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# Treatment Centers Can Impact Home Prices

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Residential substance abuse treatment centers can impact the price of neighboring homes, according to a study that uses MLS data to show just how much it can potentially hamper nearby values.

Centers for treating substance abuse are increasingly being located within residential neighborhoods, and the number is expected to grow. Many property owners respond with a "not in my backyard" attitude when a center is proposed, with nearby residents arguing that recovering addicts could bring higher crime risk to their community.

Researchers Claire Reeves La Roche, Bennie D. Waller, and Scott A. Wentland at Longwood University in Farmville, Va., used MLS data from central Virginia to estimate the impact of substance abuse treatment centers on nearby home values. They also used the data to figure out whether homes near substance abuse treatment centers stayed on the market for a longer amount of time.

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They found that home values within one-eighth mile of a residential treatment center is associated with an 8 percent reduction in home prices when measured against comparable homes that are farther away. The discount is magnified even more when the treatment centers are for those that specifically treat opiate addiction, which includes addictions to heroin or morphine. In those cases, home values are reduced by up to 17 percent, researchers found.

However, researche did not find evidence that nearby treatment centers affect a for-sale home's time on the market.

"Operating a treatment center is a growing industry and it is reasonable to assume that new centers will be built nationally, many of which will be sited near residential communities," researchers note in the study. "Indeed, there is very little that individuals and localities can do to prohibit a substance abuse treatment center from locating in a residential area because alcohol and drug addiction is considered to be a handicap and thus alcoholic/addicts in recovery are members of a protected class under the federal anti-discrimination housing laws. Hence, as residential treatment centers become more common, it is important to understand all their effects, including the effects they may have on nearby real estate and how markets price the potential risk of nearby externalities."

*Source: "Not in My Backyard": The Effect of Substance Abuse Treatment Centers on Property Values <<http://benniewaller.com/areas-of-expertise/>>"*

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