

Housing, Poverty, and Evidence: What should we do?

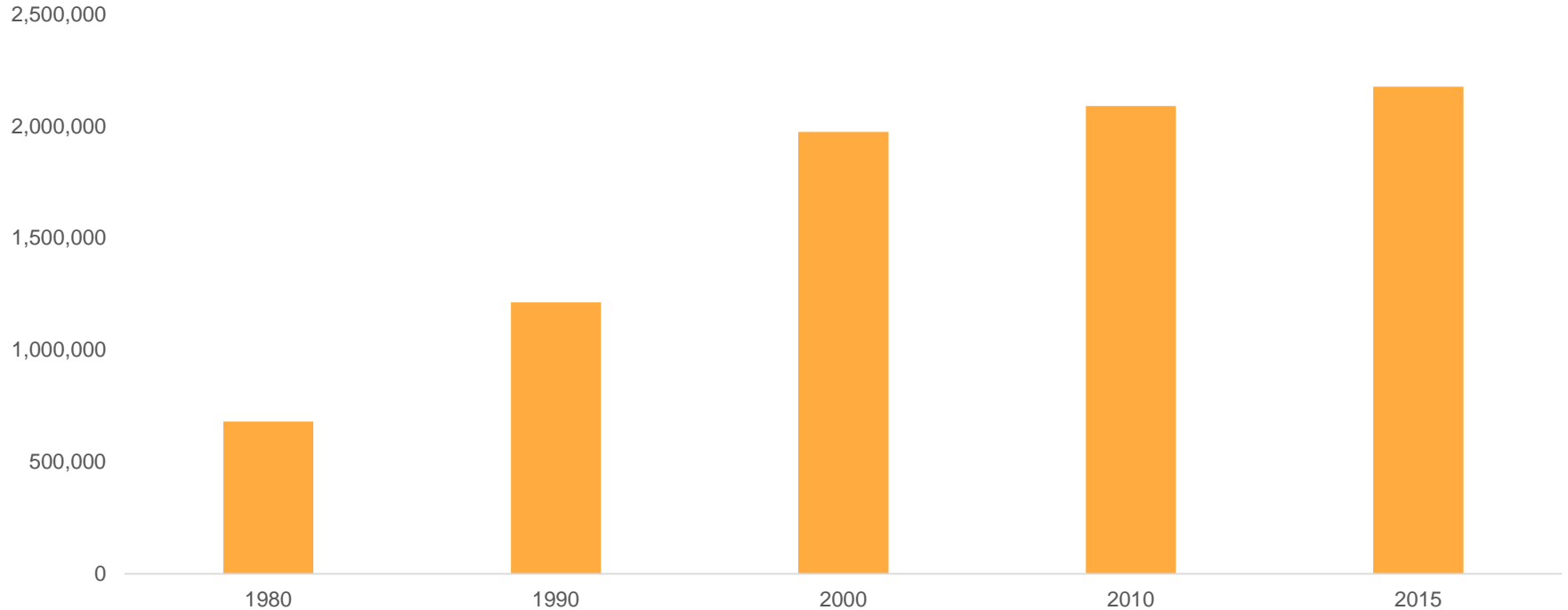
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Growing need, shrinking public commitment

- National Low Income Housing Coalition: shortage of 7.2 million homes affordable and available to extremely low-income households (those that earn below 30 percent of Area Median Income).
- Since FY2010, when federal discretionary spending was effectively frozen in place, voucher spending has barely budged.

Huge growth in the voucher program over time



Do landlords eat up voucher subsidies?

- Susin (2002) the role of voucher households increased spending power increased the price of rental housing by 16 percent in the lowest average income neighborhood.
- Eriksen and Ross (2015): disagree – no effect on rents overall, but voucher recipients do rent more expensive units.
- Collinson and Ganong (2018): when fair market rents are raised, landlords raise the rent. It is not 1 for 1 – for a one dollar raise in the rent cap, landlords raise the rent by an average of 46 cents.
- Also find that indexing fair market rents to the zip code leads voucher recipients to live in lower poverty and safer neighborhoods – in these neighborhoods, the value of the voucher is higher.

Trends in segregation

- Small but steady declines in segregation by race in the last 40 years, particularly if we are talking about black/white segregation.
- Segregation by income is increasing over time. Since 1970, high-income households have increasingly segregated themselves into richer and richer enclaves,
- Concentrated poverty steady/rising: the poor had one decade – the 1990s, in which they became more integrated with other income groups. In all other decades since 1970, concentrated poverty has been on the rise.

Why do people want to move?

- Much of what we know comes from interviews and surveys of the Moving to Opportunity (MTO) Program, an experimental demonstration of the benefits of moving from public housing to low poverty neighborhoods using vouchers.
- Goering, Feins, and Richardson (2002) reported that more than half of MTO participants identified crime, gangs, and drugs as the principal motivation for wanting to move out of their neighborhoods.
- 60% of participants in Los Angeles cited getting away from drugs or gangs as the primary reason for wanting to move.
- Astounding proportions of these respondents reported criminal victimization of one or more of their household members in the past six months.

MTO evidence on neighborhood effects

- Housing and neighborhood satisfaction increased – much safer neighborhoods in particular.
- Better physical and mental health outcomes for female adults.
- No effects detected on jobs or earnings, risk behaviors, or criminal involvement for adults or children.
- No effects on educational achievement for kids – at least after a few years.

Chetty, Hendren, and Katz

- Look at long-term outcomes using tax returns to estimate earnings and identify current neighborhood location and if they attended college between the ages of 18 and 20.
- Still no effects on adult outcomes – even testing for a dosage effect (length of time in low poverty neighborhoods).
- Positive effects on long-term outcomes – more likely to attend college and attend better colleges, and earnings higher for kids who moved when they were young.
 - Also live in lower-poverty neighborhoods themselves as adults and are less likely to be single parents themselves (for females)

Effects of neighborhood crime and violence

- Sharkey et al: Local homicides affect children's performance on math and verbal assessments, pre-cognitive abilities, and parents' mental health conditions. "Local violence does not make children less intelligent. Rather, it occupies their minds."
- On a macro scale, research by Sharkey and colleagues suggests declining urban violence in U.S. is helping to shrink the education achievement gap between Blacks and Whites and is improving upward economic mobility of those growing up in low-income environments.
- Good case for vouchers: my research with Ellen and O'Regan finds households using housing vouchers face much lower neighborhood crime rates than those living in public housing and LIHTC developments.
- Bad news: crime and other important neighborhood attributes such as school quality and environmental toxins, are incredibly concentrated in U.S. metros.
- So let's **build more housing in higher income/higher opportunity neighborhoods** and/or give people big vouchers to move there.

Rent control

- Prop 10: Yes vote repeals Costa-Hawkins, which restricts local rent control ordinances in three ways: cannot cover single-family residences or housing built before 1995, and mandates vacancy decontrol. Yes vote does not create any new rent control ordinances.
 - LA: covers properties built before 1978
- Lots of pushback from housing scholars – not income-targeted (as practiced), locks people in place (sometimes good!), and discourages supply and upkeep.
- Recent paper by Diamond et al (2018) in San Francisco confirms what people do and don't like about rent control: reduced probability of moving, reduced supply of rental units, and covered tenants keep an average of \$6,658 per year.

Gentrification

- It is not a mirage – central city neighborhoods are becoming more attractive to higher income households and more expensive as a result.
- However, empirical work (Ellen and O'Regan (2011); Freeman (2005); McKinnish, Walsh, and White (2010); Vigdor (2002)) suggests that gentrification does not tend to cause *displacement*. In other words, low-income neighborhoods are not leaving – or being displaced – more frequently in gentrifying neighborhoods than ones that are not gentrifying.
- Recent work by Ding et al (2016) finds that low-income households move to more disadvantaged neighborhoods when they leave gentrifying neighborhoods.
- **Best solution: build more housing in higher income neighborhoods.**

Increase housing supply

- Research is unequivocal (Glaeser and Gyourko 2008; Hilber and Vermeulen 2010; Saiz 2010) that regional housing supply is necessary to stabilize prices.
 - Lens and Monkkonen (2016): metros with zoning regimes to limit housing supply and density are more segregated by income.
- Research is less certain about what happens in neighborhoods that receive new housing supply.
 - Does new housing attract more housing demand at a very local scale? Very little research refutes or supports that.
 - *We definitely* see more new housing where there is more demand. And sometimes we forget which came first.
 - Further, it seems more risky to *not* build where demand is rising. Then higher income people are likely to outbid incumbent households and/or influence landlords to raise rents.
- **Best policy option: build more in higher income neighborhoods!**

Inclusionary housing

- Make the developers provide affordable housing!
- A bit easier to find studies that find onerous effects on housing markets and limited benefits in terms of a critical mass of new low-income housing units (Bento et al 2009; Schuetz et al 2011) than studies that find the opposite (Mukhija et al 2010).
- If we can squeeze out a few new units for low-income families at the expense of a few more new market-rate units, is that worth it?
- Exciting new source of data from Grounded Solutions Network:
<https://inclusionaryhousing.org/>

Eviction

- Matthew Desmond's research has brought eviction front and center to the housing conversation. Evictions have become much more prevalent over time.
- And they are also enormously consequential to tenants' life chances. Effects on:
 - Physical and mental health outcomes (Desmond and Kimbro 2015; Fowler et al. 2015; Vasquez-Vera et al. 2017), dissolution of strong network ties (Desmond 2012), changes in household composition (Desmond and Perkins 2016), and employment.
- Disproportionately affects women of color, families with children, victims of domestic violence, and those with prior evictions (Desmond 2012; Desmond et al. 2013).
- We do not systematically collect eviction data for research purposes, nor do we know how local housing market conditions contribute to eviction. Further, we do not know the precise role that eviction plays in homelessness spells and chronic homelessness.

THANK YOU!

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