

Part 8: Non-Housing Factors Influencing the Housing Market



PART 8

NON-HOUSING FACTORS INFLUENCING THE REGIONAL HOUSING MARKET

In addition to migration, commuter trends, the cost of land and construction, and other housing-related elements, there are several key non-housing factors that can influence a regional housing market. Public safety, or the lack of, can influence where people choose to buy a home and raise a family. Quality education is one of the primary factors driving the locational decision for families with school-age children. And, regional access into and out of the region for employment, shopping, entertainment and other transportation needs can play into the decision. This section of the report discusses each of these factors as they relate to the Lehigh Valley housing market.

Public Safety

Public safety is a determinant of demand for housing. The Pennsylvania State Police maintains a database of all crime statistics reported on the municipal and county levels in the Commonwealth. The crime rate of a geographic area is defined as the number of crimes per unit of population. Most crime reports, including those collected and reported by the State Police, use the rate of crimes per 100,000 resident population. For example, 50 crimes reported in an area with a population of 50,000 residents equals a crime rate of 100 per 100,000 residents, while 50 crimes reported in an area of 150,000 residents equals a crime rate of 33.3 per 100,000 residents. As a result, reliable comparisons can be made between geographic areas regardless of population.

(Note: New Jersey State Police measures crime rate per 1,000 residents. For the purposes of this report, the rates were recalculated to crimes per 100,000 residents to maintain consistency between Pennsylvania and New Jersey crime data.)

Figure 8-1

Crime Rates per 100,000 Resident Population in 2005						
	2005 Population	Violent Crime				Non-Violent Crime*
		Murder	Rape	Robbery	Aggravated Assault	
Lehigh Valley (outside of A-B-E)	413,807	1.0	3.4	11.8	55.3	1,996.6
Allentown, PA	105,231	7.6	13.3	103.6	158.7	5,833.8
Bethlehem, PA	68,144	4.4	5.9	52.8	139.4	4,020.9
Easton, PA	26,267	0.0	7.6	68.5	129.4	2,409.9
County Data						
Lehigh County, PA (all)	330,433	2.7	5.8	41.5	90.2	3,067.2
Northampton County, PA (all)	287,767	2.1	5.2	26.1	78.9	2,654.6
Monroe County, PA	163,234	3.7	6.1	26.3	77.8	2,309.0
Carbon County, PA	61,959	1.6	1.6	0.0	121.0	2,643.7
Schuylkill County, PA	147,447	0.7	3.4	11.5	128.9	3,232.3
Berks County, PA	396,314	9.3	8.8	39.9	110.0	3,195.7
Montgomery County, PA	775,883	1.7	3.1	33.6	77.1	2,773.0
Bucks, PA	621,342	3.1	4.3	27.2	68.2	2,218.7
Hunterdon County, NJ	126,116	7.6	3.8	8.8	74.4	1,416.3
Warren County, NJ	108,910	1.1	3.3	12.0	106.7	1,528.0

* Includes fraud, vandalism, embezzlement, drug activities, gambling, DUI, disorderly conduct, vagrancy, loitering, etc.

Source: Pennsylvania State Police; New Jersey State Police

The Lehigh Valley falls in the mid-range of overall crime rates in the ten-county region. When individual crimes are compared on a county-by-county basis to surrounding counties in both states, Lehigh and Northampton ranked fifth and sixth, respectively, in murder and violent assaults. Rates for rape were slightly higher with Lehigh and Northampton ranking third and fourth, respectively. Lehigh County had the highest rate of robbery in the ten-county region while Northampton ranked sixth. Both counties were also ranked about mid-range in non-violent crimes.

Careful planning should emphasize safe locations for the development of new affordable housing, whether the units are privately-assisted or public housing. When the crime data for the three cities (Allentown, Bethlehem and Easton) are separated out from the two counties, then the Lehigh Valley region outside of the three cities fares significantly better. The region would be ranked fifth in rape, sixth in robbery, eighth in murder and ninth in aggravated assault. The region would rank seventh in non-violent crime.

Quality of Schools

Public school quality is also a deciding factor in home purchases. This is especially the case for households with school-age children. Areas with high quality schools are often the most sought-after areas in which to live. Schools of high quality continually attract new households to their jurisdiction, leading to high demand for homes in the area and increasing property values.

Although quantifying the quality of education provided at schools is complex, the Pennsylvania Department of Education complies with the federal No Child Left Behind (NCLB) Act reporting requirements. In this way, the State can track and record the progress of individual schools and school districts against State-wide targets and scores in

graduation, reading and mathematics. These school district report cards are available from the Pennsylvania Department of Education and report on the status of each school in terms of making Adequate Yearly Progress (AYP).

For the 2005-2006 school year, the State targets and scores were as follows:

- **State Targets**
 - A graduation rate of 80% for students successfully completing high school
 - 45% of all students achieving a proficient score or higher in mathematics
 - 54% of all students achieving a proficient score or higher in reading
- **Actual State-wide Scores**
 - Graduation rate of 88%
 - 65% of all students achieved a proficient score or higher in mathematics
 - 66% of all students achieved a proficient score or higher in reading
 - 79% of all schools met AYP targets.

The chart on the following page lists the AYP targets and scores for each of the school districts located in the Lehigh Valley.

Figure 8-2

School District Report Cards for the 2005-2006 School Year									
School District	Graduation Rate	% Students Proficient & Above in MATH	% Students Proficient & Above in READING	AYP Status (a)					
				# (%) Schools Met AYP	# (%) Schools Making Progress	# (%) Schools Given Warning (b)	# (%) School Imp't 1 (c)	# (%) School Imp't 2 (d)	# (%) Corrective Action 1 (e)
State Target	80%	45%	54%	-	-	-	-	-	-
State Score	88%	65%	66%	79%	4%	8%	3%	2%	3%
Lehigh County									
Allentown City	65%	52%	45%	8 (40%)	5 (25%)	1 (5%)	-	1 (5%)	5 (25%)
Catasauqua Area	88%	69%	73%	2 (67%)	1 (33%)	-	-	-	-
East Penn	94%	77%	80%	8 (89%)	-	-	1 (11%)	-	-
Northern Lehigh	92%	69%	67%	4 (100%)	-	-	-	-	-
Northwestern Lehigh	97%	74%	76%	3 (75%)	-	1 (25%)	-	-	-
Parkland	97%	80%	82%	7 (70%)	-	3 (30%)	-	-	-
Salisbury Township	96%	78%	82%	4 (100%)	-	-	-	-	-
Southern Lehigh	96%	79%	82%	5 (100%)	-	-	-	-	-
Whitehall-Coplay	97%	65%	69%	3 (75%)	-	-	1 (25%)	-	-
Northampton County									
Bangor Area	89%	63%	63%	3 (60%)	-	1 (20%)	1 (20%)	-	-
Bethlehem Area	80%	59%	62%	13 (59%)	1 (5%)	3 (14%)	2 (9%)	1 (5%)	2 (9%)
Easton Area	88%	58%	62%	6 (67%)	1 (11%)	-	1 (11%)	-	1 (11%)
Nazareth Area	93%	72%	76%	4 (80%)	-	-	1 (20%)	-	-
Northampton Area	91%	66%	68%	2 (33%)	-	2 (33%)	-	1 (17%)	1 (17%)
Pen Argyl Area	96%	67%	70%	3 (100%)	-	-	-	-	-
Saucon Valley	93%	82%	80%	3 (100%)	-	-	-	-	-
Wilson Area	81%	66%	68%	5 (100%)	-	-	-	-	-

(a) Adequate Yearly Progress

(b) School did not meet AYP targets for the first time

(c) School did not meet AYP targets for a second year

(d) School did not meet AYP targets for a third year

(e) School did not meet AYP targets for a fourth year

Source: Pennsylvania Dept. of Education

The Allentown school district was the only district to fall short of any of the primary State-wide targets. The Department of Education has set a State-wide graduation target rate of 80%. For the period reviewed, all school districts but Allentown achieved this target. Across the Commonwealth, however, the actual graduation rate was 88%. Regionally, all districts exceeded the State-wide graduation rate with the exception of Allentown, Bethlehem and Wilson.

The State target for achievement in mathematics is 45% and all Lehigh Valley school districts achieved this benchmark. Across Pennsylvania, 65% of all students achieved this benchmark. Regionally, Allentown, Bangor, Bethlehem and Easton fell below this benchmark.

The State target for achievement in reading is 54%; all school districts met or exceeded this target with the exception of Allentown. Across Pennsylvania, 66% of all students were reading at a level of proficient or higher. In the Lehigh Valley, all school districts but Allentown, Bangor, Bethlehem and Easton achieved this mark.

Overall school scores were also earned based on the ability of schools to meet AYP targets. State-wide, 79% of all schools met their targets. In the Lehigh Valley, the following school districts fell short of this rate: Allentown, Catasauqua, Northwestern Lehigh, Parkland, Whitehall-Coplay, Bangor, Bethlehem, Easton and Northampton. Furthermore, the following districts had more than one school that failed to achieve their targets for more than one year: Allentown (6 schools), Bethlehem (5 schools), Easton (2 schools), and Northampton (2 schools).

Affluence is often viewed as an indicator of high quality schools. Many might perceive higher income, higher housing values, and higher property values (thus, more tax revenue generated for school districts) with higher school test scores. To test this perception, the following indicators (in addition to graduation rates and test scores) were analyzed for the school districts that comprise the Lehigh Valley:

- Percentage of students enrolled in the Free / Reduced Lunch Program
- Amount of instructional funds spent per student in each school district, and
- The median housing sales price by school district.

These indicators are summarized on the following chart.

Having a low income student population can affect school district quality in a variety of ways. Low income families may deal with social issues that affect school performance (including improper nutrition, inadequate shelter, and a higher instance of single-parent or two-parent dual income households where children may be left unsupervised, among other things). In addition, low income families often live in low cost housing, which provides fewer tax dollars to support struggling school districts with needed resources and competitive teacher salaries. The most common indicator of low income students is the percentage of students enrolled in the Free / Reduced Lunch Program. In 2005, 35% of Pennsylvania's students were enrolled. In the Lehigh Valley, rates ranged from as low as 7% in Southern Lehigh to a high of 72% in Allentown.

The amount of instructional funds expended per student provides insight into the degree of investment each school district is making. In 2004 an average of \$5,989 per student was spent across the Commonwealth. In the Lehigh Valley, amounts ranged from as low as \$4,158 in Bangor Area up to \$6,237 in Saucon Valley.

Finally, good quality schools can have a positive impact on residential property values. Since school-age children typically attend school in the school district in which they

reside, higher quality schools will drive the demand for housing units in the school district. Increased demand for housing will result in higher housing values.

Generally, school districts with higher graduation rates and test scores typically had lower percentages of students in the free/reduced lunch program and higher housing sales prices. On the following chart, each of these indicators is listed by school district. The five highest rates in any category are highlighted in yellow while the five lowest are highlighted in green. While there are a few very obvious correlations between affluence and school quality, there are also several scenarios that do not fit the perception. For example, Bethlehem had a higher rate of instructional expenditures per student accompanied by some of the lowest achievement and graduation scores in the Lehigh Valley. Conversely, Whitehall-Coplay and Pen Argyl had higher graduation rates with lower rates of instructional expenditures per students. Generally speaking, school districts with higher graduation rates and test scores typically had lower percentages of students enrolled for free/reduced lunches and higher housing sales prices.

Figure 8-3

Educational Quality Indicators in the Lehigh Valley						
School District	2005-2006 Graduation Rate	2005-2006 % Students Proficient & Above in MATH	2005-2006 % Students Proficient & Above in READING	2005 % Students on Free/Reduced Lunch Program	2004 Instructional Expenditures per Student	October 2006 Median Housing Sales Price
Northwestern Lehigh	97%	74%	76%	9%	n/a	\$362,000
Parkland	97%	80%	82%	8%	\$5,088	\$260,000
Whitehall-Coplay	97%	65%	69%	23%	\$4,334	\$192,000
Salisbury Township	96%	78%	82%	15%	\$5,695	\$305,000
Southern Lehigh	96%	79%	82%	7%	\$4,892	\$291,000
Pen Argyl Area	96%	67%	70%	16%	\$4,397	\$231,000
East Penn	94%	77%	80%	11%	\$4,975	\$253,000
Nazareth Area	93%	72%	76%	8%	\$4,818	\$313,000
Saucon Valley	93%	82%	80%	13%	\$6,237	\$162,000
Northern Lehigh	92%	69%	67%	26%	\$4,835	\$153,000
Northampton Area	91%	66%	68%	16%	\$4,906	\$228,000
Bangor Area	89%	63%	63%	24%	\$4,158	\$173,000
Pennsylvania	88%	65%	66%	35%	\$5,989	n/a
Catasauqua Area	88%	69%	73%	24%	\$5,751	\$117,000
Easton Area	88%	58%	62%	29%	\$5,024	\$211,000
Wilson Area	81%	66%	68%	22%	\$4,918	\$123,000
Bethlehem Area	80%	59%	62%	44%	\$5,105	\$188,000
Allentown City	65%	52%	45%	72%	\$4,979	\$129,000

Source: Pennsylvania Dept. of Education; Lehigh Valley Association of Realtors; Standard & Poor's School Evaluation Service