

# Measuring the Consequences of Promoting Inner City Homeownership

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# New Research on First Time Minority Home Buyers in the City of Philadelphia

- Many urban housing subsidies are designed to encourage homeownership
- Place based programs --- Nehemiah's

# Plausible Justifications for Subsidizing Urban Homeownership

- Potential Social Benefits:
- Role Models
- Social capital and Stakeholders
- Anchoring the Center City tax base

# For Middle Class First Time Home Buyers

- How do their new homes compare to their rental units along the dimensions of:
  - Housing structure quality?
  - Neighborhood quality?
  - These questions cannot be answered using “conventional data”

# Our Housing Survey

- ½ hour interview of roughly 500 new home buyers:
- Detailed questions concerning objective attributes of structure and community
- Subjective questions concerning impressions, priorities and community involvement

# Housing Structure Quality

- See Table 8 of the Paper
- For blacks: room consumption increase by 1.5, % with garage up 20 percentage points, problems with leaks down 20% percentage points

# Measuring Community Quality

- Define Community as your census tract as a renter and as an owner
- Collect data on murder rates, school quality, presence of role models, by census tract

# Changes in Black Consumption of Community Quality

- See Table 9 of the Paper
- Community Poverty Rate down from 26% to 21%
- Community % White Increases from 22% to 38%
- % of students scoring above state median in math up from 6.7% to 8.4%
- Blacks not moving far from renter location

# Philadelphia's Placed Based Housing Program

- 25 million dollars have been spent to build 311 units of new housing in two of the highest poverty areas in Philadelphia (see Table 1 and Table 2)
- Why was this housing built?
- Why did middle class minority households move in? (over \$50,000 subsidies)

# Two Methods for Improving Quality of Life in High Poverty Areas

- Should we move poor people out of inner-city areas to the suburbs? (MTO)
- Should we bring middle class people in to live in such areas? (Nehemiah)
- How could a Nehemiah help make a “big push” to improve a high poverty area?

# The New Housing Complexes Have Not Made a Large Social Impact

- Evidence from Hedonic “treatment effects” (Table 12)
- Our Survey Provides evidence of an “Oasis Effect” (Table 13)
- The new middle class are not interacting with their high poverty neighbors
- One regret – survey the neighbors

# Conclusion

- Under What Conditions can placed based programs “jump start” a high poverty community?