Reading Tips and Study Questions

CLASS TWELVE

Required reading and other resources


5. Short videos (3-4 minutes each) on affordable rental supply, focused on preservation as a strategy:
   - *Interview with David Seabrook*, Community Preservation and Development Corporation
   - Seizing the Opportunity: Part 1 (*Logan Square in Chicago*), Part 2 (*Kankakee, outside Chicago*).

Session overview

Here, we examine rental housing needs, policy goals, and options more closely.

Start with the supply side of the rental market: The short videos, part of a major project supported by the MacArthur Foundation, examine the importance of preservation—a major theme in this session’s policy-focused readings—and the specific practices it entails, including tenant and developer involvement in the fairly intricate process of acquiring, refinancing, and physically redeveloping properties.

Nationwide, many of these properties could be lost from the affordable rental supply thanks to contract terms that allow private owners to opt out of contracts with government (that maintained affordable rents in exchange for public subsidies) and either increase the rents or convert their properties to condominiums.

Put those “expiring use” properties together with the demolition or redevelopment of low-rent, unassisted stock (sometimes called “erosion” of supply), and the bigger problem becomes clear: as a nation, we have been walking slowly up a “down”
escalator. That is, we have been adding to the affordably rental supply far more slowly—with the federal and other funding currently available—than we have been losing units. We’re running a long-run net deficit, with no turn-around in sight. This is one more reason that significant housing finance system reforms are so important in the next Congress and Presidential term.

But state and local land use policy, housing investment and other decisions—as well as commitments by employers and others—are implicated as well. The past two decades have seen growth in the number of “employer-assisted housing” programs as well as engagement by faith and faith-based organizations via housing trust funds and other mechanisms.

Then consider the demand-side responses, most prominently the federal housing voucher program. On both equity and efficiency grounds, economists tend to prefer (a) subsidizing “means-tested” consumers (to help them meet housing, food, or other needs) over (b) direct price controls (e.g. through rent regulation) or (c) subsidizing suppliers. But the chapters on rental housing, together with the brief Haveman article in *Pathways* magazine, suggest there is more to the real-world voucher program than meets the eye. In particular, vouchers can affect more than housing consumption.

**Discussion questions**

1. What are the major problems *Downs* identifies in the rental market, and how does he propose to approach them, in terms of policy and politics?

2. *Belsky and Drew* overview a wider range of conditions that the nation might or might not choose to consider problems. How do they relate rental housing challenges to broader demographic and economic developments? How do their recommendations differ from the core ideas in Downs?

3. What is the “blueprint” offered by *Katz and Turner*?

4. *Haveman* analyzes effects of voucher receipt on earnings and other non-housing outcomes. *Should* policy encourage particular “socially desirable behaviors” (as he puts it), and if so, what does Haveman’s study suggest about how?