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Location, location, location, the impact of registered sex offenders on home sale prices: A case study of McLean County, Illinois



John C. Navarro (Illinois State University) & Cara Rabe-Hemp (Illinois State University)

Abstract

Borrowing from the broken windows theory, this paper addresses the impact of sex offenders' residences on neighborhood's property values in McLean County, Illinois. Three data sets were combined to explore the relationship: the addresses of registered sex offenders (RSOs) in McLean County, Illinois, the location and property characteristics of homes sold in McLean County between December 2012 to December 2013, and variables from the 2010 U.S. Census. ArcGIS was utilized to create buffers up to 0.2 of a mile around a sold home to measure the concentration of RSOs and sexual predators (SPs) and to calculate the distance from the nearest RSO and SP. The results indicate that as RSO and SP concentration increased, home selling prices decreased by \$6,586 for each RSO and \$9,098 for each SP within the buffer. In regards of distance, RSOs and SPs negatively impacted home selling prices the closer they were to a home sale transaction. These findings inform the debate surrounding the requirements placed on sexual offender registration, community notification, and residency restrictions.

Statement of the Problem

- Sex offender legislation inadvertently created issues not only to RSOs, but also upon a neighborhood's environment
- Forced RSOs to neighborhoods with existing unfavorable conditions
- Residence of a RSO have produced unintentional financial consequences

Literature Review

- Migration of RSOs to rural areas from urban areas with a large portion of urban areas restricted for RSOs
- RSOs resided in disadvantaged communities after conviction
- RSOs are found in areas demarcated with social disorganization (SD) variables and disorder
- Their presence in disadvantaged neighborhoods can further drive those areas perpetuated with social problems
- Decreased home sale value nearby RSOs residences

Study	Larsen et al. (2003)	Linden and Rockoff (2008)	Pope (2008)
County	Montgomery County, OH	Mecklenburg County, NC	Hillsborough County, FL
Type of notification	Limited disclosure	Passive notification	No data
Directly adjacent	No data	No data	No data
Within 1/10 th of a mile	17.4% or \$11,864*	11.6%*	2.3% or \$3,500*
1/10 th - 2/10 th of a mile	10.2% or \$7,475*	5% or \$4,303*	No impact
2/10 th - 3/10 th of a mile	9.3% of \$7,188*	3.8% or \$3,465*	No impact
3/10 th - 4/10 th of a mile	6.4% or \$5,104*	3.9% or \$3,843*	No data
4/10 th - 5/10 th of a mile	0.8% or \$703	1.8% or \$1,932	No data

Notes. + p < .10, * p < .05

Distance (Wentland et al., 2013)	Sale price	Controlling for Additional R.S.O.	Move out	Violent
≤ .10 mile	9.2% or \$15,533**	7.4% or \$12,273*	\$5,281	\$17,432*
≤ .25 mile	\$10,110**	\$7,092*	\$367	\$1,528
≤ .50 mile	\$5,606*	\$4,285	\$2,694	\$7,822*
≤ 1 mile	\$3,796*	\$3,710*	\$353	\$3,438
Additional R.S.O. ≤ 1 mile	No data	0.4% or \$695*	+ \$98	No data

Notes. + p < .10, * p < .05, ** p < .01

Number of RSOs (Bian et al., 2013)	Sale price	Three + bedrooms
1	5% or \$8,338*	\$8,909
2	\$6,862	\$5,482
3	\$10,697	\$4,498
4+	16% or \$25,099*	26% or \$43,766**

Notes. + p < .10, * p < .05, ** p < .01

TAKE AWAY POINTS:

- Largest financial impact is within 1/10th of a mile
- Financial impact lessened as the distance increased
- Limited disclosure/violent RSOs produced a greater financial impact
- Concentrations of RSOs produced greater financial impacts

Broken Windows Theory

- Sequence of the broken windows theory parallels to the presence of a RSO
 - Disorder will invite more disorder = Fear that the residence of one RSO can attract others and become an area known as a harbor for RSOs
 - Concentrations of RSOs correlated with high levels of SD
- Panhandlers present in a neighborhood suggest the neighborhood is not well-kept = RSO is a disgraced member of society
- Incivilities indicate no one cares for the area = RSOs resided in neighborhoods littered with crime and disorder
- Withdrawal from community = Community residents planned on moving once news of a RSO has been placed nearby and feeling concerned about their property value

Contributions

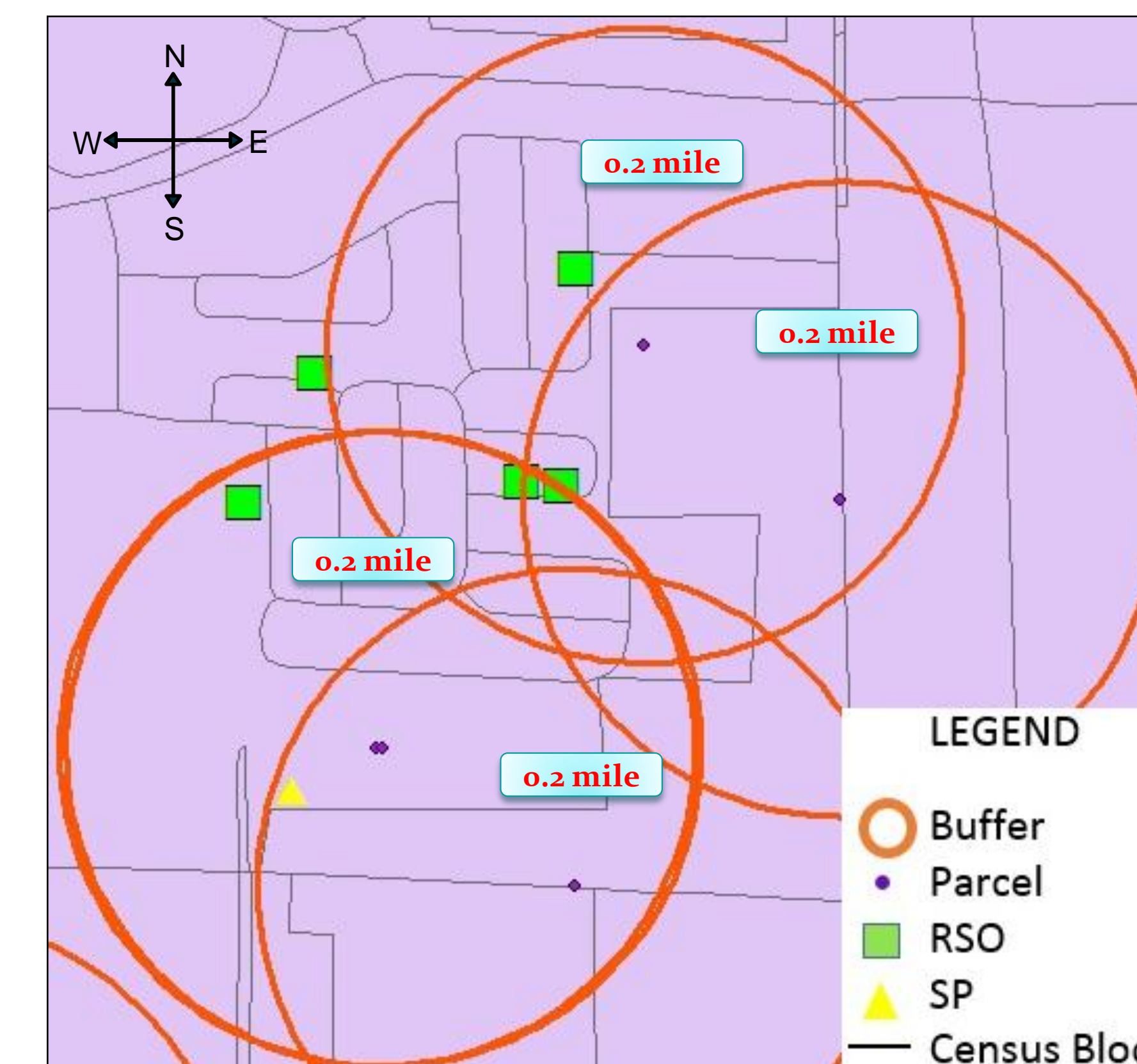
- Setting is in a less populated, sparse U.S. County
- Examination of household financial reactions to a RSO of a U.S. state with different residency restrictions
- No study utilized broken windows theory to examine the effects of the presence of RSOs in a neighborhood
- No one study directly examined the financial impact via concentration of a more dangerous sex offender
- Unknown financial impact of Illinois RSOs by:
 - concentrations of RSOs
 - nearby residences of RSOs
 - label (sex offender, sexual predator & sexually violent person)

Data

- Illinois sex offender registry
 - 146 McLean County RSOs (99 Bloomington, 26 Normal, 21 other cities)
 - Sexual predators (N = 64) & sexually violent persons (N = 5)
 - Maintained a sample who had a valid address, as well as continued to be compliant with Illinois sex offender registration laws
- Home sales report (December 2012 – December 2013)
 - 2,547 home sale transactions, which are restricted to residential with dwellings
- 2010 U.S. Census (at census block level)
 - Control variables
 - Female-headed households } Social disorganization
 - 19 years old and younger population } Residential instability
 - Vacant homes } Residential instability
 - Renter occupied housing units } Residential instability

Methodology

- Dependent variable: Sale price of homes
- Independent variables
 - Concentration of RSO and SP up to 0.2 of a mile
 - Distance from the nearest RSO and SP up to 0.2 of a mile
- Control variables
 - Property characteristics
 - Age of house (in years)
 - Building square feet
 - Indicator of census block disorder
 - Social disorganization
 - Residential instability
- Geospatial analysis utilizing ArcGIS version 10.2



Research Questions

- Does the concentration of registered sex offenders within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?
- Does the concentration of sexual predators within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?
- Does the distance of the nearest registered sex offender within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?
- Does the distance of the nearest sexual predator within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?

Regression Results

QUESTION 1 & 2	N = 2,515			N = 375				
	Variable	b	S.E.	Variable	b	S.E.		
Conc. RSO	-6585.92***	1754.35	-.057	Conc. of SPs	-9098.09**	2917.51		
Conc. SP	-----	-----	-----	Age	-1007.60***	42.29		
Age	-998.52***	42.47	-.368	Building Sq. Ft.	57.97***	1.81		
Building Sq. Ft.	57.83***	1.81	.463	Soc. Disorg.	-12370.62***	2328.75		
Soc. Disorg.	-12370.62***	2328.75	-.074	Res. Instab.	-10035.98***	2111.31		
Res. Instab.	-10035.98***	2111.31	-.074	Constant	11219.06***	4177.99		
Constant	11219.06***	4177.99	-----	R ²	.54***	.54***		
R ²	.54***	.54***	.581.17***	Adjusted R ²	.54***	.54***		
Adjusted R ²	.54***	.54***	.581.17***	F	194.21***	124.37***		
F	194.21***	124.37***	-----	QUESTION 3 & 4				
			N = 550			N = 375		
Variable	b	S.E.	β	Variable	b	S.E.	β	
Dist. RSO (ft)	18.92**	6.815	.072	Dist. SP (ft)	18.53*	7.76	.076	
Dist. SP (ft)	-----	-----	-----	Age	-724.63***	64.04	-.335	
Age	-724.63***	64.04	-.335	Building Sq. Ft.	69.41***	3.45	.534	
Building Sq. Ft.	69.41***	3.45	.534	Soc. Disorg.	-9598.30**	3018.60	-.082	
Soc. Disorg.	-9598.30**	3018.60	-.082	Res. Instab.	-16126.58***	2626.82	-.182	
Res. Instab.	-16126.58***	2626.82	-.182	Constant	54035.17***	4177.99	-----	
Constant	54035.17***	4177.99	-----	R ²	.64***	.64***	.63***	
R ²	.64***	.64***	.63***	Adjusted R ²	.64***	.64***	.62***	
Adjusted R ²	.64***	.64***	.63***	F	194.21***	124.37***	124.37***	
F	194.21***	124.37***	124.37***					

Notes. * p < .05, ** p < .01, *** p < .001

INTERPRETATIONS:

- Conc. of RSOs predicted a \$6,586 monetary loss, whereas conc. of SPs produced a greater loss of \$9,098
- For each additional foot between the sold home and the nearest RSO a \$18.92 gain in selling price is experienced compared to the lesser \$18.53 increase to the nearest SP

Conclusion

- Due to the presence of RSOs, financial losses are:
 - evident in urban AND rural areas
 - experienced in different U.S. states with dissimilar sex offender legislation
 - stronger when a more dangerous offender is nearby
- There exists a paradox within in sex offender legislation between the need for public protection and the potential financial harm placed upon a neighborhood. The intention was for public protection, but the nearby residence of a RSO is typically unknown to community members. RSOs are forced into disordered neighborhoods where the public is least informed of these individuals.