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

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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 impacts of sex offenders' residences on neighborhood 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, 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 solid 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 sale prices decreased by $5,586 for each RSO and $9,036 for each SP within the buffer. In regards to distance, RSOs and SPs negatively impacted home sale prices the closer they were to a home sale transaction. These findings inform the debate surrounding the requirements placed on sex offender registration, community notification, and residency restrictions.

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

Influence of Sex Offenders on Home Sale Prices

- 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 habor 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.

- Concentration of RSO and SP up to 0.2 of a mile affected home sale value after controlling for disorder and property characteristics.

- The distance from the nearest RSO and SP to 0.2 of a mile affect home sale value after controlling for disorder and property characteristics.

- 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 presence of a RSO is typically unknown to community members, RSOs are forced into disordered neighborhoods where the public is least informed of these individuals.

- 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.
  - 74 home sale transactions, which are restricted to residential with dwellings.
  - 2010 U.S. Census (at census block level):
    - Control variables:
      - Female-headed households
      - 19 years old and younger population
      - Vacant homes
      - Renter occupied housing units

- Res. Instab
- Soc. Disorg
- Age
- Conc. RSO
- Conc. SP
- Sale price

- Independent variables:
  - Distance from the nearest RSO and SP to 0.2 of a mile
  - Concentration of RSO and SP up to 0.2 of a mile

- Dependent variable: Sale price of homes

- No data
- No data
- No data

- Additional RSO vs.
- Female
- Active
- Violent
- Passive
- No data
- No data

Regression Results

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<td>10035.98</td>
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<td>**</td>
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<td>Conc. SP</td>
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<td>5% or $8,338</td>
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</tr>
<tr>
<td>Conc. RSO &amp; SP</td>
<td>-26% or $43,766</td>
<td>5% or $8,338</td>
<td>1</td>
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</tr>
</tbody>
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INTERPRETATIONS:
- Conc. of RSOs predicted a $5,586 monetary loss, whereas conc. of SPs produced a greater loss of $9,036.
- For each additional foot between the sold home and the nearest RSO a 1.15 to 1.50 gain in selling price is experienced compared to the lesser $10.53 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 presence of a RSO is typically unknown to community members, RSOs are forced into disordered neighborhoods where the public is least informed of these individuals.