

# EXPANDING AND DIVERSIFYING HOUSING: APPROACHES AND IMPACTS ON OPPORTUNITY

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Impacts of Housing Access on Individual and Community Outcomes

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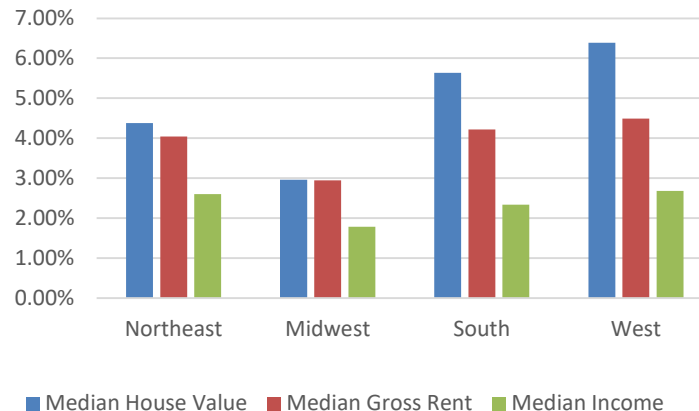
# Impacts of Housing Access on Individual and Community Outcomes

- Questions:
  - Access to housing: how has it shifted over time?
  - What are the socioeconomic drivers and consequences of this shift?

# Higher housing costs relative to income....

- Rents and housing prices have increased faster than income across all regions:
- Growth rates in median value of housing and rents substantially (almost 2x higher) exceed median income growth.
- More recently housing prices have moderated but rental growth rates continue to exceed income growth, so that rental affordability is at all time lows and continues to worsen.

Annual Nominal Metropolitan Growth Rate, 2000–2017

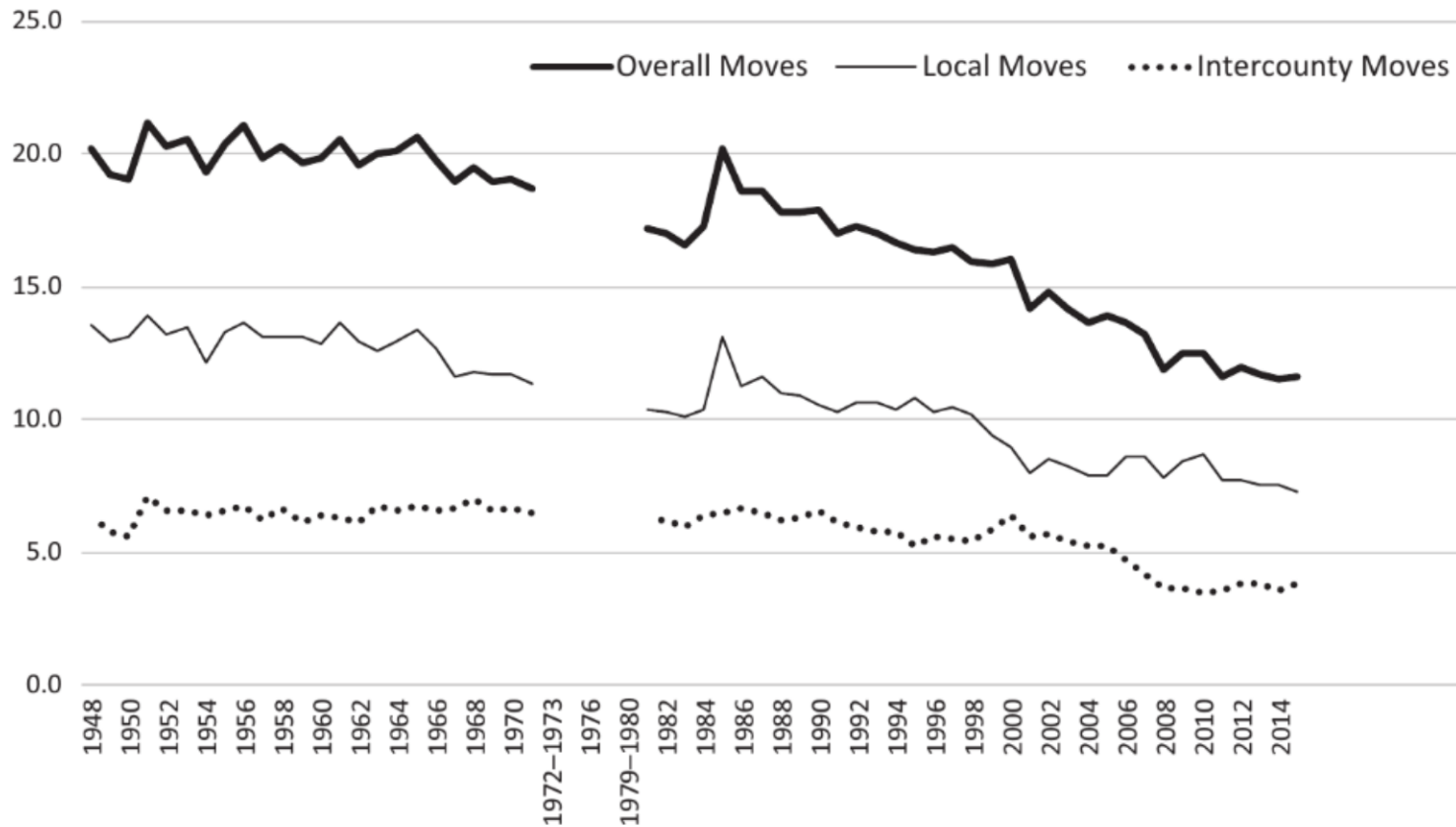


Acolin & Wachter (2017)

American Community Survey

# Decline in Interstate Mobility: 20% to 11% late 80s to now

Household Mobility in America (1948–2014)



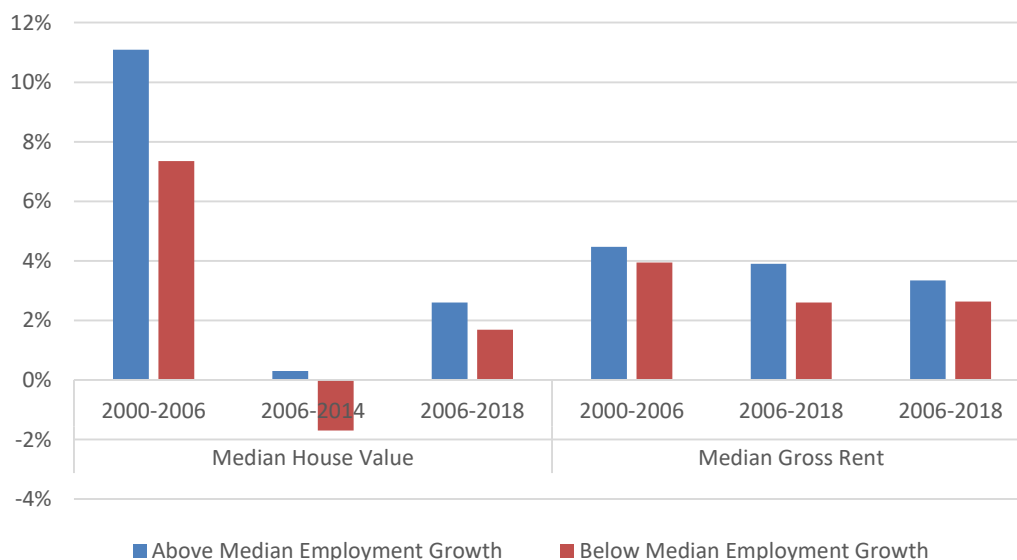
Source: Gillespie (2016), p. 35, census.

# Increasing Housing Costs by Employment Growth

- Housing costs growth relative to income is decreasing access to areas with job growth opportunity (Acolin et al, Moretti, Diamond)
- House prices in top 10 cities (MSAs), by earnings:

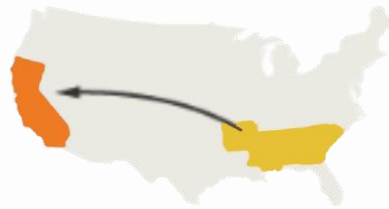
**1980: \$188,880, 25% above national average; 2016: \$607,530, 3x national average!**

## Annual Nominal Rent and House Value Growth Rate by Employment Growth Rate, 2000–2006, 2006–2014, and 2006–2018



Sources: Acolin and Wachter calculations from 2000 census; 2006 and 2014 American Community Survey

# People with Less Education Are Being Effectively Pushed Out of Larger Cities



Moving from the Deep South to **Santa Clara County, CA** would have this effect on the earnings of a **janitor's** household, after paying for housing costs.

## Earnings after housing costs

Deep South

In 1960

\$14,105



In 2017

\$19,362



Santa Clara

\$29,202



\$14,000



+ \$15,097

- \$5,362

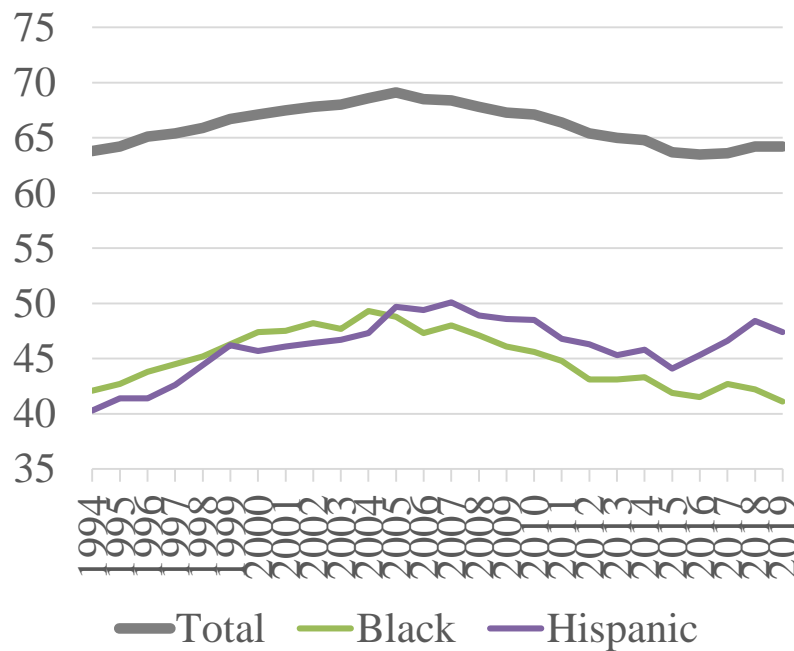
Change

+ 107%

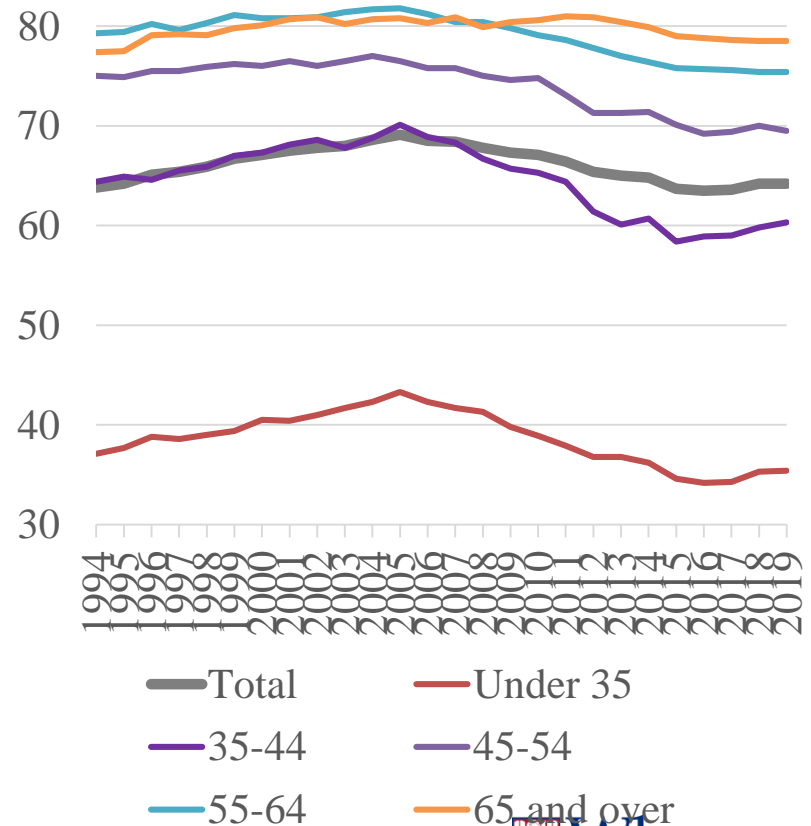
- 28%

Source: Eduardo Porter, New York Times, Census, with thanks to Simon Johnson

# Homeownership rates also down, especially, for young (under 35) and minority households (-8%)



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, First Quarter Data, Acolin et al. 2019



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# Cross-Generational Implications

- **Chetty et al. (2014)** Opportunity Atlas: mapping childhood census tracts to economic outcomes in adulthood
- The effects of decreased mobility and housing access on household wealth-building reverberate across generations
- Effects particularly experienced by minorities



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# Conclusion

Access to locations with high-productivity jobs is increasingly limited by regional housing affordability barriers. Areas from which lower-income households are increasingly priced out, are also more likely to have higher levels of intergenerational mobility. Access to opportunity also continues to be challenged within metropolitan areas as the gentrification of downtown neighborhoods is accompanied by an increase in concentrated poverty in outlying city neighborhoods and inner ring suburbs. These trends on regional and local scales derive from the increased importance of place in the knowledge-based economy and interact to reinforce growing spatial inequality.

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# Thank You

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