Property Taxes

As mentioned earlier, we know of no studies that investigate the consequences of low-income housing development on suburban property tax burdens. However, the logic behind communities' anticipation of higher tax burdens is straightforward: either tax revenues will fall as property values decline, thereby requiring a tax increase to maintain services, or low-income, high-need subsidized housing residents will consume higher levels of public resources than existing community members, necessitating property tax increases in the municipality. Public resources could include special educational support in schools, public transportation services, or myriad other municipally-provided goods. However, it is important to note that the development of subsidized housing can be accompanied by plans for Payment in Lieu of Taxes (PILOT). PILOTs are payments made to municipal governments to offset property tax revenue losses related to the use of the property. In the case of ELH, PILOTs were an integral part of the planning and execution of the homes.

RESEARCH DESIGN

Our analysis is drawn from a case study is a 140-unit affordable housing complex known as the Ethel Lawrence Homes (ELH). Previous research has shown that proposals for affordable housing construction typically encounter strong resistance from potential neighbors (Briggs et al., 1997; Galster et al., 2003; Goetz 2003; Hogan 1996) and Mount

Laurel was no exception. Opposition to the proposed development in 1997 was fierce. Twice vandals destroyed the sign advertising the site of the proposed housing (Bell, 1997). Public hearings were raucous and vitriolic, and the controversy garnered considerable attention in local and national media (Smothers, 1997; Capuzzo, 2001; Getlin, 2004), thus demonstrating the disruptive potential inherent even in a relatively small housing complex in a municipality of 40,000 people (NJ Division of State Police, 2000). In addition to crime, taxes, and property values, residents had concerns about increases in traffic and environmental impacts (DeGenova et al., 2009; Briggs, 1997; Goetz, 2003; Hogan, 1996) but we do not address these issues in this study.

ELH is located adjacent to a neighborhood of luxury, market-rate, single family homes and an age-restricted retirement community. It was opened in two phases – with 100 initial units in late 2000 and 40 other units early in 2004. The project consists of one-, two-, and three-bedroom two-story townhouses that are 100% affordable to lower income households, defined as those with incomes under 80% of the regional median income, who pay no more than 30% of their incomes for rent and utilities. The project is unusual in that it is open to families with a wide range of annual incomes. In order to qualify for residency in ELH, a family's annual income had to lie between 10% and 80% of the regional median income, yielding a range of $7,000 to $56,000for a family of three in 2010. Although all units are affordable and all residents earn below-average incomes, therefore, the project does not concentrate poverty to the same extent as the typical central city family housing project. It nevertheless contains much poorer families than other housing projects developed with tax equity credits in New Jersey, which typically only include families earning 50% to 69% of the regional median income, a range of $35,000 to $42,000 for a three-person family in 2010.

ELH was financed and built for approximately $26.7 million, or $190,459 per unit for 140 townhouses (Ethel R. Lawrence Associates, L.P., 2009; Ethel Lawrence Associates Two, L.P., 2009). Around half of the funds (49%) came from the federal Low Income Housing Tax Credits program, which was established to encourage private investment in low-income rental housing. Thirty-four percent of the funds came in the form of loans from the State of New Jersey, and the remaining 17% was provided by a variety of private sources (Massey et al., 2013). ELH is owned and managed by Fair Share Housing Development, Inc. – a non-profit entity.

Although the project opened in late 2000, it was not occupied until 2001, thus creating the basis for a time series quasi-experiment (Campbell and Stanley, 1963). If the opening of the ELH project had any effect on crime rates and property values, we would expect to observe a clear discontinuity in time trends before and after 2001, perhaps with an additional disjuncture after the 40% expansion of the development in 2004. If the expressed fears of neighbors were realized, in other words, we would expect to see a drop in the rate of appreciation if property values had been rising before 2001, an increase in the rate of decline if they had been falling before 2001, or a clear turn downward if they had been flat until that date.

Any of these outcomes after 2001 would be consistent with the hypothesis that the advent of the project depressed local property values, but of course it would not prove it. Some other historical event might have operated simultaneously to shift property values from their pre-2001 trend, such as a recession, a region-wide housing bust, or a shift in state home lending regulations. The internal validity of the time series quasi-experiment is greatly enhanced by the addition of control groups – in this case, other, similar townships in the same region that did not experience the sudden opening of a 100% affordable housing project in 2001. If it was the ELH homes that caused the disjuncture in the trend for Mount Laurel, we would expect to see the discontinuity in that township but not in other nearby and otherwise similar townships.

To assess the impact of the ELH opening on the outcomes of interest, we designed a multiple control group time series quasi-experiment and conducted what Galster (2004) calls a difference in differences study. First, we assembled a longitudinal series of outcomes in Mount Laurel Township and comparison townships before and after the opening of ELH. We then undertook a statistical test (a Wald test) to assess whether there was a significant discontinuity in the time trend for each outcome before and after the opening of ELH. Again, the inclusion of comparison townships helps to address the principal threat to the validity of a time series design – what Campbell and Stanley (1963) call "history," or the coincidence of a policy intervention with another event that could have produced the discontinuity. Thus, if we were to observe a temporal discontinuity in the time series for Mount Laurel but not in other townships, it would strengthen our causal inference that the opening of the affordable housing development affected crime rates, property values, and tax burdens.

We selected a city level analysis because the municipal boundary is highly relevant socially in Mount Laurel and the surrounding region, as it is the primary boundary for school assignments – with one high school serving the entire municipality. All homes in Mount Laurel should thus reflect the capitalized value of the access to this high school, even after controlling for neighborhood level characteristics (see Chiodo et al., 2010). Fear of and resistance to suburban affordable housing developments typically manifests at the municipal level, with residents across the municipality mobilizing to oppose proposed developments because of concern about a reduction in municipal services, including school quality, or an increase in municipal costs. Furthermore, the Mount Laurel doctrine in New Jersey adjudicates regional fair share affordable housing compliance at the municipal level.

Figure 1 presents a map showing the geographic locations and median household incomes for Mount Laurel and three neighboring townships chosen to serve as comparison cases: Cherry Hill, Cinnaminson, and Evesham. As the figure indicates, each of the comparison municipalities lies in close proximity to Mount Laurel and has a similar median income. The figure also depicts the geography of inequality prevalent in Southern New Jersey by showing the high degree of spatially concentrated poverty in and around the City of Camden, just a few miles away from the suburban comparisons.

The degree of similarity between the control cases and Mount Laurel is further substantiated in Table 1, which presents selected social, economic, and demographic characteristics for the

four townships based on the Census of 2000, when the ELH project first opened (U.S. Bureau of the Census, 2009). At that point (and still today), all of the municipalities were predominantly white (ranging from 85% in Cherry Hill to 91% in Cinnaminson), overwhelmingly owner-occupied (ranging from 78% in Evesham to 96% in Cinnaminson), characterized by very low poverty rates (ranging from 2% in Cinnaminson to 4% in Cherry Hill) with similar median incomes (ranging from $63,800 in Mount Laurel to $69,400 in Cherry Hill). Although Cinnaminson's population is much smaller than that of the other municipalities (15,000 versus 40,000–70,000), it comprises a much smaller geographic area (see Figure 1).

In addition to their geographic proximity and socioeconomic comparability to Mount Laurel, the comparison townships were chosen for the relative absence of 100% affordable housing developments during the time period under observation. The Council on Affordable Housing (COAH) is the state agency responsible for monitoring municipal affordable housing developments in New Jersey and issues reports on all proposed and completed affordable housing projects in the state. Utilizing COAH reports, we examined the amount, type, and timing of affordable housing developments in each township from 1990–2008 (New Jersey Department of Community Affairs, 2010). Additional potential comparison townships included adjacent Moorestown Township. While Moorestown Township has very similar demographic characteristics to Mount Laurel Township, we ruled it out as a comparison township due to the construction of 148 units across several 100% affordable housing developments during the study period.

Compared with Mount Laurel's addition of 140 units of affordable housing in 2000, there were no such units added in Cherry Hill or Cinnaminson during the study period (1990–2008). In Evesham, one 100%-affordable housing project of only 16 units opened during the study period. However, 100% affordable housing is just one type of subsidized housing – other common types include elderly housing, housing for the disabled, rehabilitated existing housing, and "inclusionary" development of affordable housing units as a portion of a market-rate development project. Table 2 includes the number of subsidized housing units in Mount Laurel and the comparison townships. Although all of the comparison townships developed subsidized housing, Mount Laurel has by far the most and no other townships had a large number of units of 100% affordable housing come on-line in 2001.

Our multiple control group time series quasi-experiment focuses on three primary outcomes: crime rates, property values, and property taxes. Crime data come from the 1990–2009 Uniform Crime Reports for the State of New Jersey. Each year, the New Jersey State Police prepares a tally of crime statistics gathered from state enforcement agencies that are then reported to the Uniform Crime Reporting System (NJ Division of State Police 2009). These data include all crimes categorized by the Federal Bureau of Investigation (FBI) as "index crimes," including homicide, rape, robbery, aggravated assault, burglary, larceny, theft, and motor vehicle theft.[1] Among these index crimes, homicide, rape, robbery, and aggravated assault are classified as violent whereas burglary, larceny-theft, and motor vehicle theft are

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[1]Manslaughter, domestic violence and simple assault are not index crimes. Domestic violence is not counted as an index crime, unless it is concomitant with one of the listed index crimes.

designated as non-violent. Each crime is attributed to the municipality in which it was committed rather than the municipality that received the report or responded to the crime.

These crime data are uniformly reported and available across municipalities and over time. However, these official crime data are limited in that they exclude "quality-of-life" crimes like vandalism and disorderly conduct. A further limitation of these data is that they do not indicate the location of crimes (e.g. street address) within each municipality. Accordingly, these data do not permit analysis of the precise distance of crimes from the affordable housing development. A third limitation of reported crime data is that, of course, it only reflects reported crime, omitting unreported crime and including reports that do not result in arrest or prosecution.

Property value and property tax data come from reports prepared by the New Jersey Division of Taxation and are available at the municipal level from 1994 through 2010 (property values —see New Jersey Division of Taxation, 2010a) and from 1997 through 2010 (property taxes —see New Jersey Division of Taxation, 2010b).[2] Each year, the Division calculates the average residential sales price for each municipality and reports the municipal-level property tax burden (the "general tax rate"), which is a multiplier used to calculate the tax levied on each property. In addition to *township*-level property value data, we used public property records to compile *neighborhood*-level data for two specific areas located immediately adjacent the ELH development, Hillside Lane and Holiday Village, both of which were developed in the early 1990s and predate ELH. Holiday Village is located just across the street from ELH and is an age restricted retirement community comprised of single family homes and condominiums limited to persons 55 years or older. Hillside Lane is a just down the road and is comprised of stand-alone, luxury single-family homes that follow a handful of design models.

We supplement our time series analysis with two sources of qualitative data to identify the reasons Mount Laurel residents opposed the housing project and to examine the internal social processes and management practices within ELH. The qualitative analyses are based on data compiled from archival and historical sources, as well as 102 in-depth interviews. From Mount Laurel Township, we obtained transcripts and audio recordings of the public hearings held in 1997. Newspaper articles covering the controversy were gathered from personal collections as well as local archives, and minutes from ELH Neighborhood Watch meetings from 2006–2010 were obtained from Fair Share Housing.

In addition, we undertook qualitative interviews with 42 inhabitants of ELH and 15 residents of surrounding subdivisions between August 2009 and August 2010. The interviews were semi-structured and focused on daily life. In addition, numerous stakeholders were interviewed using a semi-structured approach, including on-site interviews with five Fair Share Housing staff and interviews with 31 local officials from the township, public schools, and police department.

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[2]Because the New Jersey Division of Taxation only provides effective tax rates for the years 2000 through 2010, we used an estimated effective tax rate for 1997 through 1999.

EFFECTS ON CRIME, PROPERTY VALUES, AND TAXES

Figure 2 compares the trends in crime rates observed from 1990 to 2009 in Mount Laurel, the three comparison townships, and the State of New Jersey as a whole using curves fitted using the method of locally weighted polynomial regression, known as LOESS estimation. LOESS estimation fits simple linear and polynomial models to localized subsets of data to create a representation that describes variation in the data on a point-by-point basis (see Cleveland, 1979; Cleveland and Devlin, 1988). As shown in the resulting curves, all geographic areas experienced a drop in crime over the period.

In the state as a whole, the rate dropped from 54.5 crimes per 1,000 residents in 1990 to around 23.9 crimes per 1,000 nineteen years later. The trend in Cherry Hill closely followed the state trend, moving from crime rates in the 50s in the early 1990s to values in the mid-30s by late 2000s. Crime rates in Mount Laurel, Evesham, and Cinnaminson were much lower than the state average in 1990, so they had less room to fall and the decline was much less dramatic in those townships. Nonetheless crime declined in all three townships from 1990 to 2009. Although the decline was flatter in Mount Laurel, there is no evidence of any discontinuity in its trend in the years subsequent to 2001, when ELH opened, or after 2004 when it expanded by 40%.

In Table 3 we undertake a formal test of temporal discontinuities in Mount Laurel's crime rate relative to trends in the comparison cases by estimating simple OLS regressions of crime rates on year for each township during two separate periods: a pre-ELH period from 1990 to 2000 and a post-ELH period from 2001 to 2009. We also present results separately for violent and non-violent crimes. The resulting slopes indicate the average rate of linear change in each township over the time period under consideration. If the opening of ELH caused an increase in crime, we should observe a significant difference between the 1990–2000 slope and the 2001–2009 slope and this difference should be significantly greater than the corresponding slopes observed in the comparison townships, corresponding to Galster's (2004) "difference in differences" approach.

As the regression results very clearly demonstrate, there is no evidence that the opening of ELH caused an increase in crime within Mount Laurel Township. Indeed, overall crime rates decreased during both periods under consideration. Crime rates fell everywhere before and after the opening of ELH, except in Cherry Hill. Although the rate of decline slowed or reversed in all townships after 2000 (significantly in three cases), in none of the comparisons was the change in crime rates observed during 2001–2009 significantly different from that observed in Mount Laurel.

Examining violent and non-violent crime rates separately, we see that the decline in crime rates observed between 1990–2000 and 2001–2009 is largely attributable to a drop in non-violent criminal activity. Across all four townships there was no statistically significant difference in the rate at which violent crime declined between the two periods. The decline in violent crime in Mount Laurel after 2000 was no different than that observed in Cherry Hill and Cinnaminson. Although there was a significant difference post-2000 compared with Evesham, this difference reflects the fact that we observe no significant decline in violent

crime at all in Evesham, either before or after 2000, whereas Mount Laurel's violent crime rate continued the decline established pre-ELH. The rate of decline in non-violent crimes declined or reversed after 2000 in all townships. This discontinuity was significant in three of the four cases. The exception here is Evesham, whose non-violent crime rate declined more rapidly than the others. But in this case Evesham is the outlier, not Mount Laurel.

Thus, despite the negative expectations of townspeople, we find no evidence that the opening of ELH had any effect on crime rates in Mount Laurel, which were falling before 2001 and continued to fall afterward, just as they did in nearby townships. In Figure 3 we move on to consider the project's potential effects on property values by presenting LOESS curves estimated to show trends in home prices in Mount Laurel and the three comparison townships from 1994 through 2010. After 2000, housing values rose rapidly in all townships, mirroring the explosion in housing prices that occurred nationally over the period. From figures in the range of $120,000 to $140,000 in 1994, average home values in the townships rose up to the range of $245,000 to $265,000 by 2010. Of the four townships, Mount Laurel tied with Evesham for the lowest average home value in 1994 and its average home value remained below the other three townships throughout the period, going from around $125,000 in 1994 to $249,000 in 2010. Over the same period, Evesham went from approximately $125,000 to around $250,000, while Cherry Hill rose from $138,000 to $261,000 and Cinnaminson grew from $137,000 to $255,000.

In other words, the price gap between Mount Laurel and the three comparison townships increased slightly over the period, especially after 2000, as can be seen in Figure 3. In the top panel of Table 4 we undertake a formal statistical test to discern whether the increase in home prices was slower in Mount Laurel than the comparison townships. Using OLS regression we estimated the average linear change in home prices across the four townships during the periods 1994–2000 and 2001–2010. Once again there are no significant differences between Mount Laurel and the three comparison townships, either in the rate of home price increase after 2000 or the change in slopes between 1994–2000 and 2001–2010. Simply put, we find no evidence that the opening of the ELH had any significant effect on township home prices. It is possible, of course, that property values could have declined prior to 1994, in an anticipatory response to the Mount Laurel affordable housing controversy emergence in the 1970s. Unfortunately, we only had access to property value records for 1994 and subsequent years. Nonetheless, the findings pertaining to the 1994–2000 period, however, provide some evidence to counter an anticipatory effects argument.

Although we found no significant effect of the project's opening on property values in Mount Laurel as a whole, it may be that the township is too large an aggregate to detect price effects. Thus Figure 3 also includes LOESS curves for home prices in the two adjacent neighborhoods of Holiday Village and Hillside Lane. Of the two neighboring areas, Holiday Village is the most comparable to ELH in layout and construction, though not in composition, of course. It is a retirement village composed mainly of older couples and singles without children. Nonetheless, like ELH, it is physically composed mainly of cul-de-sacs surrounded by townhouses. It is also located directly across the street. In contrast, although it is adjacent to ELH property, Hillside Lane is a few blocks away and is more of a luxury home development targeted to wealthier families, many with young children.

The luxury nature of the Hillside Lane development is clearly indicated in Figure 3. Whereas the average home value in Hillside Lane stood at $260,000 in 1994, considerably above the Mount Laurel average, the average home value in Holiday Village was around $112,000, slightly below the Mount Laurel average. Home values remained flat through the late 1990s and even stagnated somewhat in Hillside Lane, but then increased beginning around 2000. Whereas the trend in Holiday Village closely followed that of the township, property values increased more rapidly in the upscale Hillside Lane neighborhood, peaking at $534,000 in 2006.

The statistical tests performed in the bottom portion of Table 4 indicate that the price increase after 2000 in Hillside Lane was significantly greater than price increases either in the township as a whole, or in Holiday Village. In addition, the difference in slopes between 1994 and 2000 and 2001–2010 was much greater. Although the difference in the Holiday Village slopes between 1994–2000 and 2001–2010 is negative (−$601) compared with the positive differences in the township as a whole and in Hillside Lane, Wald tests of the hypothesis that the Holiday Village slopes are equal demonstrate that the pre- and post-2001 difference is not statistically significant.

In sum, we find no statistical evidence of a discontinuity in Holiday Village property values before and after the opening of ELH. As with township-level property values, it is possible that property values at the neighborhood-level could have declined prior to the beginning of our data series in 1994, anticipating the project's construction. However, the neighborhoods of Holiday Village and Hillside Lane were only built in the early 1990s – rendering an anticipatory effect less relevant in this comparison.

In Figure 4 we present LOESS curves estimated to show trends in property tax rates in Mount Laurel and the three comparison townships from 1997 through 2010, the period for which data are available. The data consist of effective tax rates indicating the municipal-level property tax burden, adjusted by the New Jersey Division of Revenue to account for municipal tax reassessments. It is immediately apparent that property tax rates followed similar patterns in all four townships: remaining steady overall before the opening of ELH, increasing slightly in the early 2000s following the opening of ELH, and declining in the mid- and late-2000s. For most of the period under observation, Mount Laurel had the lowest tax rates and Cherry Hill the highest. Formal tests provide little evidence that the opening of ELH had any particular adverse effect on tax rates in Mount Laurel particularly.

In Table 5 we again use regression methods to estimate average linear changes in property tax rates across the four townships during 1997–2000 and 2001–2010. Although we observe a systematic increase in tax rates after 2000 in Mount Laurel, Cherry Hill, and Evesham, the rate of increase was significantly lower in Mount Laurel compared with the latter two municipalities, and this time Cinnaminson was the outlier. Owing to the reassessment, its rate of increase in taxes averaged out to zero in the post-ELH period. Even so, this rate was not significantly different from the slow rate of property tax increase observed before 2001, and prior to this date all townships experienced more rapid growth in taxes than Mount Laurel.

EXPLAINING THE LACK OF EFFECTS

In the end, we find no evidence that the opening of ELH caused an increase in crime rates, a decline in property values, or an increase in property taxes in Mount Laurel after the project opened in late 2000. How were such benign effects achieved? Here we describe the social practices of ELH residents and the practical policies of ELH staff that we believe worked to mitigate potential threats to disorder in a 100% affordable housing project. Rather than yielding disorganization within the project, these measures produced a high level of social organization, a high degree of participation by residents in community organizations, and generally high levels of satisfaction and social integration reported by residents despite their common background of material hardship.

ELH management runs what both residents and staff call a "tight ship." The required applicant screening is thorough and includes credit checks, criminal background checks, income verification, and a home visit. Applicants with substantial criminal backgrounds are disqualified from participation. Of the population seeking affordable housing in New Jersey then, the residents of ELH are a screened subset of people who are less likely than poor people in general to have the proclivity, knowledge, and ability to engage in criminal or delinquent activities. Minority group members, however, are substantially overrepresented, with blacks comprising 59% and Hispanics 29% of all residents, compared with just 10% for whites.

In addition, project management is closely involved in the daily lives of residents. The management office is located on-site at the front of the complex, and it houses a property manager, leasing agent, and social service coordinator. A maintenance worker also lives on-site in one of the units. The staff works to resolve lease infractions quickly, and does not hesitate to employ eviction against troublesome residents. Most residents say they like the management's heavy hand and believe that it contributes to maintaining a desirable community.

Drawing on extensions of routine activity theory elaborated in criminological and environmental criminological studies (Clarke and Robertson, 1998; Eck, 1994; Mazzerole, Kadleck, and Roehl, 1998), our findings support the idea that the presence of active place managers and their routine activities work to reduce the opportunities for criminal behavior to take place. Tenants regularly share information with the management during casual conversations when they drop off their rent every month. These conversations provide regular check-ins, in which good or bad feelings about neighbors, management, or the complex are voiced. In addition, the routine activities of place managers extend the social control that was purposefully designed and built into the housing complex.

ELH management has organized a Community Watch that meets monthly, comprised of residents and staff members, many of whom were trained by the township's Community Watch Program. These meetings offer residents a chance to report issues and concerns and to learn from management about any police or criminal activity in the area. The local police maintain close contact with the property management, seeking and sharing any information pertaining to ongoing criminal investigations. From the project's inception, the police

provided input into the design of ELH in an effort to build greater social control into its physical structure. As a result of police input, for example, the construction of high fences was prohibited so as not to impede the ability of residents to monitor public spaces. Although it is set back from the main roadway and located on cul-de-sacs, it is not a gated community.

Beyond these formal control mechanisms, residents have evolved a variety of informal mechanisms of social control such as the active sharing of information and the ongoing monitoring of people's behavior in and around the complex. Key components of information come from parental monitoring of children. The shared information focuses on the activities of other residents: who they are, where they work, what they are up to, who is coming in,who is leaving, problems in the home, etc. Particularly important in the flow of information are children, who serve as active collectors and distributors of data. Of particular importance in both the informal and formal management of potential disorder and criminality is the strong attention paid to outsiders---people who do not live in ELH but may be staying in or visiting the complex (Freeman and Botein, 2002).

Most residents see formal and informal monitoring as essential to the security of the complex. Our findings echo those of Miller (1998), whose study of a mixed-income development in Illinois found a similar trade-off between domestic control and public safety. Interestingly, despite frequent gripes about intrusive monitoring, ELH residents regularly complain to the management about what they perceive as insufficient screening of rental applicants, and regularly ask for stricter screening policies. As a result, little crime is reported in or around ELH. Reports of crimes are largely confined to domestic disturbances. Minor crimes do occur in ELH, but management and residents count on reliable and well developed formal and informal social control mechanisms to keep crime rates down and maintain social order. The constant monitoring of residents and visitors by residents and place managers reduces the potential that people with criminal intentions will find safe harbor in ELH.

One of the key concerns raised by local residents about the project was that it would be unattractive and easily identified as "public housing" and that poor management would quickly lead to its becoming run down, thus "bringing down" the surrounding neighborhood. In addition to implementing policies and encouraging informal actions to prevent social disorder and social isolation, therefore, management paid considerable attention to the aesthetics of the housing complex. The property developer sought to create and maintain housing that is physically and aesthetically similar to that in surrounding subdivisions by using cul-de-sac designs, spatial layouts, and materials that were roughly similar to those in nearby suburban homes. ELH consists of 140 rental units in a subdivision, organized in clusters of attached single family townhomes, built around four cul-de-sacs that feed into a single drive leading to the main entrance, which is not gated in any way. In addition, the maintenance budget for ELH has a line item for landscaping, and according to the property manager landscaping was deliberately modeled after properties in Haddonfield and Moorestown, two nearby suburbs with high average household incomes and property values.

The foregoing management practices and concerns for aesthetics have minimized the stigma of the project within Mount Laurel and generally contributed to a decreased awareness of its existence. When asked their perception of the housing, a common response from neighbors is to assess its aesthetics and to describe whether or not it looks like affordable housing. In a letter to the school district, one resident of Mount Laurel living outside of ELH stated in 2006, "I recently drove through ELH and it looked so nice you would have no clue that it's affordable housing." Indeed, as part of our larger evaluation, we surveyed 127 randomly selected residents of the two neighborhoods adjacent to the project and discovered that nearly a third of the respondents were unaware that an affordable housing project was located nearby and only 13% reported having any contact with ELH residents (Massey et al., 2013). When the affordable project finally opened, it was not with a bang but a whimper.

DISCUSSION

Our findings suggest that affordable housing can indeed be developed in an affluent suburban community without increasing social disorganization or producing negative externalities in terms of crime, property values, or taxes. Our systematic analyses of trends in Mount Laurel and surrounding municipalities revealed no significant differences in crime rates, property values, or tax burdens before or after the opening of the Ethel Lawrence Homes. Although prior studies of subsidized housing have documented negative effects on surrounding communities, such was not the case in Mount Laurel (though we were unable to assess potential environmental effects noted in previous research---see DeGenova et al., 1999).

This benign outcome did not simply happen, but was likely achieved by specific features of the project's design that were incorporated into plans and practices by developers explicitly to mitigate potential negative externalities and to promote social cohesion and security among project residents. These features include judicious selection of residents, architectural consistency with surrounding neighborhoods, careful attention to landscaping and aesthetics, close cooperation between managers and residents, access to onsite after-school programs, organization of a town watch, and close collaboration with municipal officials.

Subsidized housing assumes many forms in the United States, with a variety of income mixes, eligibility requirements, and project designs, and in many ways ELH is rather unusual. Some plans call for setting aside a small share of units for subsidy in larger market-rate developments, but in ELH all units are affordable to low and moderate income families. Other projects are open only to the very poorest families and little attention is paid to tenant selection, but ELH offers a range of affordability (ranging from 10% to 80% of the regional median income) and prospective residents are carefully screened for their suitability as tenants. In many ways, ELH offers an example of best practice to ensure the successful integration of an affordable housing project and its residents into the surrounding community.

Like the Moving to Opportunity and Hope VI programs implemented by the U.S. Department of Housing and Urban Development in the 1990s, ELH is a housing mobility program, one structured to enable residents of disadvantaged neighborhoods to relocate to

more advantaged locales that offer greater access to employment, education, and security. However, unlike these earlier mobility programs, which generally yielded modest benefits to participants, ELH was an unqualified success. Although it is beyond the scope of this paper to recount the socioeconomic progress of ELH residents, moving into the project clearly led to marked improvements in mental health, employment, and income among project residents and vastly improved educational outcomes for their children (Massey et al., 2013; Casciano and Massey, 2012a, 2012b, 2012c), suggesting that developments such as ELH provide not just access to housing, but real opportunities for poverty reduction and socioeconomic mobility.

Recent Obama administration initiatives such as the Choice Neighborhoods and Promise Neighborhoods Programs have shifted away from housing mobility schemes toward place-based programs that target distressed neighborhoods for investment in hopes of improving the lives of residents and mitigating negative spatial spillovers from concentrated poverty. There is nothing contradictory in pursuing both place-based investments and promoting residential mobility to better neighborhoods, but the experience of the Ethel Lawrence Homes suggests that the funding of well-designed and well-implemented affordable housing projects in suburbs funded by the Low Income Housing Tax Credit may provide greater benefit to participants per dollar spent while imposing no costs on host communities and little burden on taxpayers generally.

Acknowledgments

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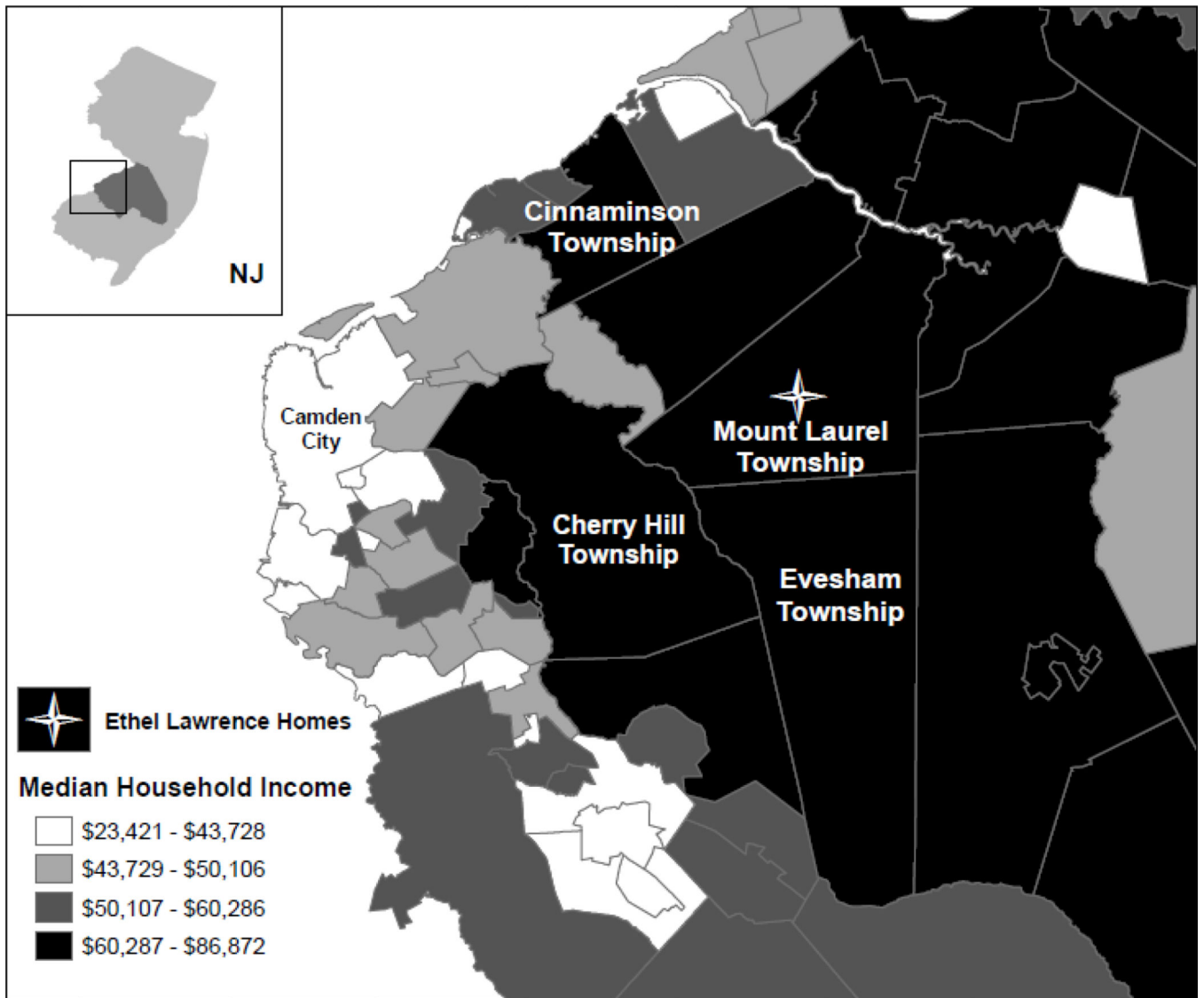
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Figure 1.
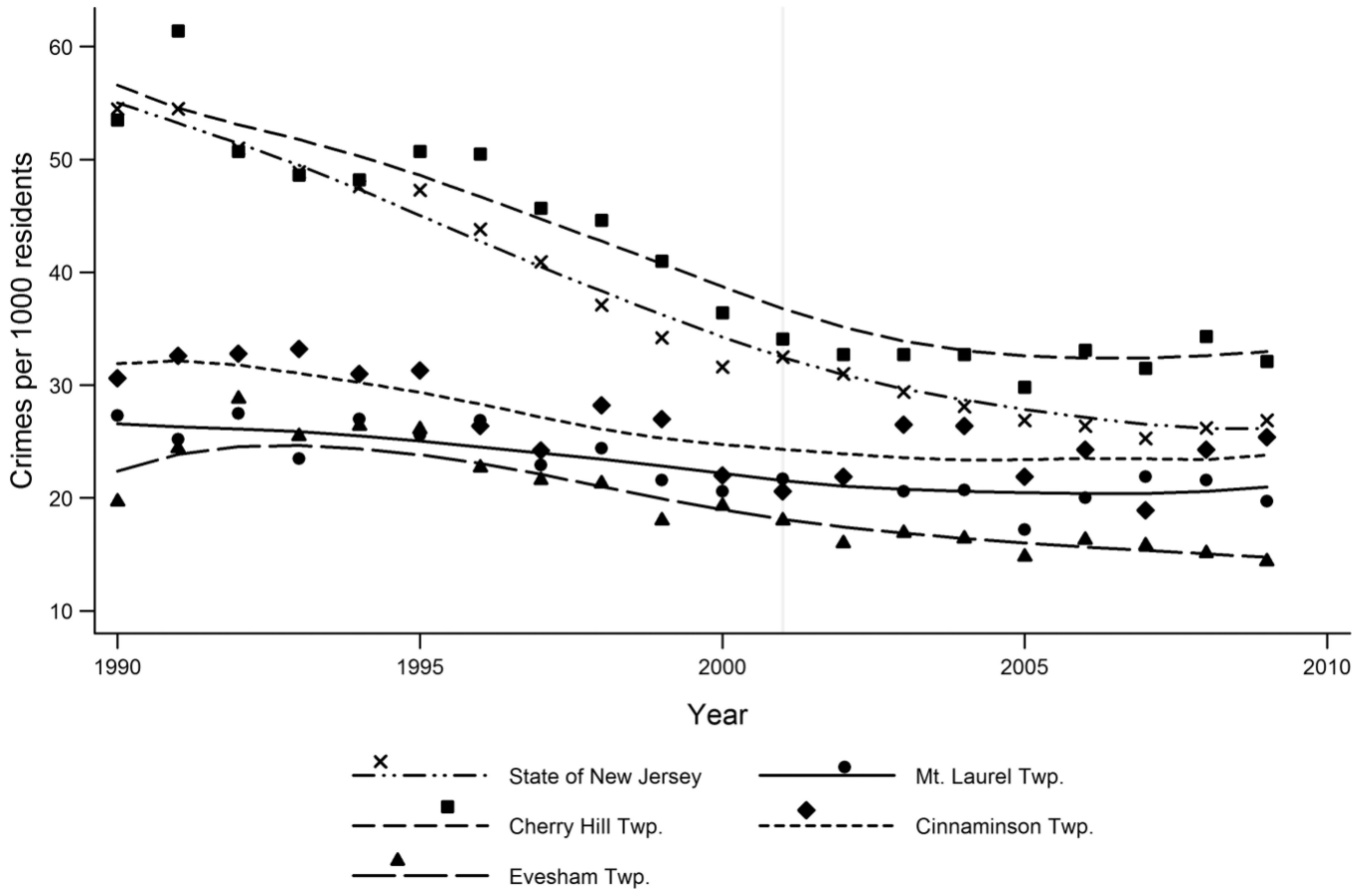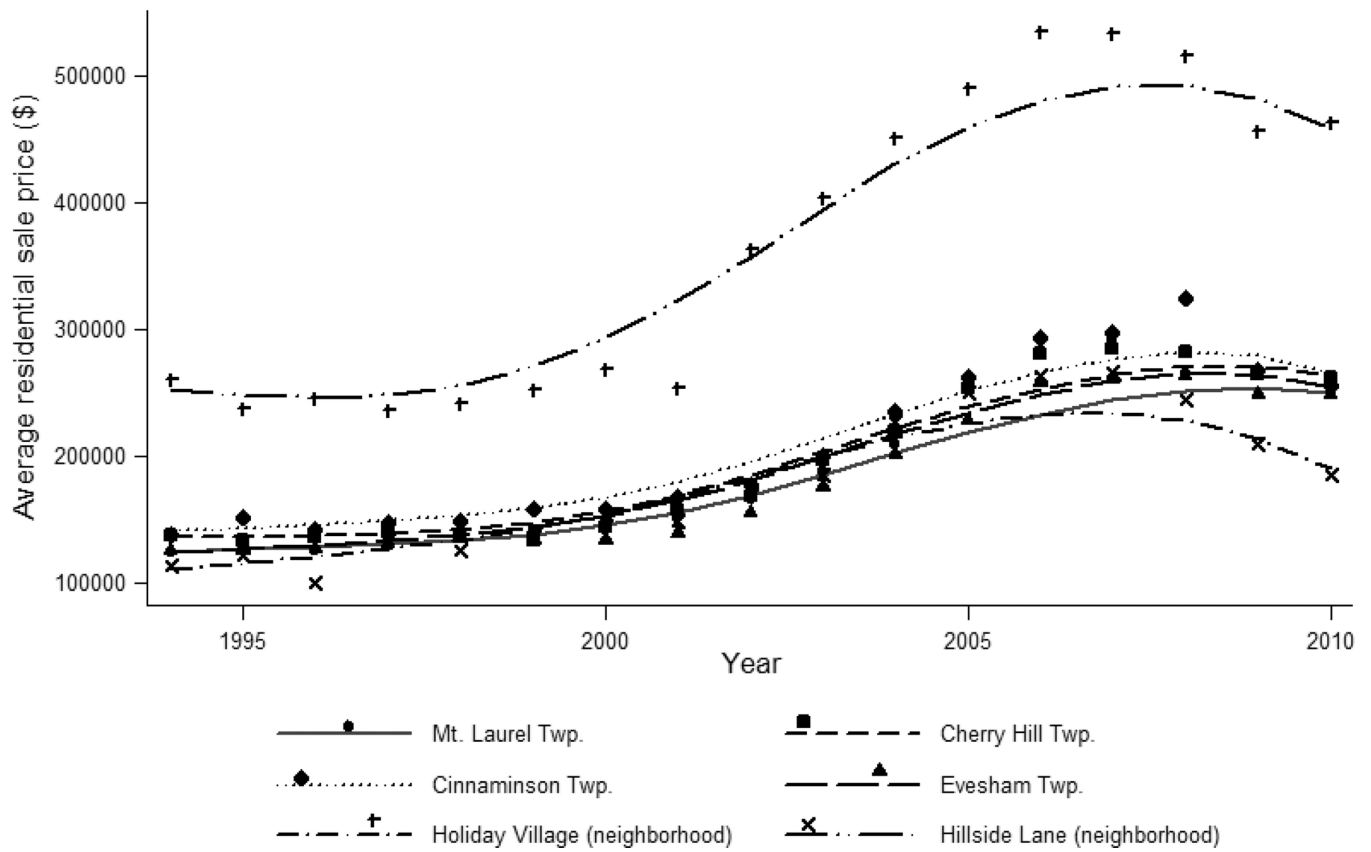The location and median income of Mount Laurel and three comparison townships in Southern New Jersey, 1999.
Data Source: U.S. Census Bureau 2000

Figure 2.
Crime rates in Mount Laurel and comparison townships, 1990–2009
Data Source: NJ Division of State Police, 1990–2009

Figure 3.
Property values in Mount Laurel, comparison townships, and nearby neighborhoods, 1994–
2010
Data Sources: NJ Division of Taxation 1994–2010; Asbury Park Press property records
1994–2010
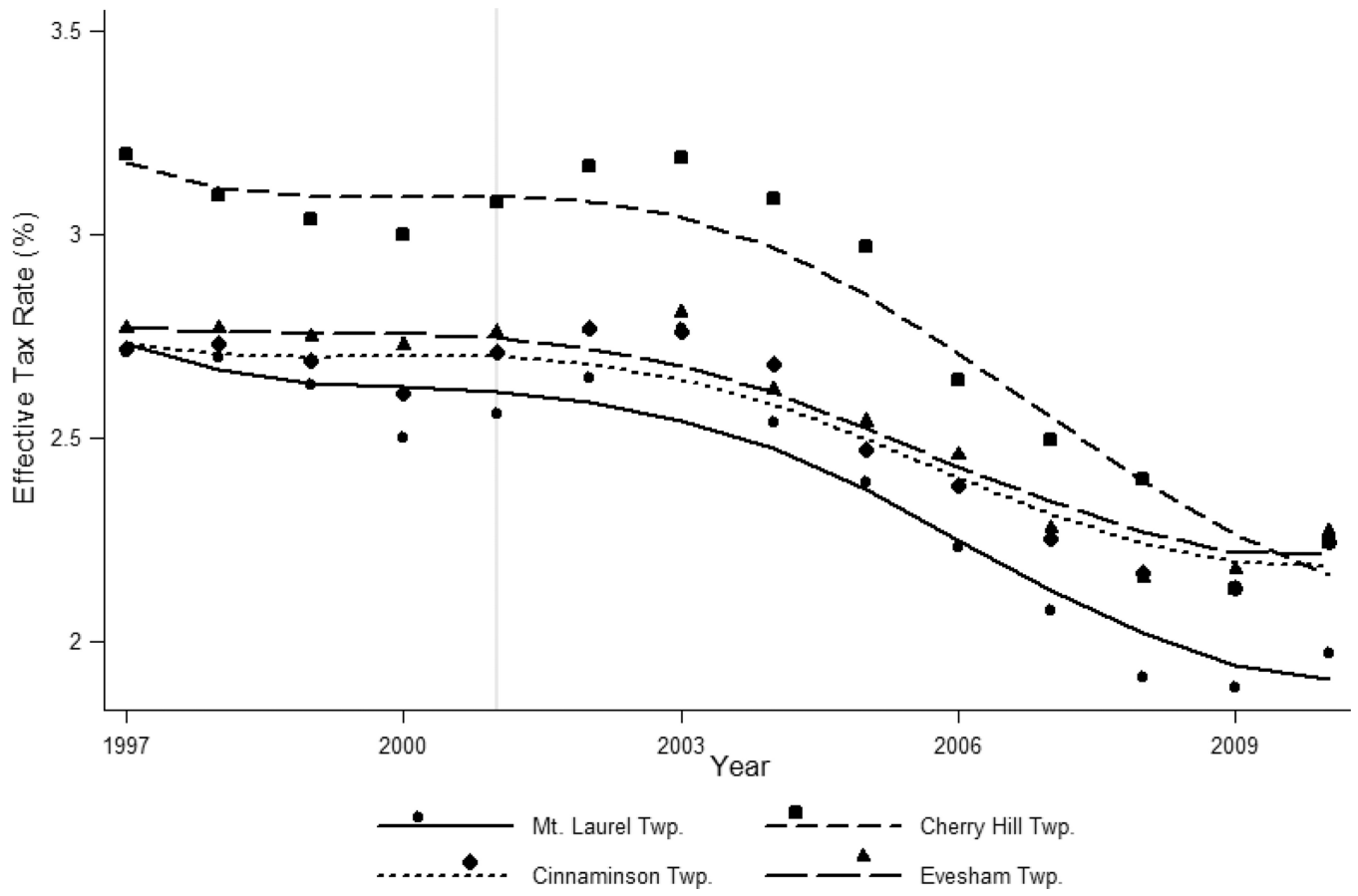
Figure 4.
Effective tax rates in Mount Laurel and comparison townships, 1994–2010
Data Source: NJ Division of Taxation 1997–2010

Table 1

Demographic and economic characteristics of Mount Laurel and comparison townships in South Jersey.

Characteristic	Mount Laurel	Cherry Hill	Cinnaminson	Evesham
Demographic Status				
Median Age	38.9	41.8	42.0	36.0
% Family Households	66.8	74.0	81.9	72.2
% Households with Persons <18	31.9	34.0	36.3	40.1
% Households with Persons 65+	24.5	31.3	36.3	17.4
Race and Ethnicity				
% White	87.1	84.7	91.4	91.3
% Black	6.9	4.5	5.1	3.1
% American Indian	0.1	0.1	0.2	0.1
% Asian	3.8	8.9	1.9	4.1
% Two or More Races	1.4	1.2	1.0	1.0
% Hispanic (Any Race)	2.2	2.5	1.5	2.0
Economic Status				
Median Household Income (000)	$63.8	$69.4	$68.5	$67.0
Poverty Rate	3.1	4.0	2.4	2..8
Housing Cost				
Median Monthly Mortgage	$1,467	$1,538	$1,398	$1,501
Median Monthly Rent	$939	$793	$916	$886
Housing Tenure				
% Owner Occupied	83.7	83.0	96.2	77.7
% Renter Occupied	16.3	17.0	3.8	22.3
Total Population	40,221	69,865	14,595	42,275

Table 2

Subsidized Housing Developments Completed in Mount Laurel Township and Comparison Townships (1990–2008)

	100% Affordable	Elderly Housing	Inclusionary Development	Rehabilitated Housing	Supportive or Special Needs	Total
Mount Laurel Twp.	140	193	238	21	73	665
Cherry Hill Twp.	0	100	398	18	0	516
Cinnaminson Twp.	0	0	0	0	21	21
Evesham Twp.	16	89	101	16	97	537

Source: New Jersey Department of Community Affairs 2010

Table 3

OLS regressions of crime rates on time (year) in Mount Laurel and comparison townships.

		Pre-ELH (1990–2000)		Post-ELH (2001–2009)		Pre vs. Post
	township	β	$\beta_{Mt.\ Laurel}$	β	$\beta_{Mt.\ Laurel}$	$\beta_{1990-2000}$ $\beta_{2001-2009}$
Crime	Mt. Laurel	−0.53 (0.16)	–	−0.12 (0.20)	–	yes **
	Cherry Hill	−1.71 (0.33)	yes ***	−0.09 (0.18)	no	yes ***
	Cinnaminson	−0.93 (0.22)	no	0.15 (0.36)	no	yes ***
	Evesham	−0.56 (0.29)	no	−0.32 (0.09)	no	no
Violent Crime	Mt. Laurel	−0.05 (0.01)	–	−0.06 (0.02)	–	no
	Cherry Hill	−0.05 (0.02)	no	−0.06 (0.02)	no	no
	Cinnaminson	−0.04 (0.04)	no	−0.03 (0.05)	no	no
	Evesham	−0.01 (0.04)	yes ***	0.00 (0.02)	yes **	no
Non-Violent Crime	Mt. Laurel	−0.49 (0.16)	yes ***	−0.06 (0.21)	–	yes **
	Cherry Hill	−1.67 (0.32)	yes ***	−0.03 (0.17)	no	yes ***
	Cinnaminson	−0.89 (0.19)	yes *	0.19 (0.36)	no	yes ***
	Evesham	−0.55 (0.26)	no	−0.31 (0.10)	yes *	no
Number observations		11		9		

***
p <0.01

**
p<0.05

*
p<0.10, based on Wald test of the hypothesis that the slopes are equal standard errors in parentheses

Table 4

OLS regressions of property values on time (year) in Mt. Laurel and comparison townships.

geographic area	Pre-ELH 1994–2000		Post-ELH 2001–2010		Pre- vs. Post $\beta_{1994-2000}$ $\beta_{2001-2010}$
	β	$\beta_{Mt.\ Laurel}$	β	$\beta_{Mt.\ Laurel}$	
Mt. Laurel Township	1726 (389)	-	13827 (2403)	-	yes***
Cherry Hill Township	867 (622)	no	13693 (2837)	no	yes***
Cinnaminson Township	2915 (905)	no	13790 (3783)	no	yes***
Evesham Township	3284 (498)	yes	13722 (3231)	no	yes***
Hillside Lane (neighborhood)	1896 (2407)	no	20588 (7118)	no	yes**
Holiday Village (neighborhood)	6476 (2546)	yes***	5875 (4267)	no	No
Number observations	7		10		

***
  p <0.01

**
  p<0.05

*
  p<0.10, based on Wald tests of the hypothesis that the slopes are equal standard errors in parentheses

OLS regressions of property taxes on time (year) in Mt. Laurel and comparison townships.

geographic area	Pre-ELH 1997–2000		Post-ELH 2001–2010		Pre vs. Post	
	β	β $_{Mt.\ Laurel}$	β	β $_{Mt.\ Laurel}$	β $_{1997-2000}$	β $_{2001-2010}$
Mt. Laurel Township	−0.07 (0.02)	–	−0.10 (0.01)	–	no	
Cherry Hill Township	−0.07 (0.01)	no	−0.09 (0.02)	no	yes ***	
Cinnaminson Township	−0.04 (0.01)	yes *	−0.08 (0.02)	no	no	
Evesham Township	−0.01 (0.00)	yes ***	−0.08 (0.01)	no	yes ***	
Number of observations	4		10			

*** p <0.01

** p<0.05

* p<0.10, based on Wald tests of the hypothesis that the slopes are equal standard errors in parentheses