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Protecting Your Investment with Excellent Schools

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Drip, drip, drip. Last year my wife and I faced a problem common to many homeowners: we discovered a leak in our roof. The leak wasn't big—we could have lived with it for a while, since it only seemed a problem when it rained hard or for a long time. But we decided to repair the leak right away. It cost us a few dollars, but fixing the problem now saved us from having to face a much bigger bill down the road, when we would have had to repair not only the roof, but the wall and ceiling that were slowly being damaged.

We did what many homeowners do when faced with similar problems: we invested a little bit in our property today to preserve its value and avoid much bigger costs later. This may seem like basic logic, but it is often forgotten when dealing with a different factor affecting the value of our homes: the relationship between excellent schools and property values.

The fact is, many people don't realize just how important excellent schools are to their property values. Recent studies by scholars at Harvard, Dartmouth, and George Mason University, the Federal Reserve Bank of St. Louis, and the TR Investment Fund in Philadelphia all show the same thing: excellent schools are a significant factor in housing prices. Statistical analysis reveals that school performance can even be more important than the number of bedrooms, number of bathrooms, or age of a home when it comes to determining a home's value. But statistics just help confirm what real estate agents have known for years—homes with excellent schools sell faster, and for higher prices, than homes in school districts that are less well regarded. Several years ago the Wall Street Journal featured an article on school quality and home values that demonstrated this fact in different areas around the country. In Gainesville FL, for example, excellent schools added between \$50,000 and \$300,000 to a home's value.

But we don't have to look around the country to see this relationship. We can see it right here in the Lehigh Valley. The Lehigh Valley Research Consortium talked to hundreds of people all over the region late last year, asking them about the most important factors in choosing housing. People mentioned many things, but the quality of schools was the single most common—and most universally agreed upon—factor. This was true even for those who had no children. Another way to look at this issue is to evaluate how schools have affected home prices in the recent economic downturn. Property values in the East Penn School District have been hit hard, but not nearly as hard as in places like Whitehall and Catasauqua, where

the public schools are not as strong. According data available at zillow.com, the average value of a home in Catasauqua has declined 23% since September 2009; in Lower Macungie Township, that decline was only 8%. The difference is due in large part to the excellent East Penn schools, which have standardized test scores well above the state average, compared to the Catasauqua schools, which have standardized scores well below the average. I don't mean to pick on Catasauqua, though. My point is only that excellent schools matter, and that when schools do poorly, not only students suffer-- homeowners and taxpayers suffer too.

We should care about excellent schools for the role they play in sustaining an educated citizenry and thus a strong democracy. We should care about excellent schools for the opportunities they provide our young people. But ultimately, excellent schools also help our bottom line. Like the drip, drip, drip of a roof leak, that is something everyone can understand. Schools have roof leaks too, both literally and figuratively. Issues like creeping classroom sizes and the elimination of programs in art and music are the kind of slow leaks in a school district that may seem tolerable today, but can cost us far more than they save down the road. Excellent schools, like roofs, require regular investments to maintain them. And the facts show that doing so makes sound, economic sense.



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