How Neighborhoods Affect the Lives of Low-Income Families

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June 9, 2016
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Neighborhoods Matter, and They are Unequal

• Historical context of segregation by race and income
• Role of housing policy in contributing to neighborhood inequality and low-opportunity areas
• Hybrid strategy of
  • Moving people to opportunity areas
  • Investing in low-opportunity areas
What Happens When Low-Income Families Access High-Opportunity Areas?

• Evidence from survey data
• Evidence from housing mobility programs
• Evidence from investments in high-poverty areas
• What neighborhood characteristics matter?
Survey Data

- State-of-the-art statistical methods applied to survey data indicate that children growing up in disadvantaged neighborhoods have
  - Lower cognitive test scores
  - Lower odds of high school graduation
  - Higher odds of teen parenthood
- Larger effects for low-income children
- Prolonged exposure to disadvantage has cumulative effects
- Exposure to disadvantage during adolescence is particularly critical

Sampson, Sharkey, and Raudenbush 2008 *PNAS*; Wodtke, Harding, and Elwert 2011 *ASR*; Wodtke 2013 *Demography*; Wodtke, Harding, and Elwert 2016 *AJS*
Fig. 4.—Predicted probability of high school graduation by adolescent exposure to neighborhood disadvantage and family poverty history, black respondents. Probabilities are computed with childhood treatment set to residence in a third-quintile, or “middle-class,” neighborhood.

Fig. 5.—Predicted probability of high school graduation by adolescent exposure to neighborhood disadvantage and family poverty history, white respondents. Probabilities are computed with childhood treatment set to residence in a third-quintile, or “middle-class,” neighborhood.
Denver Public Housing: Random Assignment to Neighborhoods

• Neighborhood characteristics that mattered: share of African American residents
  • Via low occupational prestige, “social vulnerability,” high property crime rate

• Impacts for African Americans: Asthma diagnosis, exposure to violence, crime victimization, using violence, single parenthood, college-going, later welfare receipt, reduced GPA, HS dropout

• Impacts for Latinos: crime victimization, repeating a grade, college-going, being idle, HS dropout

Housing Mobility Programs: Gautreaux Assisted Housing Program

• Quasi-experimental: comparisons between city and suburban movers

• Children of suburban movers went to higher-quality schools and were more likely to graduate (95 v. 80%) and attend college (54 v. 21%)

• Suburban mover youth were more likely to be employed if not in college (75 v. 41%), earned higher wages, were less likely to be idle (10 v. 26%)

• African American women who moved to safer, higher-SES places with fewer African American residents and more job opportunities spent less time on welfare and more time employed
Housing Mobility Program: Moving to Opportunity (MTO)

• Access to lower-poverty neighborhood increased adults’ subjective well-being, mental and physical health; decreased obesity rates
• Children who moved when young live in lower-poverty neighborhoods as adults, less likely to be single parents, have an annual income 31% higher, 2.5% more attend college, attend higher-quality college

FIGURE 1

Impacts of Experimental Voucher by Age of Earnings Measurement

- Age 13 at Random Assignment
- Age 13-18 at Random Assignment
Changing neighborhood contexts

• Decline in childhood neighborhood concentrated disadvantage leads to increases in adult earnings and income

• Less evidence of change in educational outcomes, perhaps because school composition/quality lags neighborhood change

Sharkey 2012 Sociological Methods & Research; Bischoff & Tach 2016 PAA;
Investments in High-Poverty Areas: HUD programs

• HOPE VI
  • Positive spillover effects on neighborhood income, employment rates, educational attainment, racial diversity, reductions in crime rate and reliance on public assistance
  • More limited impacts on commercial growth and property values
  • Spillover effects larger if demolition is coupled with redevelopment that includes market-rate units to create mixed-income area

• LIHTC spillovers in distressed neighborhoods
  • Increase in property values
  • Reduced crime
  • Mixed evidence for income diversity/reduction in concentrated poverty
  • No impact on school quality

Goetz 2013 *New Deal Ruins*; Holin et al. 2003; GAO 2003 report; Di & Murdoch 2013 *Journal of Housing Economics*; Dillman, Horn, and Verrilli 2016 *HPD*
Mechanisms

• Schools: attending school with fewer low-income peers is beneficial; school spending (linked to tax base) matters

• Crime: exposure to violence is a key reason why neighborhoods matter

Burdick-Will et al. 2011 Whither Opportunity; Sharkey PNAS 2010, Sharkey et al. 2012 AJPH; Schwartz 2012 TCF report; Reardon 2016; Jackson, Johnson, Persico 2016 JQE
Children do worse in poor school districts

Reardon et al. 2016 SEDA analysis, via NYT visualization
Trends in Children’s Segregation

- Income segregation between neighborhoods is higher and has increased only among families with kids
  - Average low-income child lives in neighborhood where 26% of households are low-income and 15% are high-income
  - Average high-income child lives in neighborhood where 41% of households are high-income (and 10% are low-income)
- Racial segregation between neighborhoods is higher and has declined less among families with kids
  - Average African American child lives in a neighborhood that is 30% white but where only 22% of the children are white (and 51% are black)
  - Average Hispanic child lives in a neighborhood that is 33% white, but where only 25% of children are white (and 55% are Hispanic)

Owens 2016 ASR; Owens Forth RSF Journal
Children's Exposure to Neighborhood Poverty by Race

**FIGURE 1**


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<td>30% or more poor</td>
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Sharkey 2009 “Neighborhoods and Black-White Mobility Gap”
Housing Mobility Program: Baltimore Mobility Program (Thompson)

- Vouchers for <30% AA, <10% poor, <5% assisted housing neighborhood
- Not random assignment
- Movers have access to higher-quality schools, compared to regular HCV movers and eligible non-movers
- Preliminary evidence that after adjustment period, kids do better in school

DeLuca & Rosenblatt 2011 PRRAC report; DeLuca et al. 2015 report
• HOPE VI studies of displaced families: nearly all relocated to higher-opportunity areas, better housing, those in private market and HOPE VI reported safer environment

• Demolition study in Chicago: positive benefit on children’s employment and earnings compared to those remaining in public housing
Neighborhood racial composition of all neighbors (left) and same age neighbors (right)
Neighborhood income segregation of all neighbors

HNC = Households without Children; HWC = Family Households with Children
**Figure 1. Recent Evidence of LIHTC Spillovers, by Context**

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<th>High Opportunity</th>
<th>Property Values</th>
<th>Crime</th>
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