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7 Neighbors That Can Hurt Your Home

By [Brian O'Connell](#)

NEW YORK ([MainStreet](#)) – Woody Allen once said, “We’re all our brother’s keepers, but in my case I share that honor with the Prospect Park Zoo.”

Bad neighbors are nothing to laugh about, according to the [Appraisal Institute](#). An unkempt yard, close proximity to a sex offender, or having an unfortunate commercial facility nearby (like a power plant or funeral home), can reduce the value of surrounding homes by as much as 15%.



“The impact can vary tremendously depending on a few factors: how ‘bad’ the bad neighbor is, the kind of neighborhood you’re located in, and the type of market that exists,” says Carlos Gobel, director of residential services at Integra Realty Resources in Miami.

But what exactly is a “bad” neighbor? Definitions vary, but real estate professionals say it boils down to any home or [business](#) enterprise that turns people off.

“A bad neighbor is one that has no consideration for the rest of the community,” says Mindy **Pordes, Director of Business Development at Pordes Residential Sales & Marketing in Aventura, Fla.** “For example, someone who doesn’t take care of the outside appearance of the home, such as the gardening, painting of the outside of the home, roof, garbage and general upkeep. In addition, a bad neighbor may have constant visitors taking up parking spaces, perhaps on the street, loud house parties, dogs that bark all night or stray cats lingering around.”

A “bad” neighbor can also be a business or government enterprise whose very existence drives the value of your property down. Here, the seven surprising neighbors that can reduce your home’s value:

Power Plants. The [data](#) is fairly clear on the impact of power plants on nearby home values – it usually hurts them. A [study](#) from the University of California at Berkeley shows that home values within two miles of a power plant can decrease between 4% and 7%.

Landfills. A [study](#) from the Pima County (Arizona) Assessor’s office shows that a subdivision located near a landfill (and all other residential factors being equal, like house size, school quality and residential incomes) loses 6% to 10% in value compared to a subdivision that isn’t located near a dump.

Robert A. Simons, an urban planning professor at Cleveland State University, [says](#) that if you live within two miles of a Superfund site (a landfill that the government designates as a hazardous waste site), your home’s value could decline by up to 15%.

Sex Offenders. Living in close proximity to a registered sex offender is one of the biggest downward drivers of home values. Researchers at Longwood University’s College of Business & Economics [conclude](#) that the closer you live to a sex offender, the more your home will depreciate. In the paper, *Estimating the Effect of Crime Risk on Property Values and Time on Market: Evidence from Megan’s Law in Virginia*, Longwood researchers say, “the presence of a registered sex offender living within one-tenth of a mile reduces home values by about 9%, and these same homes take as much as 10% longer to sell than homes not located near registered sex offenders.”

Delinquent Bill Payers. One surprising way that neighbors can bring down the [value](#) of surrounding homes, especially in town home or condo communities, is by not paying their maintenance fees or their mortgages. “Bad neighbors bring values down by not paying their maintenance fees, in some cases their mortgage payments, and not maintaining the home’s appearance,” says **Pordes**. “These homeowners usually do not care about real estate values.”

Foreclosed Homes. Perhaps the biggest single factor that drives nearby home values down is a foreclosure. A recent study by the Massachusetts Institute of [Technology](#) concludes that a neighbor's foreclosed home can slash the value of homes within 250 feet of the foreclosed properties by an average of 27%. Says Federal Reserve Governor Joseph Tracy recently in his economic outlook for 2011: "The growing inventory of defaulted mortgages continues to weigh down any recovery in the housing market ... Problems in housing markets can impact economic growth."

Lackluster Landscaping. Studies show that lawn care has a big impact on surrounding home values. Virginia Tech University released a [report](#) stating that pristine landscaping can jack up the value of a home by 5% to 10%. But if the lawn looks like it just hosted the world rugby tournament, it can be a green thumb to the eye of local home prices.

Closed Schools. Sometimes, neighborhood problems can stem from local government action. For example, if a cash-strapped city or town closes a neighborhood school, that can easily steer home values south. The National Association of Realtors says that 75% of home shoppers, the quality and availability of schools in the neighborhood is either "somewhat important" or "very important."

So can you fight back against problem neighbors? In the case of a landfill, power plant or sex offender, your options are severely limited. As long as your neighbors are following the letter of the law, you'll just have to grin and bear it—or move. If not, you have every right to petition your local government authorities for a grievance and at least get the matter reviewed.

If it's a residential property causing the problem, however, you might have better options.

For starters, you can leave a polite letter left in the offending homeowner's mailbox to get his or her attention. In addition, **Pordes** says that if the home is located within a homeowners association or condo association, the association can send letters to the homeowner and deny the homeowner community privileges to try to ensure the homeowner complies with the community rules and maintains home values.

Most cities and towns do have ordinances against messy yards and junk-laden driveways, so check your community's rules and regulations to see what applies.

Unfortunately, many cities and towns also have landfills, power plants and other less-than desirable commercial-sized neighbors.

Most likely, you're just going to have to live with them.