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

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**Abstract**
Borrowing from the broken windows theory, this paper addresses the impact of sex offender 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 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 selling prices decreased by $6,596 for each RSO and $9,398 for each SP within the buffer. In regards to 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 has 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.

**Broken Windows Theory**
- Sequence of the broken windows theory parallels to the presence of a RSO.
- Disorder will invite more disorder. The presence of one RSO can affect others and become an area known as a hothot 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.

**Contribution**
- Sitting 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 sale report (December 2012 – December 2013)**
- 4,835 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.
    - Renters occupied housing units.

**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.
  - Residential instability.
- Geospatial analysis utilizing ArcGIS version 10.2.

**Research Questions**
1) Does the concentration of registered sex offenders within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?
2) Does the concentration of sexual predators within 0.2 of a mile affect home sale value after controlling for disorder and property characteristics?
3) 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?
4) 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**

**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 residences of RSOs are typically unknown to other community members. RSOs are forced into disordered neighborhoods where the public is least informed of these individuals.