

Assessment of House Value Using DBG-Provided Data

Reason for this Document:

The City of Colorado Springs Planning Department has not provided substantial evidence to the claims made by the developer that there is no home value impact to ZIP Code 80920. Below is the comment by the developer from their “response” to citizen comments. Note the lack of any evidence to his claims:

Property values

There is no empirical evidence to suggest that this type of housing will negatively impact home values in Colorado Springs, as corroborated by analysis conducted by Community Development. DBG Properties has also studied home values in neighborhoods where it has developed, and there is no correlation to impact on home values. This data was split further to specific neighborhoods in higher income areas, and no correlation was found.

This is a relevant issue as the City of Colorado Springs Code REQUIRES review and evaluation with respect to the real property values for the citizens in the affected neighborhood. Reference the following codes:

1. **2.4.101: PURPOSE AND DESCRIPTION:**

Colorado Springs, CO Colorado Springs, CO Code of Ordinances

...There is convincing documented evidence that sexually oriented businesses, due to their nature, have a deleterious effect on both the existing businesses around them and surrounding residential areas, causing increased crime and downgrading of *property values*. The purpose of this article is to control adverse impacts from sexually oriented businesses and thereby protect the health, safety and welfare of the citizens, protect the citizens from increased crime, preserve the quality of life, preserve the *property values* and character of the surrounding neighborhoods and deter the spread of urban blight.

2. **9.6.601: PURPOSE:**

Colorado Springs, CO Colorado Springs, CO Code of Ordinances

...9.6.601: PURPOSE: The purpose of this part is to protect the health, safety, and welfare of all the citizens of the City by eliminating the proliferation of graffiti within the City, because graffiti contributes to the deterioration of neighborhoods, the depreciation of *property values* and increases criminal activity.

3. **10.16.101: OFF-STREET PARKING REQUIRED:**

Colorado Springs, CO Colorado Springs, CO Code of Ordinances

...10.16.101: OFF-STREET PARKING REQUIRED: It is hereby found and declared that excessive street parking of motor vehicles in the City and the lack of adequate off-street parking facilities creates congestion, obstructs the free circulation of traffic, diminishes *property values* and endangers the health, safety and welfare of the citizens of the City.

4. **7.3.303: COMMERCIAL AND INDUSTRIAL USES:**

Colorado Springs, CO Colorado Springs, CO Code of Ordinances

...This use will be allowed only if the applicant can demonstrate at the time of applying for a conditional use permit pursuant to Section 7.5.601 (Conditional Use Permit) that, in addition to other criteria that would otherwise apply to approval of a conditional use permit: (1) The *property values* of the land surrounding the conditional use will not be substantially reduced; (2) The mode and quality of life in any area of the City will not be adversely affected by the proposed mining operation; (3) The noise attributable to the mining operation will be in conformance with Section 9.8.104 (Permissible Noise Levels) of this Code; (4) The dust attributable to the mining operation will be within state and federal standards; (5) The road and highway traffic attributable to the mining operation will not adversely affect the City traffic system by causing unreasonable congestion or excessive deterioration of such system; (6) The mining operations will not cause or create adverse drainage and sewage problems; (7) An underground mining operation will not unreasonably interfere with the present or anticipated surface used by causing subsidence, vibrations, or dust; (8) The mining operation is in conformance with the Colorado Springs Comprehensive Plan and the Master Plan for Extraction of Commercial Mineral Deposits that was adopted July 1, 1975; and (9) The mining reclamation plan and time schedule are acceptable to the City. d.

For some backing research, it's clear that impact to property values is highly regionally dependent, and a through analysis is needed by ZIP Code:

- In California, LIHTC-funded housing reduces home prices by almost 10%.
 - Link: <https://www.csus.edu/college/social-sciences-interdisciplinary-studies/public-policy-administration/internal/documents/thesis-bank/thesis-bank-2018-wahid.pdf>
- In South Africa, property values were negatively impacted for 9 years and it took an additional 6 years for them to recover from subsidized housing.

Assessment of House Value Using DBG-Provided Data

- Link: <https://www.ajol.info/index.php/actas/article/view/208206>
- In Charlotte, NC, LIHTC-funded negatively impacted the property values for middle and high income neighborhoods. In high-income neighborhoods larger developments had even greater negative impact.
 - Link: <https://journals.sagepub.com/doi/10.1177/0042098015593448>
- Quote from this abstract “LIHTC development revitalizes low-income neighborhoods, increasing house prices 6.5%, lowering crime rates, and attracting racially and income diverse populations. LIHTC development in higher income areas causes house price declines of 2.5% and attracts lower income households”
 - Link: https://www.nber.org/system/files/working_papers/w22204/w22204.pdf
- A Texas lawsuit and subsequent study found the following: “In low-income neighborhoods, where median incomes fell below \$26,000, the researchers saw home values appreciate 6.5% within a tenth of a mile of an LIHTC project. Crime rates also fell, and more non-minorities moved into the area, increasing diversity. In higher-income neighborhoods, those with median incomes above \$54,000, housing prices declined approximately 2.5% within a tenth of a mile of a project, and segregation increased (the researchers noticed no crime impact).”
 - Link: <https://www.gsb.stanford.edu/insights/affordable-housing-good-neighborhood>

So note, there is clear evidence that indicates LIHTC-funded properties significantly improve values of certain median household values, and the impact to high-income ZIP Codes is region-dependent. Specific data regarding Colorado Springs has yet to be provided and unable to be located on the City’s website, so we only assessed the data presented by the developer in a previous neighborhood meeting. The following is an analysis reviewing the data that indicates **ALL ZIP Codes with a DBG Development as well as comparable ZIP Codes to 80920 have decreased property values relative to the City’s overall property value.**

Summary:

The assessment of DBG's full dataset revealed that 70% of ZIP Codes with a DBG development experienced a decline in annual home value relative to their respective cities, with an average annual decrease of 0.03% and a total average reduction of 3.80% since the introduction of a DBG development. For comparable ZIP Codes to 80920, 80% of ZIP Codes saw a 5x faster decline in yearly home values as compared to the city that ZIP Code is in, resulting in an average total reduction in home value of 7.33% since the establishment of a DBG development.

Assessment on full dataset presented by DBG:

- **For all DBG developments**, 70% (23 out of 33) recorded a decline in annual home value relative to the cities they are situated in.
- **For all DBG developments**, ZIP Codes containing a DBG development saw an average annualized (year over year) home value decrease of 0.03% compared to their respective cities.
- **For all DBG developments**, ZIP Codes with a DBG development have experienced an average total home value reduction of 3.80% in comparison to their cities since the construction of the development.

Assessment on full dataset provided by DBG for ZIP Code 80920:

- **In ZIP Codes comparable to 80920**, 80% of developments (12 out of 15) experienced a year-over-year decrease in home values when compared to the cities they were located in.
- **In ZIP Codes comparable to 80920**, the annual home values on average decreased 5x more rapidly than those in the corresponding cities and when compared to the entire DBG dataset:
 - o Comparable ZIP Codes saw an annual (year-over-year) home value loss of 0.15%.
 - o The full DBG dataset showed an annual (year-over-year) home value loss of 0.03%.

Assessment of House Value Using DBG-Provided Data

- **In ZIP Codes comparable to 80920**, a DBG development reduces the average total home value by 7.33% as compared to their cities since the construction of the development.

Defining Comparable ZIP Codes to 80920: The analysis focused on a subset of DBG data matching the median household income of ZIP Code 80920, which is \$109,089. This subset, referred to as 'comparable' includes ZIP codes with median incomes within one standard deviation of \$109,089, ranging from approximately \$83,046 to \$135,132. This range, capturing 68% of the data, is based on the normal distribution of the DBG data and excludes outliers. This approach ensures a relevant and representative comparison for the proposed DBG development, Royal Pines Apartments, in ZIP Code 80920.

Verification of normality is provided in section "Normality Tests on DBG Data," provided below.

Analysis of DBG Data

The dataset provided by DBG is normally distributed using traditional normality tests 1) Shapiro-Wilk and 2) Kolmogorov-Smirnov.

1. The Shapiro-Wilk test has been conducted on the data, and it has resulted in a statistic of approximately 0.951 with a p-value of approximately 0.138. The p-value is greater than the common alpha level of 0.05, which suggests that there is not enough evidence to reject the null hypothesis. This means that, according to the Shapiro-Wilk test, the data does not significantly deviate from a normal distribution.
2. The Kolmogorov-Smirnov test has been performed on the income data, yielding a test statistic of approximately 0.151 with a p-value of approximately 0.400. The p-value is above the common threshold of 0.05, which indicates that there is not enough evidence to reject the null hypothesis that the data follows a normal distribution.

Therefore, according to both normality tests above the data provided is normally distributed.

References:

Assessment of House Value Using DBG-Provided Data

- 1) Median Household Income by ZIP Code taken from 2020 U.S. CENSUS Data (<https://data.census.gov/>)
- 2) DBG-Provided data is shown here below from previous DBG meeting (19JUN203) with affected neighborhood parties:

9:57

Slide Deck Neighbor Meeting 6-19-23 vF.pdf - Adobe Acrobat Standard (32-bit)

Recording has started. This meeting was set to be recorded automatically. Privacy policy

Home Value Analysis

DBG PORTPERTIES

DBG Portfolio - Home Value Appreciation Analysis
Source: <https://www.zillow.com/research/data/>

Project	City	Zip Code	Year Built	Unit Count	Annual Home Value Growth Rate			Home Values as of 4/30/23		
					Within City since Built	Within Zip Code since Built	Difference	Within City	Within Zip Code	Zip : City
Anasazi Village	Santa Fe	87507	2008	116	3.69%	3.60%	-0.09%	534,146	412,482	77.2%
Briarcreek	Portland	97030	1998	248	5.72%	4.92%	-0.80%	543,308	429,397	79.0%
Bethany Meadows	Portland	97229	1997	208	5.72%	4.92%	-0.80%	543,308	762,623	140.4%
Bethany Meadows - Phase II	Portland	97229	1998	132	5.72%	4.92%	-0.80%	543,308	762,623	140.4%
Berry Ridge	Portland	97006	1999	216	5.72%	5.22%	-0.49%	543,308	537,651	99.0%
City Center	Portland	97123	2004	91	5.74%	5.29%	-0.45%	543,308	542,843	99.9%
La Cantera	Albuquerque	87114	2008	185	3.06%	2.75%	-0.31%	315,766	345,346	109.4%
Desert Willow	Albuquerque	87113	1999	224	4.23%	4.06%	-0.17%	315,766	395,216	125.2%
El Paseo	Albuquerque	87114	2003	166	4.23%	3.84%	-0.39%	315,766	345,346	109.4%
Paseo del Sol	Albuquerque	87114	2004	124	4.28%	3.89%	-0.39%	315,766	345,346	109.4%
Enchanted Vista	Albuquerque	87144	2005	174	4.25%	8.19%	3.93%	315,766	328,438	104.0%
Gresham Station	Portland	97030	2005	253	5.67%	5.24%	-0.42%	543,308	429,397	79.0%
La Terraza	Albuquerque	87120	2007	114	3.48%	3.23%	-0.26%	315,766	324,586	102.8%
Los Pecos	Las Vegas	89120	2004	192	5.36%	5.88%	0.52%	392,159	371,723	94.8%
Manzano Mesa	Albuquerque	87123	2003	224	4.23%	3.93%	-0.30%	315,766	311,233	98.6%
Casa Villita	Santa Fe	90017	2003	196	5.09%	6.67%	1.58%	534,146	671,316	125.7%
San Lucas	Los Angeles	87507	2008	106	3.87%	3.60%	-0.27%	901,961	412,482	43.7%
Yards at Union Station - B	Portland	97209	2000	321	5.72%	4.29%	-1.43%	543,308	483,917	89.1%
Yards at Union Station - C	Portland	97209	2013	80	8.19%	5.55%	-2.63%	543,308	483,917	89.1%
Yards at Union Station - S	Portland	97209	2003	56	5.80%	4.21%	-1.58%	543,308	483,917	89.1%
Ventana Ranch	Albuquerque	87114	2005	288	4.25%	3.89%	-0.36%	315,766	345,346	109.4%
Wood Ridge	Portland	97229	2002	276	5.80%	4.98%	-0.82%	543,308	762,623	140.4%
West Ridge	Portland	97062	2003	264	5.80%	4.61%	-1.19%	543,308	643,604	118.3%
Wyndhaven	Portland	97006	2004	396	5.74%	5.35%	-0.39%	543,308	537,651	99.0%
13 West	Vancouver	98660	2017	92	8.35%	8.87%	0.52%	488,127	449,310	92.0%
15 West	Vancouver	98660	2016	120	8.84%	9.55%	0.70%	488,127	449,310	92.0%
The Fields	Portland	97223	2021	284	7.58%	9.75%	2.17%	543,308	601,077	110.6%
K West	Vancouver	98661	2019	192	8.43%	8.66%	0.23%	488,127	441,256	90.4%
Silver Moon Lodge	Albuquerque	87102	2014	151	6.78%	8.55%	1.77%	315,766	229,238	72.6%
Valle de Atrisco	Albuquerque	87121	2021	240	13.53%	13.11%	-0.41%	315,766	253,770	80.4%
Village at Avalon	Albuquerque	87121	2017	240	8.50%	9.05%	0.54%	315,766	253,770	80.4%
Willow Creek	Portland	97006	2020	120	6.62%	8.66%	2.00%	543,308	537,651	99.0%
Range View	Aurora	80011	2022	223	8.22%	7.80%	-0.42%	481,921	422,829	87.7%
Average					6.01%	5.97%	-0.03%			
Average (ZIP Home Value > City Average)					4.88%	5.05%	0.17%			

- 3) Recreated Excel Table of DBG Provided Data which includes Total Annual Loss of Home Value since building of DBG Development and ZIP Code Median Household Incomes (U.S. CENSUS Data)

Assessment of House Value Using DBG-Provided Data

a. Reference Sheet title "DBG Dataset" in "Home Value and Crime Impact DBG – 7JAN2023.xlsx"

City	Zip Code	Median Household Income (ref. 2020 U.S. CENSUS DATA)	Year Built	Annual Home Value Within City Since Built (%)	Annual Home Value Within Zip Code Since Built (%)	Difference (%)	Total Annual Loss of Home Value since built (%)	Home Values As Of 4.30.23	Home Values within ZIP as of 4/30/23	Ratio of Home Value in Development ZIP vs. City (ZIP/CITY*100)
Santa Fe	87507	\$56,342	2008	3.69	3.60	-0.09	-1.44	\$534,146	\$412,492	77.2%
Portland	91030	\$115,088	1998	5.72	4.92	-0.80	-20.8	\$543,308	\$429,397	79.0%
Portland	97229	\$137,006	1997	5.72	4.92	-0.80	-21.6	\$543,308	\$762,623	140.4%
Portland	97229	\$137,006	1998	5.72	4.92	-0.80	-20.8	\$543,308	\$762,623	140.4%
Portland	97006	\$91,520	1999	5.72	5.22	-0.49	-12.25	\$543,308	\$537,651	99.0%
Portland	97123	\$89,492	2004	5.74	5.29	-0.45	-9	\$543,308	\$542,843	99.9%
Albuquerque	87114	\$72,863	2008	3.06	2.75	-0.31	-4.96	\$315,766	\$345,346	109.4%
Albuquerque	87113	\$84,668	1999	4.23	4.06	-0.17	-4.25	\$315,766	\$395,216	125.2%
Albuquerque	97114	\$85,314	2003	4.23	3.84	-0.38	-7.98	\$315,766	\$345,346	109.4%
Albuquerque	97114	\$85,314	2004	4.28	3.89	-0.38	-7.6	\$315,766	\$345,346	109.4%
Albuquerque	97114	\$85,314	2005	4.25	8.19	3.93	74.67	\$315,766	\$328,438	104.0%
Portland	97030	\$115,088	2005	5.67	5.24	-0.42	-7.98	\$543,308	\$429,397	79.0%
Albuquerque	87120	\$80,704	2007	3.48	3.23	-0.26	-4.42	\$315,766	\$324,586	102.8%
Las Vegas	89120	\$68,934	2004	5.36	5.88	0.52	10.4	\$392,159	\$371,723	94.8%
Albuquerque	87123	\$59,387	2003	4.23	3.93	-0.30	-6.3	\$315,766	\$311,233	98.6%
Santa Fe	90012	\$58,444	2003	5.09	6.67	1.58	33.18	\$534,146	\$671,316	125.7%
Los Angeles	87507	\$60,641	2008	3.87	3.60	-0.27	-4.32	\$901,961	\$412,492	45.7%
Portland	97209	\$84,893	2000	5.72	4.29	-1.43	-34.32	\$543,308	\$483,917	89.1%
Portland	97209	\$84,893	2013	8.19	5.55	-2.65	-29.15	\$543,308	\$483,917	89.1%
Portland	97209	\$84,893	2003	5.80	4.21	-1.58	-33.18	\$543,308	\$483,917	89.1%
Albuquerque	87114	\$77,743	2005	4.25	3.89	-0.36	-6.84	\$315,766	\$345,346	109.4%
Portland	97229	\$150,580	2002	5.80	4.98	-0.82	-18.04	\$543,308	\$762,623	140.4%
Portland	97062	\$109,500	2003	5.80	4.61	-1.19	-24.99	\$543,308	\$643,604	118.5%
Portland	97006	\$99,662	2004	5.74	5.35	-0.39	-7.8	\$543,308	\$537,651	99.0%
Vancouver	98660	\$62,422	2017	8.35	8.87	0.52	3.64	\$488,127	\$449,310	92.0%
Vancouver	98660	\$62,422	2016	8.84	9.55	0.70	5.6	\$488,127	\$449,310	92.0%
Portland	97223	\$104,463	2021	7.58	9.75	2.17	6.51	\$543,308	\$601,077	110.6%
Vancouver	98661	\$70,277	2019	8.43	8.66	0.23	1.15	\$488,127	\$441,256	90.4%

Assessment of House Value Using DBG-Provided Data

Albuquerque	87102	\$35,069	2014	6.78	8.55	1.77	17.7	\$315,766	\$229,238	72.6%
Albuquerque	87121	\$53,326	2021	13.53	13.11	-0.41	-1.23	\$315,766	\$253,770	80.4%
Albuquerque	87121	\$53,326	2017	8.50	9.05	0.54	3.78	\$315,766	\$253,770	80.4%
Portland	97006	\$99,662	2020	6.62	8.66	2.05	8.2	\$543,308	\$537,651	99.0%
Aurora	80011	\$64,541	2022	8.22	7.80	-0.42	-0.84	\$481,921	\$422,829	87.7%
Averages		\$84,267		6.01	5.97	-0.03	-3.80	\$466,316.73	\$457,795.58	98.2%

- 4) Subset of Comparable DBG developments with similar median household incomes to ZIP Code 80920
- a. Reference Sheet title "Subset of data within 1D" in "Home Value and Crime Impact DBG – 7JAN2023.xlsx"

Project	City	Zip Code	Median Household Income (ref. 2020 U.S. CENSUS DATA)	Year Built	Annual Home Value Within City Since Built	Annual Home Value Within Zip Code Since Built	Difference	Total Annual Loss of Home Value since built (%)	Home Values Within City As of 4.30.23	Home Values within ZIP as of 4/30/23	Ratio of Home Value in Development ZIP vs. City (ZIP/CITY*100)
2	Portland	91030	\$115,088	1998	5.72	4.92	-0.80	-20.8	\$543,308	\$429,397	79.0%
5	Portland	97006	\$91,520	1999	5.72	5.22	-0.49	-12.25	\$543,308	\$537,651	99.0%
6	Portland	97123	\$89,492	2004	5.74	5.29	-0.45	-9	\$543,308	\$542,843	99.9%
8	Albuquerque	87113	\$84,668	1999	4.23	4.06	-0.17	-4.25	\$315,766	\$395,216	125.2%
9	Albuquerque	97114	\$85,314	2003	4.23	3.84	-0.38	-7.98	\$315,766	\$345,346	109.4%
10	Albuquerque	97114	\$85,314	2004	4.28	3.89	-0.38	-7.6	\$315,766	\$345,346	109.4%
11	Albuquerque	97114	\$85,314	2005	4.25	8.19	3.93	74.67	\$315,766	\$328,438	104.0%
12	Portland	97030	\$115,088	2005	5.67	5.24	-0.42	-7.98	\$543,308	\$429,397	79.0%
18	Portland	97209	\$84,893	2000	5.72	4.29	-1.43	-34.32	\$543,308	\$483,917	89.1%
19	Portland	97209	\$84,893	2013	8.19	5.55	-2.65	-29.15	\$543,308	\$483,917	89.1%
20	Portland	97209	\$84,893	2003	5.80	4.21	-1.58	-33.18	\$543,308	\$483,917	89.1%
23	Portland	97062	\$109,500	2003	5.80	4.61	-1.19	-24.99	\$543,308	\$643,604	118.5%
24	Portland	97006	\$99,662	2004	5.74	5.35	-0.39	-7.8	\$543,308	\$537,651	99.0%
27	Portland	97223	\$104,463	2021	7.58	9.75	2.17	6.51	\$543,308	\$601,077	110.6%
32	Portland	97006	\$99,662	2020	6.62	8.66	2.05	8.2	\$543,308	\$537,651	99.0%
Averages					5.69	5.54	-0.15	-7.33	\$482,630	\$475,025	98.4%