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Real Estate by [AnnaMaria Andriotis](#)

Are You Buying Into a Good Neighborhood?

IF THERE'S A bright spot in the recent housing market meltdown, it's that buyers once priced-out of nice houses or good school districts may now be able to afford their target locales. But with foreclosures and short sales spreading, how does a buyer know if that coveted town is still as great as it once was?

Quality of life in the suburbs has particularly suffered, experts suggest. Once the destination for parents eager for a kinder, gentler environment in which to raise their kids – and send them to good public schools – many suburbs no longer offer the same safety, quality of life or schools, according to a recent study from the Brookings Institution. For the first time ever, the number of people living in poverty in the 'burbs exceeds that in central cities. "We're seeing a radical transformation," says Chris Leinberger, visiting fellow at the Brookings Institution, a nonprofit public policy center and real estate professor at the University of Michigan. Buying in the suburbs is no longer a sure bet.

There are two major culprits for the declines of thousands of once-attractive towns and hamlets: falling property values in general, and foreclosures in particular. Home values lead to property taxes, which in turn generate money to pay for public school programs, well-maintained roads, and public safety. Cities' property tax collections are projected to drop 5% this year, and municipalities aren't making up the shortfall: Sales tax collections are also likely to be lower, and overall city revenues are expected to fall by 3.2%, the largest drop since the 1980s, according to the National League of Cities, a nonprofit association of cities and state municipalities. Although foreclosures contribute to the decline of property values (and taxes) overall, they have an outsized impact. On average, home property values drop 0.9% when they're within one-eighth of a mile from a foreclosed single-family residence, according to the Woodstock Institute, a research group, and the Georgia Institute of Technology. And real estate analysts are projecting that 2011 will be the [worst year](#) for foreclosures since the housing downturn began.

The total effects of the foreclosure crisis won't be felt for years, of course. And for buyers eager to nest, the risks may be acceptable, especially in light of the prices: Since 2007, median home prices have dropped 35% in Stamford, Conn.; 27% in San Francisco; and 21% in Alexandria, Va., according to the National Association of Realtors. There are also 1.2 million homes in pre-foreclosure, where the owner has received a default notice or has been scheduled for auction, according to RealtyTrac.com, and they might prove a worthwhile [bargain](#) .

If those low prices are persuasive enough, here are three things to consider when determining if a desired neighborhood is still a keeper.

Crime

The very crisis that's made homes affordable has also corresponded with a spike in crime. A foreclosure rate of 3% leads to a 7% increase in crime, in all different kinds of neighborhoods, according to the Woodstock Institute and the Georgia Institute of Technology. "Vacant properties can serve as magnets for criminal activity," says Geoff Smith, senior vice president at Woodstock. Visit the local police precinct and ask for the area's crime stats – this is public information – and ask an officer whether specific pockets of a neighborhood have recently experienced a spike in crime, says Jack McCabe, an independent real estate consultant. Not all crimes are equally disturbing: An increase in pedestrian and vehicle stops would indicate more diligent enforcement, while a rise in property-related crimes, like breaking and entering, and thefts of vehicles, partly suggests there might be cutbacks in the police force.

Schools

If property tax collection is down, past accolades for a town's schools — like the stellar violin program and the long roster of Advanced Placement classes — might be outdated. Approximately 66% of schools plan to cut faculty positions for the 2011-2012 academic year, up from 48% this year, according to the American Association of School Administrators, and 68% of classrooms will be considered crowded next year, up from 57% currently. Parent-teacher association meetings provide the most information on any major problems, like extracurricular cutbacks or a teacher shortage, if they exist. A school's academic standing and standardized test scores – and, in some cases, up-to-date reviews from parents – can be researched online at national sites, like City-Data.com, GreatSchools.org and SchoolDigger.com, which list average scores by grade and subject, compare scores to previous years and allow parents to compare those to schools in nearby towns.

Public Services

What good is a three-bedroom a block from the playground, if the swings are busted and the teeter-totter is rusty? When a local government cuts back, the extras like playgrounds, libraries and parks are the first to suffer. As it is, 62% of cities are delaying or cancelling capital projects, 14% are instituting public safety cuts, and 87% are expected to fall short of their fiscal needs, almost triple the number pre-recession, according to the National League of Cities. Local public libraries, which are typically funded by the town, are particularly vulnerable, says John Vogel, adjunct professor of real estate at Dartmouth's Tuck School of Business. Ask a librarian if the library is cutting its hours of operation or planning to. Also, visit local parks, where broken swings or un-mowed grass may signal tighter budgets. Go for a walk and chat with people on the street and in the park; they are likely to provide the most candid answers, says Vogel.

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