



Institute for
Research on
Poverty

UNIVERSITY OF WISCONSIN-MADISON

Housing, Place and Poverty

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Why focus on housing?

- Housing is not just shelter but a “bundle” of goods that provide access to public services, education and neighborhood context.
- This bundle is needed to actualize all other goals
 - labor market success
 - health
 - education

Why focus on housing?

- Convincing evidence suggests that inequalities in access, stability and affordability of adequate housing are related to serious social problems
 - poor health and educational outcomes
 - inadequate medical care
 - hunger
 - homelessness

Housing and family life

- Housing costs constitute the largest portion of most families monthly budget, particularly lower income renters.

Housing and family life

- Modest earning families lives are challenging in dynamic ways that may impact consistent earnings
 - nature of work at the low-end
 - more health challenges
 - complicated family structures
- Housing is largely a private market affair
 - How do families at the low-end fare in this market?

Housing instability

(+) associations between housing instability and postponed medical care and increased use of acute services for children and adults, behavioral problems and reduced academic performance for children

(Kushel, Gupta, Gee, & Haas, 2005; Ma, Gee, & Kushel, 2008; Reid, Vittinghoff, & Kushel, 2008, Adam & Chase-Lansdale, 2002; Coley et al., 2013; Ziol-Guest & McKenna, 2014, Anderson, et. al, 2014).

Housing instability

- Research investigating the effects of high residential mobility on child well-being suggests that children in the most mobile households may fare worse than their more stable counterparts, even when demographic, economic, and child-level covariates associated with mobility and child well-being are considered.

Housing quality

- (+) associations between markers of low quality housing and poorer health outcomes
 - asbestos, lead paint, rodents, dust mites, lack of heat and mold (e.g., BurrIDGE & Ormandy, 1993; Fuller-Thomson, 2000; Matte & Jacobs, 2000; Sandel & Zotter, 2000; Gemmel et al., 2001; Breysse et al., 2004; Krieger & Higgins, 2002; Catalano & Kessell, 2003; and Jacobs et al., 2009)

Housing quality

- Older housing stock is more likely to harbor these environmental “bads”
- Though severely inadequate housing is uncommon nationally, low-income households are disproportionately more likely to experience these housing problems (Holupka & Newman, 2011; Newman & Garboden, 2013; Steffen, *et al.*, 2015).

Household income and housing stability

- Income is a key factor for determining both the frequency and types of moves that households make (Clark *et al.*, 1994; Clark *et al.*, 2003).
- Adequate household income as well as income growth are associated with moves to homes of
 - higher cost and quality
- Income losses, often the result of job loss, family dissolution, typically result in moves
 - to lower cost and quality homes or changes in tenure status that may signal downward mobility (Clark *et al.*, 2003, Curtis & Warren, 2015).

Public housing and vouchers

- studies have found that public housing has positive effects on children's outcomes -- medical care, dental care and nutrition (Currie & Yelowitz, 2000; Newman and Harkness, 2002; Lee et al., 2003; Meyers et al, 1995, 2005).
- using quasi-experimental designs, housing subsidies have been found to improve aspects of child or adult health or well-being (Meyers, Frank, Roos, Peterson, Casey, Cupples, et al., 1995; Meyers, Cutts, Frank, Levenson, Skalicky, Cook, et al., 2005, Fertig & Reingold, 2007,

Vouchers and MTO Results

- Katz, Kling and Liebman (2001) found, in the Boston MTO site, that both household heads and their children in the experimental group had significantly better health than those in the control group.
- Chetty, Hendren and Katz (2015) link tax data to MTO data and find moving to a lower poverty neighborhood significantly improves college attendance rates and earnings for kids who moved with their vouchers when they were younger than 13.

Housing market: family needs

- housing and well-being interact at the point when families enter a mostly private housing market with a set of personal circumstances
 - family size
 - earnings
 - distance from employment (public transport, private vehicle)
 - school-age children; elderly members
 - family health

Housing market: considerations

– tightness of the market

- “worst case housing needs”
- vacancy rates
- rental index
- home value index

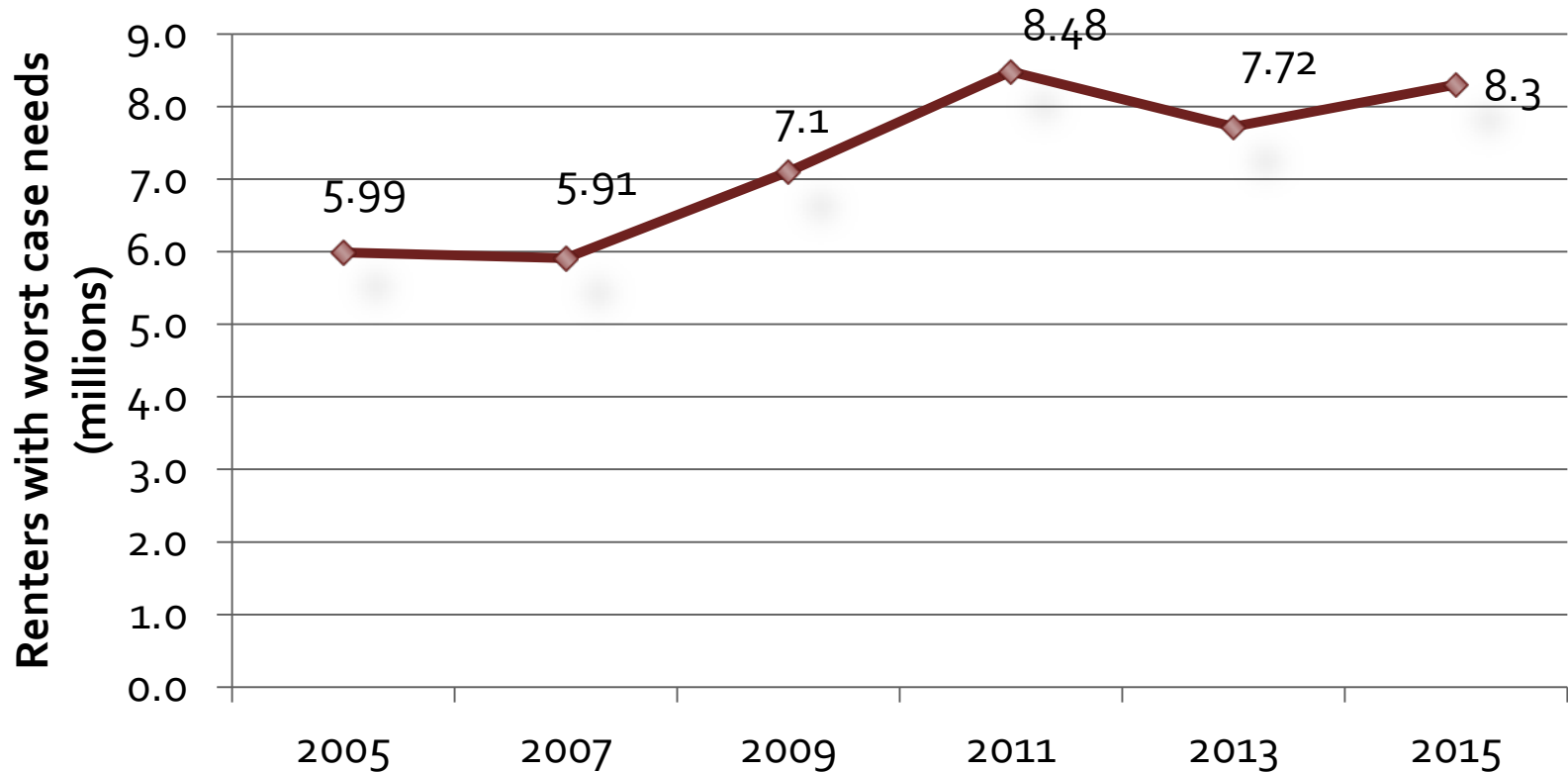
– nature of the stock in your area

- pre-1940's
- multi-family
- single-family

National Picture: Summary

- During the 2013-to-2015 period
 - worst case needs persisted at high levels across demographic groups, household types, and regions
 - Worst case needs are defined as renters with very low incomes
 - no more than 50 percent of the Area Median Income
 - do not receive government housing assistance and pay more than one-half of their income for rent, live in severely inadequate conditions, or both.

Growth in Worst Case Housing Needs



Source: HUD-PD&R tabulations of American Housing Survey Data

Housing market

- Most Americans consume their housing services in the private market
 - The joint committee on taxation estimated that in 2015 this tax expenditure was
 - 58.8 billion for the mortgage interest deduction
 - 31.1 billion for the property tax deduction

Housing market

- If HH rent, they purchase their bundle, mostly unsubsidized by any tax benefit
 - Some states have “renters tax credits”, modest subsidy
- If eligible for and receive vouchers from HUD, administered by a local PHA, ~30% subsidy to locate housing in the private market

Housing market

- If eligible for public housing – (family, elderly)
 - Very limited, issues of “horizontal equity”
- Waiting lists are long nationally, coverage is low

Housing combines a mix of approaches

- Housing legislation and programs include:
 - Federally regulated finance system
 - Mortgage insurance
 - Interest rate subsidies to homeowners, developers and landlords
 - Tax deductions for mortgage interest
 - Subsidy packages for central city redevelopment
 - Anti-discrimination measures

O.K. – what about policy levers

- Beyond tax incentives for the purchasing of owner-occupied housing or limited vouchers or public housing units?
 - The menu is small:

Policy levers/options/strategies

- To develop housing:
 - LIHTC
 - Tricky financing
 - Multiple stakeholders
 - Affordable units may require deep subsidies, on-going, to remain accessible to those with more modest means

Policy levers/options/strategies

- To increase units affordable to HH at 50% of AMI
 - Construct multi-family renter dwellings using LIHTC, city/state bonds, tax forgiveness, etc.
 - Challenges: zoning, community resistance, local labor markets, transportation
- To “revitalize a community”
 - If eligible for CDBG funds, could, possibly have housing units as part of the plan

Policy levers/options/strategies

- Local programs that take advantage of HUD grants to develop pilot programs to serve a neighborhood or priority group
 - Very local
 - Not generally evaluated
 - Depends on the mission zeal and commitment of stakeholders over time

Resources

Books

- Schwartz, A.F. (2015). *Housing policy in the United States* (3rd ed.) New York, NY: Routledge.
- Green, R.K., & Malpezzi, S. (2003). *A primer on U.S. housing markets and housing policy*. Washington, DC: The Urban Institute Press.
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- Bauman, J.F., Biles, R., & Szylvian, K.M. (Eds.). (2000). *From tenements to the Taylor homes: In search of an urban housing policy in twentieth century America*. Pennsylvania: The Pennsylvania State University Press.
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Resources

Selected Readings

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- Hanchett, T.W. (2000). The other “subsidized” housing: Federal aid to suburbanization, 1940s-1960s. In J.F. Bauman, R. Biles, & K.M. Szylvian (Eds.), *From tenements to the Taylor homes: In search of an urban housing policy in twentieth century America* (pp.163-179). Pennsylvania:
- Yellen, J. (2009). The mortgage meltdown, financial markets, and the economy. *The B.E. Journal of Economic Analysis & Policy (Symposium)*, 9(3), 1-10.
- Immergluck, D. (2008). From the subprime to the exotic: Excessive mortgage market risk and foreclosures. *Journal of the American Planning Association*, 74(1), 59-76.

Resources

Selected readings

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- Popkin, S.J., Galster, G.C, Temkin, K, Herbig, C, Levy, D.K. & Richer, E.K. (2003). Obstacles to desegregating public housing: Lessons learned from implementing eight consent decrees. *Journal of Policy Analysis and Management*, 22(2), 179-199.
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- Ross, S.L., Turner, M.A., Godfrey, E. & Smith, R.R. (2008). Mortgage lending in Chicago and Los Angeles: A paired testing study of the pre-application process. *Journal of Urban Economics*, 63, 902-919.
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