Homeless Shelters & Their Neighbors

Neighborhood opposition to temporary housing facilities and
addressing the homelessness crisis in New York City

Citizens Housing and Planning Council
Written by Sheena Kang and Jessica Katz
December 2019

EXECUTIVE SUMMARY

In September 2019, the New York City Independent Budget Office (IBO) published a study on the alleged impacts of homeless shelters on nearby residential property values, in which IBO concluded that proximity to shelters negatively affects the price of housing. In this white paper, Citizens Housing and Planning Council (CHPC) reviews the IBO study and its methodological flaws, reframes the policy issues at hand, and poses next steps for research and discussion around homelessness in New York City. In this paper, CHPC reaches the following conclusions:

- Shelters are a critical resource serving New Yorkers in need, a core component of policy solutions to the homelessness crisis, and a preferable alternative to the tremendous growth in street homelessness seen in other cities nationwide.

- The IBO study inappropriately positions stably housed homeowners as an injured party in the city's homelessness crisis. The study adopts, rather than examines, negative assumptions about shelters and their residents, and suffers from methodological flaws which call into question the validity of its findings.

- Even if the IBO study's findings were accurate, they would speak not to the disruptive behavior of shelter residents, but to the market impact of the stigma associated with homelessness.

- Moving forward, research and discussion must remain grounded in the goal of lifting New Yorkers out of homelessness and poverty, to ensure that efforts to develop, implement, and advance policy solutions are as effective as possible in ending this crisis.

INTRODUCTION

The number of people experiencing homelessness in New York City is greater than at any time since the Great Depression. In September 2019, over 62,000 New Yorkers slept in homeless shelters. This crisis, principally the result of a widening gap between incomes and housing costs, has significant public impacts and is seriously detrimental to the health and well-being of the individuals and families experiencing it.

As part of its plan to address homelessness, the City of New York has committed to opening 90 new emergency shelters over ten years. Efforts to develop new shelters have been met by surging neighborhood opposition – the latest episode in a long-standing battle between residents of stably housed communities and efforts to meet the growing need for shelters. Neighborhood opposition to new shelters is frequently justified by the claim that the presence of a shelter will diminish local quality of life and cause home values to decrease. Protests have become so inflamed that one recent community meeting around a proposed shelter in Queens culminated in arson threats.

The New York City Independent Budget Office (IBO) released a study in 2019, commissioned by the Office of the Manhattan Borough President, on the alleged impacts of homeless shelters on the property values of nearby residential condominiums and one- to three-family homes.[1] IBO concludes that "close proximity to congregate shelters negatively affects the price of housing."[2] CHPC undertook a rigorous review of the study's data and methodology and identified several weaknesses, which render the analysis insufficient to support the conclusions drawn. The IBO study adopts, rather than examines, underlying negative assumptions about homeless shelters and their residents. IBO employs a methodology inadequate to attribute impact, and conflates correlation with causation as a result. These were only the most significant of several issues identified.[3]

Although CHPC believes that it was not intended to do so, the IBO study stands to empower movements of neighborhood opposition which frequently delay or prevent the construction of critical housing resources. Instead of centering on the needs of homeless individuals and families, the study focuses on the opinions of a few stably housed New Yorkers, and gives credence to unsubstantiated claims that are frequently weaponized by NIMBY efforts. CHPC's white paper reviews the study's flaws and reframes the issues raised, in light of the serious unintended consequences that the IBO report could have. In doing so, CHPC aims to help center future research and discussion around the goal of lifting New Yorkers out of homelessness and poverty.

---

[1]   Independent Budget Office. "Close to Home: Does Proximity to a Homeless Shelter Affect Residential Property Values in Manhattan?" New York City Independent Budget Office, 2019. https://ibo.nyc.ny.us/iboreports/close-to-home-does-proximity-to-a-homeless-shelter-affect-residential-property-values-in-manhattan-2019.pdf.

[2]   IBO defines "congregate shelters" as shelters occupying entire buildings and which provide residents with shared, rather than private, facilities (kitchens, bathrooms, and in some cases, sleeping quarters). This definition is misaligned with how shelters are categorized and provided. IBO, "Close to Home," 6.

[3]   CHPC's detailed assessment of the IBO study's methodology is included in the Appendix.

HOMELESSNESS IN NEW YORK CITY

In September 2019, over 62,000 New Yorkers slept in homeless shelters: a group more than large enough to fill Yankee Stadium to its capacity, and rivaling in size the population of Utica, NY.[4] New York City's shelter population has grown 142 percent in the last ten years. Meanwhile, thousands more individuals unaccounted for in these figures spend their nights unsheltered, on streets and in subway tunnels. The rapid proliferation of this crisis has been driven in large part by the severe lack of affordable housing, which adversely affects hundreds of thousands of low- and moderate-income New Yorkers each day.[5] As homelessness has grown, more and more individuals and families have faced its detrimental impacts on their health and well-being. In turn, the crisis has drawn increasingly upon City resources and public services.

Public Impacts of Homelessness

The City's annual spending on homelessness has more than doubled over the past five years, reaching $3.2 billion.[6] In addition to expenditures on direct services, the City has deployed countless dollars and resources to address the citywide impacts of the crisis. Homelessness affects many public services, such as health care, criminal justice, and education, among others. People experiencing homelessness have greater healthcare needs, while reliance on emergency services drives up the cost of treatment.[7] They disproportionately enter the criminal justice system, diverting law enforcement and administrative and legal resources away from more serious public safety concerns; and driving up incarceration rates, largely for minor offenses.[8] Public schools serving low-income communities must draw upon already scarce resources to implement personnel and programs to aid the performance of students affected by homelessness.[9] These are only a few of the many complex ways in which the homelessness crisis impacts the city.

---

[4]   The estimated population of Utica was 60,100 in 2018. "Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018." U.S. Census Bureau, Population Division.

[5]   Facts on homelessness in NYC retrieved from "Basic Facts About Homelessness: New York City," Coalition for the Homeless. https://www.coalitionforthehomeless.org/basic-facts-about-homelessness-new-york-city/

[6]   Bureau of the Budget. *FY 2020 Agency Watch List: Homeless Services Provider Agencies.* City of New York Office of the Comptroller, 2019. https://comptroller.nyc.gov/wp-content/uploads/documents/Watch-List_Homeless-Services_2019.pdf.

[7]   American Public Health Association. "APHA Policy Statement 20178: Housing and Homelessness as a Public Health Issue." Washington, DC: 2017. https://www.apha.org/policies-and-advocacy/public-health-policy-statements/policy-database/2018/01/18/housing-and-homelessness-as-a-public-health-issue.

[8]   Gray, Bailey & Smith, Doug. *Return to Nowhere: The Revolving Door Between Incarceration and Homelessness.* The Texas Criminal Justice Coalition, 2019. https://www.texascjc.org/parole-reentry; Fitzpatrick, Kevin & Myrstol, Brad. "The Jailing of America's Homeless: Evaluating the Rabble Management Thesis." *Crime & Delinquency 57*, no. 2 (2011): 271–297. doi: 10.1177/0011128708322941.

[9]   Over the past four years, the vast majority of students experiencing homelessness in New York have been served by only 144 of the city's 1,800 public schools; most of these belonging to districts with overwhelmingly low-income student populations. Homelessness among students has required schools to bring on social workers, drastically widened the scope of duties of administrative and educational personnel, and diminished overall test scores and attendance levels. Shapiro, Eliza. "Homelessness in New York Public Schools Is at a Record High: 114,659 Students." *The New York Times,* October 15, 2018. https://www.nytimes.com/2018/10/15/nyregion/homeless-students-nyc-schools-record.html.

Impacts of Homelessness on Individuals and Families

Homelessness has many public impacts, but its greatest outcomes are shouldered by the New Yorkers who experience it daily. Homelessness is detrimental to the health and well-being of individuals and families. It causes increased mortality rates and lower life expectancy, due to higher risk for chronic and severe health conditions, substance use and addiction problems, and food insecurity.[10] People experiencing homelessness are more likely to be formally punished and/or incarcerated for minor infractions related to status offenses and crimes of survival, resulting in criminal records which make stable housing even more difficult to obtain.[11] Meanwhile, these same individuals are disproportionately victimized by crime, and are more likely to experience related stress and trauma.[12] Children without stable housing, who face greater difficulties succeeding in school, are more likely to endure primary health problems and severe stressors, which can lead to developmental delays and/or long-term physical and emotional harm.[13]

Policy Interventions to Homelessness

New York has a moral, legal, and fiscal obligation to end its homelessness crisis. Until all residents have access to long-term, stable housing, the City of New York must advance this goal and comply with a unique legal requirement known as Right to Shelter, which obligates the City to provide shelter to all residents who need it.[14] Within this framework, providing both temporary and permanent housing options for households experiencing homelessness is a critical policy goal.

Emergency shelter facilities provide temporary housing, a critical resource for individuals and families lacking other options and in immediate need of a place to sleep. Towards the broader goal of ensuring access to long-term, stable housing for all New Yorkers, the City facilitates the production of permanent housing options for households experiencing homelessness. These include shares of affordable units in new housing developments reserved for formerly homeless households, and supportive housing, which provides on-site

---

[10] National Health Care for the Homeless Council. "Social Determinants of Health: Predictors of Health among People without Homes." Nashville, TN: 2016. https://nhchc.org/wp-content/uploads/2019/08/fact-sheet_2016_social-determinants-of-health1.pdf.

[11] In 2018, over half of former inmates returning to New York City from prisons across the state were released to homeless shelters. Routhier, Giselle. *State of the Homeless 2019*. Coalition for the Homeless. https://www.coalitionforthehomeless.org/the-catastrophe-of-homelessness/. For more on the "revolving door between shelter and prison," see, for example, Couloute, Lucius. *Nowhere to Go: Homelessness among formerly incarcerated people*. The Prison Policy Initiative, 2018. https://www.prisonpolicy.org/reports/housing.html; Shrier, Adam et al. "Many Inmates Move from Prison to Shelters, Despite Efforts to Get Them Homes." *City Limits*, January 17, 2017. https://citylimits.org/2017/01/17/many-inmates-move-from-prison-to-shelters-despite-efforts-to-get-them-homes/.

[12] Lee, Barrett A. & Schreck, Christopher. "Danger on the Streets: Marginality and Victimization Among Homeless People." *American Behavioral Scientist 48,* no. 8 (2005): 1055-1081. doi: 10.1177/0002764204274200.

[13] Institute for Children, Poverty, and Homelessness. "Effects of Homelessness on Families and Children." *ICPH Issue by Issue,* no. 3 (2015). https://www.icphusa.org/wp-content/uploads/2015/09/Effects-of-Homelessness.pdf.

[14] "The Callahan Legacy: Callahan v. Carey and the Legal Right to Shelter," Coalition for the Homeless. https://www.coalitionforthehomeless.org/our-programs/advocacy/legal-victories/.

services for tenants who may need support to live independently.[15] The Department of Homeless Services operates a wide range of programs to transition individuals living on the street and in shelters into permanent housing.

In 2017, the City of New York released its Turning the Tide on Homelessness plan. A core component of the plan is to reorient how temporary housing is provided. The City intends to end the long-standing practice of renting out apartment units and commercial hotels to use as emergency shelter facilities. To replace the shelter beds that will be lost, the City has committed to opening 90 new emergency shelters over ten years, and to expand the capacity of shelters in existing buildings. This strategy aims to allow individuals and families in immediate need of shelter to access it within their neighborhoods, where they can maintain consistent access to work and school and a greater sense of stability.[16]

Over the last two years, the City's efforts to advance these goals have increased the pace of shelter construction and triggered a shift in the distribution of shelters citywide, two trends which have contributed to a surge in neighborhood opposition. The City has opened 23 new shelters and announced the development of 25 more since 2017.[17] Aligned with the goal of increasing access to shelter throughout the city, some new facilities have been constructed or proposed in neighborhoods where, historically, shelters have been absent. Many proposed shelters have incited outcry among local residents; at least 15 of the new facilities have faced some type of neighborhood opposition, ranging from irate protests at community meetings, to lawsuits filed against the City, to one resident's rallying cry to "burn it [the shelter] down."[18] In March 2019, residents from neighborhoods across the city gathered for an anti-shelter demonstration in front of the home of the Commissioner of the Department of Social Services.[19]

---

[15] This definition of "supportive housing" is drawn from Armstrong, Amy et al. *The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City*. NYU Furman Center for Real Estate & Urban Policy, 2008. https://furmancenter.org/research/publication/the-impact-of-supportive-housing-on-surrounding-neighborhoods-evidence.

[16] The City of New York. *Turning the Tide on Homelessness in New York City*. 2017. https://www1.nyc.gov/assets/dhs/downloads/pdf/turning-the-tide-on-homelessness.pdf.

[17] Jallow, Ahmed. "The Shelter Wars: City's Need for Beds Meets Opposition in Several Neighborhoods." *City Limits*, September 9, 2019. https://citylimits.org/2019/09/09/the-shelter-wars-citys-need-for-beds-meets-opposition-in-several-neighborhoods/.

[18] Id.; Kaufman, Maya. "'Burn the Place Down': Angry Residents Bash Queens Shelter Plan." *Patch*, October 8, 2019. https://patch.com/new-york/queens/burn-place-down-angry-residents-bash-queens-shelter-plan.

[19] "Concerned About New Shelters, Protesters Demonstrate Outside Home of NYC Homeless Services Commissioner." *CBS New York*, March 18, 2019. https://newyork.cbslocal.com/2019/03/18/homeless-shelters-new-york-city-department-of-homeless-services-eric-ulrich-steve-banks/.

Battles between stably housed communities and the need for homeless shelters have a long history in New York City. Proposals to develop new shelters are frequently met by opposition from the communities being asked to host them. Residents argue that a shelter in their neighborhood will damage local quality of life by driving up crime, drug use, loitering, vandalism, and/or related issues, and that these problems will cause reduction in the value of their homes. Yet these concerns tend to be grounded in fear rather than fact, as there is little evidence that shelters cause such problems to arise in the surrounding neighborhood.[20]

Misinformation about homelessness and misconceptions of the people experiencing it are pervasive among the city's stably housed population.[21] Some unease among residents about a new shelter opening in their neighborhood is therefore understandable. However, community opposition to shelters has been growing increasingly louder and more aggressive, despite data and research suggesting that frequent claims about the negative impacts of shelters are not true.[22] This persistent ferocity and disregard for factual evidence are typical of NIMBY movements, and reveal the degree to which NIMBYism is a driving factor behind opposition to shelters in New York City.[23]

---

[20]   Few studies have examined the relationship between shelters and neighborhood crime levels, likely because it is so complex. Increased crime rates in the area surrounding a shelter would be insufficient to indicate the criminal behavior of shelter residents. Homeless people are disproportionately the victims of street crimes such as theft and assault, and criminals may be drawn to shelters as areas of increased opportunity (see Barrett & Schreck, "Danger on the Streets"). Moreover, were a causal relationship found between a shelter or a sample of shelters and crime rates in the surrounding neighborhood(s), those findings would be insufficient to determine the impact on crime that another shelter may have. There are myriad factors impacting the unique circumstances and needs of shelter residents, as well the ability of any given facility to meet them. The behavior of individuals and their likelihood to engage in illegal activity is not made uniform merely by the shared circumstance of occupying temporary housing.

[21]   A recent survey by Win and HarrisX showed that New Yorkers have strong misconceptions about the profile of the city's homeless population. The majority of survey respondents believed that homelessness predominantly affects single adults, although families with children account for 70 percent of homeless New Yorkers. Respondents also underestimated the degree to which homeless residents are employed; one third of the city's homeless families with children include at least one working adult. "Findings from Win's Homelessness in NYC Survey." Win, 2019. https://winnyc.org/homelessness-in-nyc-survey/.

[22]   Throughout 2018, residents of Ozone Park, Queens took extreme lengths in their attempt to stop the development of a proposed shelter in their neighborhood, with one community leader even going on a two-week hunger strike in protest. Since that shelter opened in early 2019, the adverse neighborhood impacts its opponents insisted would occur have not. In fact, the area around the shelter has seen a decline in felony offenses, non-felony offenses, and calls to 311 (see Jallow, "The Shelter Wars"). Although the claims of Ozone Park residents about the shelter's neighborhood impacts proved inaccurate, those same claims have been repeated throughout 2019, by residents opposing a shelter in the nearby neighborhood of Middle Village, and by shelter opponents in other communities citywide (see Kaufman, "Burn the Place Down").

[23] Beyond these indicators, some shelter opponents have directly stated believing that they should be exempt from participation in efforts to solve homelessness. In 2016, one resident protesting against a shelter in Maspeth claimed that the reported number of individuals experiencing homelessness in her community was false, and that "it should not be the responsibility of Maspeth taxpayers to house the entire world." Colangelo, Lisa L. "Planned Queens homeless shelter draws neighborhood outrage, but city insists project is getting a bum rap." *New York Daily News*, August 12, 2016. https://www.nydailynews.com/new-york/queens/hotel-to-homeless-shelter-conversion-plan-draws-maspeth-outrage-article-1.2748607.

While not all shelters face difficulties, and while some have been welcomed by communities,[24] resident opposition to shelters has played a significant role in shaping how, where, and when they have been sited citywide. Local opposition can delay or prevent the construction of a project by adding significant time and costs to review and approval processes. Opponents have delayed project approvals for months or years pending the outcome of litigation, and even forced the City to change sites and restart the design and approval processes from the beginning. All the while, thousands of New Yorkers spend their nights in streets and parks, seeking shelter in doorways, subway tunnels, and wherever else they can find it.

At the request of the Office of the Manhattan Borough President, the New York City Independent Budget Office (IBO) undertook a study of the impacts of homeless shelters on the property values of nearby residences in Manhattan.[25] The study sought to produce empirical evidence that could help to assert or refute the frequent claim made by homeowners that a shelter in their neighborhood would reduce the value of their homes.[26]

Methodology of IBO Study

IBO used multiple regression analysis to estimate the impacts of various distances of proximity to one or more shelters (including, at least, each 500, 600, and 1,000 ft.) on the sales prices of residential properties in Manhattan between 2010 and 2018. The study considered 39 homeless shelters in Manhattan: those meeting IBO's definition of "congregate," and which IBO could verify as having been in operation since at least 2010.

---

[24]   In 2015, residents of Kensington, Brooklyn launched the Give Me Shelter BK campaign, to support the opening of a new shelter in their neighborhood. Residents of the Kingsbridge neighborhood in the Bronx launched a similar effort in 2017, to support the opening of the new Broadway Family Plaza shelter. Blint-Welsh, Tyler. "New York City Homeless Shelters Get Warm Welcome." *The Wall Street Journal*, July 14, 2019. https://www.wsj.com/articles/new-york-city-homeless-shelters-get-warm-welcome-11563120000.

[25]   IBO, "Close to Home"

[26]   In 2008, NYU Furman Center conducted a study on the impact of supportive housing developments on the values of nearby residences. The study sought to respond to the claims of homeowners that supportive housing developments produce quality of life issues at the street level and cause property values to decline – allegations synonymous with those frequently made by opponents to shelter facilities. Furman Center found that property values did not decrease after a supportive housing development opened nearby. In fact, in the areas surrounding some of the supportive housing developments in the study sample, homes increased in value during the years after a facility opened. IBO pursued a similar study on shelters because it reasoned that supportive housing and homeless shelters were distinct enough that they could have differing neighborhood impacts. However, because IBO could not replicate the methodology of the Furman study due to data limitations, it used an alternative methodology insufficient to produce an analysis comparable to Furman Center's.

Also considered were the prices associated with 6,237 home sales, made between 2010 and 2018, of condos and one-, two-, and three-family homes located within 1,000 ft. of at least one shelter in the sample. The analysis controlled for shelter capacity and external factors impacting property values, such as residence size, building type, year of sale, and census tract, along with demographic characteristics of the census tract's population.

Findings and Conclusions of IBO Study

The analysis estimated that, all other factors being equal:

- Residences within 500 ft. of a shelter for single adults sell for 7.1% less than those located 500 to 1,000 ft. from a shelter for single adults.

- Residences within 500 ft. of a shelter for families with children sell for 6.9% less than those located 500 to 1,000 ft. from a shelter for families with children.

- Residences within 1,000 ft. of multiple shelters sell for 17.4% less than those within 1,000 ft. of one shelter.

- Residences within both 500 ft. of an adult shelter and 1,000 ft. of multiple shelters sell for 24.5% less than those within 1,000 ft. of one adult shelter; and residences within both 500 ft. of a shelter for families with children and 1,000 ft. of multiple shelters sell for 23.8% less than those within 1,000 ft. of one shelter for families with children.

Based on these findings, IBO concluded that **close proximity to congregate homeless shelters negatively affects the price of housing.**[27]

Among homes in the study sample located 500 to 1,000 ft. away from a shelter, the median sales price was $1,206,215. To apply IBO's estimates, a home that would sell for this median price in its current location would instead sell for an estimated $1,120,574, if it were located within 500 ft. of an adult shelter, or for an estimated $1,122,986, if it were within 500 ft. of a shelter for families with children.

CHPC REVIEW OF IBO STUDY

CHPC undertook a rigorous review of the IBO study and identified several issues in its data and methodology, which call into question the validity of its findings. CHPC finds the study insufficient to support IBO's conclusion that proximity to congregate homeless shelters negatively affects the price of housing. The study is biased, due to its adoption of negative assumptions about shelters and their residents, and employs a methodology that is inadequate to determine causation. These were the most significant issues identified and are discussed below in brief. CHPC's detailed assessment of IBO's methodology is included in the Appendix.

Adoption of Anti-Shelter Perspectives

A primary flaw of the study is that it adopts, rather than examines, the negative assumptions about homeless people and shelters that underlie the claims of opponents to shelters about their adverse neighborhood impacts. IBO used such assumptions and claims to guide sample selection, to interpret findings, and to inform conclusions. Yet the veracity of these beliefs is never questioned or examined in the IBO report. The study adopts the perspective of anti-shelter homeowners, without assessing its factual basis.

Sample Bias

Resulting from its adoption of anti-shelter perspectives, the study employs arbitrary sample selection methods which result in sample bias. Selection of the shelters sample was based on

misguided assumptions about different types of shelters and their residents. IBO sought to exclude shelters which partially occupy buildings also containing permanent housing units or other uses, as well as those providing private, as opposed to shared, facilities (bathrooms, kitchens, and sometimes sleeping quarters). In doing so, IBO aimed to consider only those shelters which are the sole occupants of buildings and which provide shared, versus private, facilities.

However, these attributes of shelters are unrelated to the manner in which shelters are defined, built, and operated. Their use as criteria for sample selection reflects negative assumptions about shelter residents: that even one permanent household in a building would cancel out the purported negative impacts of temporary residents; and that the behavior of shelter residents is somehow dependent on or indicative of the type of facilities that they have access to.

Failure to Determine Causation

IBO employs a methodology inadequate to attribute impact. The methodology is only sufficient to identify a spatial correlation between shelter sites and properties of lower value, relative to others in the area. To establish that change in property values occurred as the result of the impact of a nearby shelter, the study would have needed to consider the values of properties near a shelter, in the facility's presence, and the values of those same properties in the facility's absence. IBO could not perform such an analysis, due to data limitations. The study instead compares the values of one group

of properties, located closer to shelters, to the values of another group of properties, further away from shelters.

This method fails to capture what the values of the properties would have been if the shelters did not exist or were located elsewhere. It is therefore not a valid basis from which to attribute variation in property values to the impact of the presence of shelters. Concluding that properties closer to shelters sold for lower prices than those further from shelters, *because* of their nearer proximity to the facilities, conflates correlation with causation.

Biased Interpretation of Findings

The study cites negative homeowner perceptions of shelters and of shelter residents as a logical explanation for analysis findings, yet never mentions the lack of evidence to substantiate those beliefs or assesses their accuracy or legitimacy. In doing so, IBO allows bias into its interpretation of analysis findings and overlooks contradictions within them.

IBO reasons that property owners may consider a nearby shelter to be a greater liability than a nearby supportive housing development, due to the higher potential for shelter residents to be "associated with crime" and/or "engage in disturbing behavior on the street."[27] The authors posit that homeowners' negative perceptions of shelters likely stem from the tendency of shelters to close during the day,

causing residents to spend time on the street; the lack of supportive services that shelters provide; and the temporary/transient nature of shelter residents.[28] These claims and conjectures are both misinformed and rooted in negative assumptions about individuals experiencing homelessness. The services provided, households served, and operating hours kept by shelters vary widely, and none of these factors are related to the criteria by which the sample of shelters was selected. Meanwhile, many residents exit shelters into permanent affordable or supportive housing. Distinguishing shelter residents from permanent affordable and supportive housing residents, and "ranking" shelter residents as less "desirable," is arbitrary and incorrect.

The study does not consider data on crime, sanitation, or other quality of life indicators, which could have helped to assess the substance of untested claims about the adverse neighborhood impacts of shelters. Nor does the study account for rates of unsheltered homelessness, although unsheltered New Yorkers are far more publicly visible than shelter residents. If IBO wanted to test whether the visibility and behavior of people experiencing homelessness caused quality of life to decrease, unsheltered homelessness would have been a more useful variable of analysis than shelter proximity. When taking into consideration the unsheltered population, if homeless residents caused quality of life issues at the street and neighborhood level, then shelters would be expected to alleviate, rather than exacerbate those problems, by providing residents with indoor sleeping quarters, bathrooms, and kitchen facilities.

---

27   IBO, "Close to Home," 6

28   Ibid., 7

Lack of Consideration for Alternative Explanations

Likely due to the study's narrow focus on homeowner concerns and opinions, IBO overlooks another potential explanation for analysis findings: the budgetary and market-based constraints the City faces when choosing a site for a new shelter. The New York City real estate market is extremely competitive, which limits the availability of potential shelter sites. More desirable sites, such as those closer to transportation and public amenities, are costlier than others and in short supply. At the same time, more expensive, higher-value sites do not necessarily provide the configuration, capacity, or quality needed for a homeless shelter.

Sites that are optimal for shelters tend to be less desirable from a market standpoint, less competitive to obtain, and lower in price. It is logical that shelters would, as a result, be built on the blocks in a neighborhood on which property values are lower, as compared to a few blocks away. This relationship should have been considered and followed up with additional research and analysis before conclusions were drawn.

IMPLICATIONS OF IBO STUDY

While the accuracy of the IBO study's findings is uncertain due to its methodological issues, the broader implications of the report's public release are significant. Even if the study had used a valid methodology free of error and produced the same findings, it would still fall short of contributing knowledge on the impacts of homelessness or guidance on how to better address them.

The study's orientation and research questions are fundamentally inappropriate. Rather than centering on the needs of homeless New Yorkers and necessity of a citywide response, the study focuses on the parochial opinions of a few homeowners. It ignores the myriad detrimental impacts of homelessness, instead seeking to evaluate the potential for marginal financial effects on a select group of properties with a median value of $1.2 million. In doing so, the study positions stably housed homeowners as an injured party in the city's homelessness crisis, and gives credence to a claim frequently associated with NIMBYism and opposition to shelters.

Moreover, even if its findings and conclusions were accurate, the IBO study would fail to measure the degree to which shelters adversely affect neighborhoods. Rather, it would speak to the market impacts of animus towards homeless shelters and people. Many New Yorkers have made

it clear that they are staunchly opposed to living near a homeless shelter, yet there is little evidence that shelters or their residents adversely impact neighborhoods. This suggests that any impact of shelters on local property values is more likely a measure of the negative market value of the stigma associated with shelters, rather than of observable problems at the street level resulting from the facilities themselves.

If shelter residents caused quality of life issues such that nearby property values decreased, the impact of shelters on home prices would vary with the number of shelter residents. IBO reports that "the estimated coefficient on the shelter capacity variable was statistically significant but virtually zero, indicating only a trivial effect on sales prices."[29] Thus, the estimated impact of a shelter with two hundred residents would be equal to that of a shelter with only ten residents. This finding again suggests that any real price impact is related to stigma, rather than to shelter residents' behavior.

For the stigma associated with a shelter to cause reduction in the sales prices of nearby homes, many parties would need to be aware of the shelter's presence and location. Homeowners selling their homes, buyers purchasing them, brokers, appraisers, and other market actors all affect the price at which a home is sold. By asserting that a home sold for less due to its proximity to a shelter, IBO assumes that the parties involved in the sale of that home were aware of the facility. Yet most shelters are physically unremarkable; they share no uniform or defining characteristics which would alert passerby to their use. In fact, the majority of New Yorkers living near a shelter probably do so without knowing, especially those living three to four blocks away.[30] It seems most likely that the parties involved in a home purchase transaction would gain awareness of a shelter as the result of neighborhood opposition to it. Opposition is often widely covered in the media,[31] and the efforts of protestors to garner allies can push shelters even further into public purview.

Although not discussed in the IBO report, these implications of the study offer salient insight. If perception and stigmatization of shelters, as opposed to shelters themselves, are driving the reduction of nearby property values, and if homebuyers and market actors are only aware of shelters due to the opposition of local homeowners to them, then it is likely that homeowners whose properties decrease in value as the result of proximity to a shelter are suffering from a self-created problem.

---

[29] Ibid., 5

[30] 1,000 ft. is equivalent to the distance spanning three or four North-South blocks in Manhattan.

[31]   See for example Jallow, "The Shelter Wars;" Kaufman, "Burn the Place Down;" Colangelo, "Concerned About Shelters"

CONCLUSIONS AND NEXT STEPS FOR RESEARCH & DISCUSSION

CHPC is confident that the IBO study was not intended to have negative or harmful impacts. It is possible that in commissioning and performing the study, the Office of the Manhattan Borough President and IBO hoped to contribute evidence toward refuting the claims of anti-shelter homeowners, and to weaken neighborhood opposition. Unfortunately, the study could instead have the serious unintended consequence of empowering opposition, by giving weight to an unsubstantiated claim, frequently weaponized by a privileged few to prevent critical housing resources from being built.

CHPC believes that that the IBO study fundamentally asks the wrong question about the right policy. It is important to understand the impacts of homelessness, and of the policy measures to address it, on public services and resources and on quality of life citywide. However, New York has a moral, legal, and fiscal obligation to ensure shelter for all its residents. Without shelters, the neighborhood level effects of homelessness would far exceed any current impact.

New York's long-standing commitment to meeting the emergency shelter needs of people experiencing homelessness has prevented New York City from seeing the explosive growth in street homelessness and encampments occurring in many other large cities nationwide. The homeless population in the state of New York is greater than in any other state except California. However, New York's rate of unsheltered homeless residents is the third lowest in the nation.[32] In states like California, which shelters just over 30% of its residents (compared to New York's 95%), cities are facing major quality of life issues and adverse economic impacts driven by the *absence* of shelter resources.[33] Communities in New York City cannot imagine the neighborhood impacts of 60,000 residents living on the street, and would be wise to consider the need for shelters in light of the alternatives.

There are many aspects of the interaction between the homelessness crisis and stably housed communities that could contribute meaningful insight. Anti-shelter NIMBYism is rooted in biases and misconceptions about people experiencing homelessness. It would be a worthy effort to gain a better understanding of those perceptions, and to

---

[32]   U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress, Part 1: Point-in-Time Estimates of Homelessness*, by Henry, Meghan, et al. (2018). https://files. hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf.

[33]   Anthony, Kate et al. "Homelessness in the San Francisco area: The crisis and a path forward." McKinsey and Company, 2019. https://www. mckinsey.com/industries/public-sector/our-insights/homelessness-in-the-san-francisco-bay-area-the-crisis-and-a-path-forward.

parse out where the legitimate concerns of shelter neighbors need to be addressed. Furthermore, if the stigma associated with homeless shelters indeed carries a negative market value, or if homelessness otherwise impacts the housing choices made by stably housed residents, then insight into those relationships should be sought. However, it is crucial that all research and discussion around these issues remain clearly grounded in the goal of lifting individuals and families out of homelessness and poverty. There is little to be gained, and critical housing resources to be lost, from overamplifying the voices of the few New Yorkers who do not share this objective.

CHPC is hopeful that this white paper helps to spark further research and debate that is clearly focused on the policy goals of meeting the emergent and long-term housing needs of people experiencing homelessness.

Rather than asking the impact of shelters on homeowners, we should seek a greater understanding of their impacts on shelter residents. Which shelters are most successful in transitioning residents to permanent housing, and what has contributed to their success? What barriers do households face in accessing shelter, public services, and permanent housing? Rather than measuring neighborhood hostility towards shelters, we should search for measures to ensure that they are well-built, well-run community assets. How could shelters be better integrated into broader neighborhood networks of public facilities and amenities? What are the appropriate policy solutions to address misconceptions about homelessness and counter the NIMBYism that fuels neighborhood opposition?

These are only a few of the myriad questions that, moving forward, research and discussion around homelessness could strive to answer. By remaining firmly grounded in policy goals, New York can ensure that its efforts to develop, implement, and advance solutions to homelessness are as effective as possible in ending this crisis.

APPENDIX

The following Appendix includes a complete, detailed review of the methodological issues that CHPC identified in the 2019 study by the New York City Independent Budget Office on the alleged impacts of homeless shelters on residential property values.

Incorrect Definitions of Shelter Types

IBO defines "congregate" shelters as those either purpose-built or rehabilitated specifically for shelter use, in which residents share facilities (bathrooms, kitchens and, in some cases, sleeping quarters). This definition and IBO's categorization of shelters as "congregate" or "non-congregate" are misaligned with how shelters are defined, built, and operated by the City and facility providers. Specifically:

- The City does not provide shelters for families with children in which bathrooms or sleeping quarters are shared between households. It is unclear how the 17 shelters for families with children included in the study sample were selected.

- Whether or not shelters are purpose-built or rehabilitated for their specific use does not dictate the type of facilities they provide, and vice versa. For example, shared or private facilities may be provided in commercial hotels being used as shelters.

- Some shelters partially occupy purpose-built buildings also containing permanent housing units or other uses. It is unclear whether or not these were included in the study sample.

There is a lack of clarity around how shelters were included or excluded from the study sample, due to the incorrect definitions of shelter types.

Sample Bias – Sample of Homeless Shelters

The sample of homeless shelters is biased as the result of unclear and biased selection methods. IBO considers only 39 homeless shelters: facilities in Manhattan, meeting IBO's definition of "congregate," which IBO could verify as having been in operation since at least 2010. Sample bias stemmed from the following issues, aside from data limitations:

- There is no basis for excluding shelters that provide private facilities and including shelters that provide shared facilities. The type of facilities that shelter residents have access to is neither dependent on nor indicative of their behavior or circumstances.

- There is no basis to exclude shelter partially occupying buildings and to include shelters occupying entire buildings.

- Each decision to exclude more shelters from the sample reflects negative assumptions about shelter residents. Absent any methodological basis for them, these decisions were seemingly made in an effort to isolate the shelters which, based on such assumptions, would be most disruptive to the surrounding neighborhood. The sample of homeless shelters is biased as a result.

Sample Bias – Sample of Sales Prices

The sample of residential sales prices is biased, due to the reliance of their selection on residence proximity to shelters in the sample, and to the exclusion of sales of cooperative units.

- Sales prices were selected for inclusion in the sample based on the proximity of residences to one or more shelters in the shelters sample. Bias in the sample of shelters thus caused additional bias in the sample of home sales prices.

- The sales prices sample is further biased due to the exclusion of sales of residential cooperative units. IBO lacked sufficient data on cooperative unit sales and thus could only include in the sales prices sample those associated with residential condominiums and one- to three-family homes. As cooperative units account for a substantial portion of the city's owner-occupied housing stock, the sales prices sample may have been significantly different, had cooperative sales been included.

Lack of External Validity

As the result of sample bias, the analysis findings cannot be generalized to make conclusions about the impacts of shelters not included in the sample, or about the impacts of shelters overall.

Omitted Variable Bias

The analysis does not sufficiently control for variables other than proximity to shelter that could impact housing prices. While some control variables are included in the analysis, other important factors are left out, including:

- *Quality of Residences* – There are no control variables included to account for building age; the type, volume, and status of building violations; major capital improvements to a residential unit or lack thereof, etc.

- *Neighborhood Characteristics* – IBO reasoned that, across 1,000 ft., neighborhood characteristics and amenities would not vary significantly enough to significantly affect home values. 1,000 ft. is approximately equal to the distance spanning four North-South blocks in Manhattan. IBO's findings indicate that a home two blocks away from a homeless shelter would sell for less than a comparable home four blocks away from the shelter, due to the former's closer proximity. Homeowners have little reason to interact with or notice a nearby shelter facility. If a two-block difference in proximity to a shelter has a significant impact on property values, an equal, if not greater impact would be expected to result from

Omitted Variable Bias (cont.)

the same difference in proximity to a subway station, grocery store, or other daily convenience. In IBO's model, the only type of neighborhood amenity to which proximity would affect a home's market value is shelters.

- *Rate of Unsheltered Homelessness* – The study does not consider the number of unsheltered homeless individuals in a given area, although people experiencing unsheltered homelessness spend more time than shelter residents on streets and in public spaces. While IBO cites in explaining its findings the conjecture that shelters are a liability because their operating hours cause residents to spend more time on the streets, the thousands of individuals without housing whose time is predominantly spent in public are not considered.

Potential Bias and Error in Stepwise Regression Model

IBO employs stepwise regression methods to develop its final regression model, which it describes as the model that "best explained the variation in sales prices in the sample and generated statistically significant coefficients with the expected positive or negative signs." Stepwise regression is a common, software-automated method of selecting from a pool of potential predictor variables those to include in a model. Stepwise methods iteratively generate and test different models by adding and/or removing potential explantory variables, and testing model significance and predictive power after each change. This process continues until the model of 'best' fit is achieved, or the model of highest statistical significance with the greatest explained variance.

Despite its widespread application, many experts in statistics view stepwise regression as inappropriate and even dangerous, and have argued for the prevention of its use.[1] Many authors have demonstrated the error and bias that are prone to occurring with stepwise regression,

---

[1]   For example, see Flom, Peter L. & Cassell, David L. "Stopping stepwise: Why stepwise and similar selection methods are bad, and what you should use." NorthEast SAS Users Group Inc 20th Annual Conference, Baltimore MD: 2007; Henderson, Douglas A. & Denison, Daniel R. "Stepwise Regression in Social and Psychological Research." *Psychological Reports 64* (1989): 251-257. https://doi.org/10.2466/pr0.1989.64.1.25; Lewis-Beck, Michael S. "Stepwise Regression: A Caution." *Political Methodology 5*, no. 2 (1978): 213-40. http://www.jstor.org.proxy.lib.pdx.edu/stable/25791533; Steyerberg, Ewout W. et al. "Stepwise Selection in Small Data Sets: A Simulation Study of Bias in Logistic Regression Analysis." *Journal of Clinical Epidemiology 52*, no. 10 (1999): 935-942; Thompson, Bruce. "Stepwise Regression and Stepwise Discriminant Analysis Need Not Apply Here: A Guidelines Editorial." *Educational and Psychological Measurement 55*, no. 4 (1995): 525-534. https://journals-sagepub-com.proxy.lib.pdx.edu/doi/pdf/10.1177/0013164495055004001; Whittingham, Mark. J. et al. "Why do we still use stepwise modelling in ecology and behavior?" *Journal of Animal Ecology 75* (2006): 1182-1189.

including: overfitting and underfitting of the data, overestimation and understimation of variable coefficients, inaccurate reporting of significance levels,[2] and incorrect rejection of explantory variables with statistically significant predictive power, among others.[3] Stepwise regression is purported to result in the model of 'best' fit; yet a single superior model rarely exists, and experimental research to test the accuracy of stepwise methods has shown them to output inconsistent results when the order of variable entry, sample, or sample size is changed.[4]

IBO's final regression model reported the median income, poverty level, racial/ethnic makeup, and homeownership rate of census tracts as either lacking in statistical significance or having an estimated coefficient close to zero. In other words, the analysis reported these variables to be either insignificant or poor predictors of housing prices. It seems highly unlikely that residents' median income is not significantly correlated with housing prices in New York City, which suggests that some degree of bias and error may have occurred. The

predictive power of variables is frequently over- or underestimated in stepwise regression, especially when the predictor variables being tested for potential inclusion in a model are collinear, or otherwise have a relationship.

Critics of stepwise regression emphasize the need for its use to be preceded by *a priori* analyses, and for its output to be weighed against the researcher's existing expertise, to inform an accurate analysis and to identify errors that may have occurred. It is recommended that researchers test the predictive power of variables independently and/or in various combinations with one another, before using stepwise methods to develop a final model. Researchers are also urged to adjust the final model and to consider alternatives, if its results contradict their prior knowledge of the subject. It is unclear whether or not IBO considered alternative models to the final model described in the report, or if the reason behind the median income variable's lack of contribution was explored. Short of additional information, it is impossible to ensure that the regression model was not subject to bias and error.

---

[2]   Many authors have demonstrated that the comparison of *F* and *t* statistics is not a valid means of determining statistical significance when model variables have been preselected, based on their predictive power (see for example, Henderson & Denison, "Stepwise Regression"). Others note that stepwise regression analyses frequently employ the incorrect degrees of freedom when testing for significance levels. Both of these errors bias analysis results towards indicating falsely high levels of statistical significance (see for example, Thompson, "Stepwise Discriminant Analysis;" Henderson & Denison, "Stepwise Regression;" Flom & Cassell, "Stopping Stepwise).

[3]   In stepwise regression, a predictor variable is rejected from the model if it cannot independently contribute the threshold amount of predictive power at the threshold level of statistical significance (thresholds being predetermined and preset by the researcher). If a predictor variable being tested for potential inclusion in a model is correlated with both the dependent variable and other predictor variables already selected, its coefficient may be underestimated. In some cases, this effective controlling of variables against themselves will result in a variable's rejection entirely, despite significant correlation with the dependent variable (Lewis-Beck provide a detailed explanation in "Stepwise: A Caution").

[4]   See Steyerberg et al., "Stepwise Selection," for experiments demonstrating varying ouputs of 'best model' produced by change in the sample size, and for information on the role of Events per Variable (EPV) in variable selection bias. See Lewis-Beck, "Stepwise: A Caution" for explanation of how the order of variable entry and selection affect the 'best model' output, estimated coefficients, and 'ranking' of variables based on their relative contribution to predictive power. When predictor variables are collinear, the coefficients of those selected and tested first are biased higher, while variables tested later are susceptible to understimation of their coefficients and rejection. In "Stepwise Discriminant Analysis," Thompson further discusses the prevalence of sampling error in stepwise regression and the tendency of such analyses to yield irreproducible results.

Conflation of Correlation with Causation

The study employs a methodology insufficient to determine causation. To attribute change in property values to the impacts of a shelter's presence, an analysis would need to consider both the values of properties in the shelter's presence, and the values of those properties in the shelter's absence. Such an analysis could be performed by comparing the values of properties prior to a shelter's construction to the values of the same properties following the shelter's opening, while controlling for additional factors that impact changes in property value. This "before-and-after" methodology was employed by Furman Center in 2008 to measure the impact of supportive housing developments on the value of nearby homes. While it could be applied in a similar manner to study the impact of shelters on property values, IBO was not able to obtain sufficient data on shelters to do so.

As a result, IBO chose to employ an inferior methodology which is only sufficient to identify a spatial correlation between the locations of homeless shelters and an area's properties of relatively lower value. The IBO study compares the values of one group of properties, located closer to shelters, to those of another group of properties, located further from shelters. This method fails to capture what the values of properties would have been if the shelters did not exist or were located elsewhere. It is therefore not a valid basis from which to attribute variation in property values to the impact of a shelter's presence. Concluding that properties closer to shelters sold for lower prices than those further from shelters, *because* of their nearer proximity to the facilities, conflates correlation with causation.

In conflating correlation with causation, IBO overlooks many factors that could impact the relationship between the locations of homeless shelters and the values of properties nearby. The siting, construction, and provision of shelters are complicated processes, involving many fiscal and legal constraints which the study does not consider.

Potential Additive Errors

IBO estimates the decrease in value of residences located both within 500 ft. of a shelter and 1,000 ft. of multiple shelters to be the sum of the reductions in value estimated to result from each variable of proximity. IBO asserts that residences within 500 ft. of a shelter for single adults (estimated value impact of -7.1%), and within 1,000 ft. of multiple shelters (estimated value impact of -17.1%), would

Potential Additive Errors (cont.)

suffer from a combined impact of -24.5% in value. Likewise, residences within 500 ft. of a shelter for families with children (estimated value impact -6.9%), and within 1,000 ft. of multiple shelters (estimated value impact -17.1%), would experience an estimated -23.8% decrease in value.

It seems probable that some of the considered residences within 1,000 ft. of multiple shelters are also located within 500 ft. of one shelter. If such overlap did exist, then the event of being within 1,000 ft. of multiple shelters and the event of being within 500 ft. of a single shelter would not be mutually exclusive. In this case, summing the estimated impacts of the two variables would not be a valid means to assess their combined impact. The true net impact of being within 500 ft. of one shelter and 1,000 ft. of multiple shelters would, under these circumstances, be far less extreme than what IBO estimates.