Measuring the Consequences of Promoting Inner City Homeownership

Jean L. Cummings, Denise DiPasquale and Matthew E. Kahn
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?