

# 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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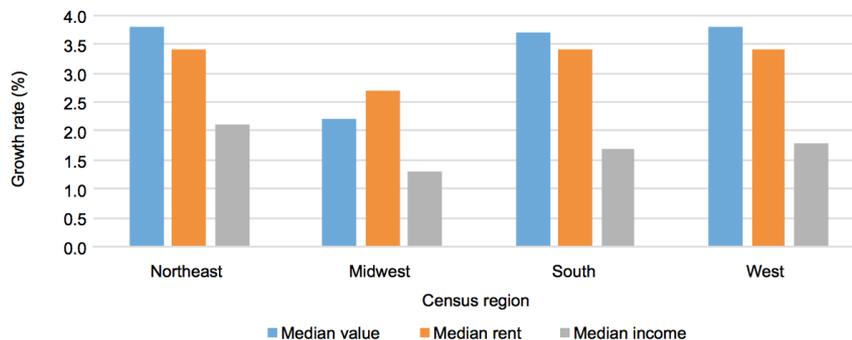
# Impacts of Housing Access on Individual and Community Outcomes

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

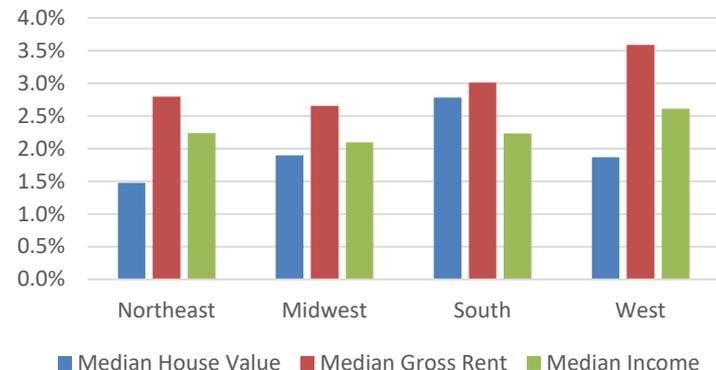
# Higher housing costs relative to income....

- 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.
- Across all regions—most recently-moderated house price growth, rent growth still high

Annual Nominal Metropolitan Growth Rate, 2000–2014



Annual Nominal Metropolitan Growth Rate, 2000–2018

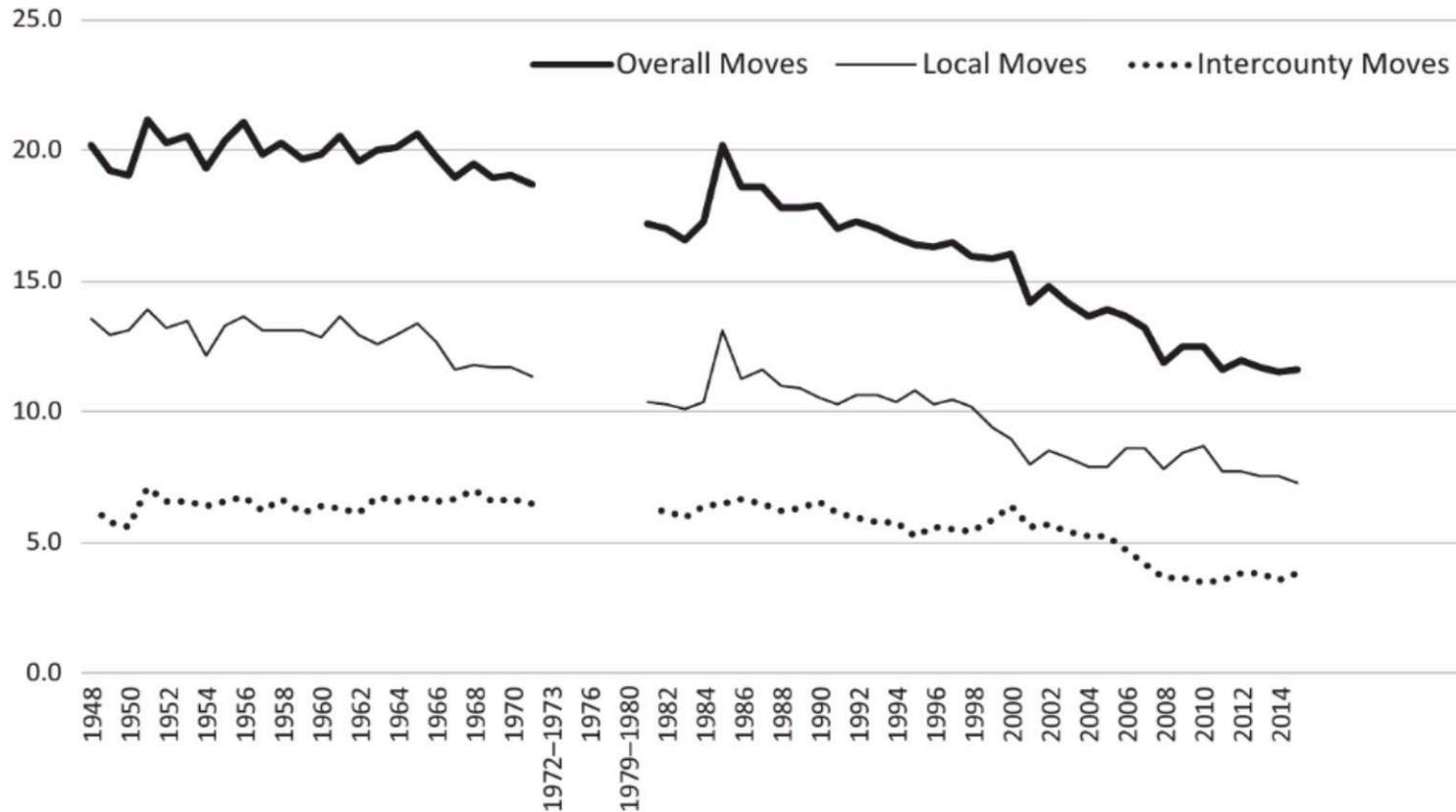


Sources: 2000 census; 2006 and 2014 American Community Survey

Acolin & Wachter (2017)

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

Household Mobility in America (1948–2014)

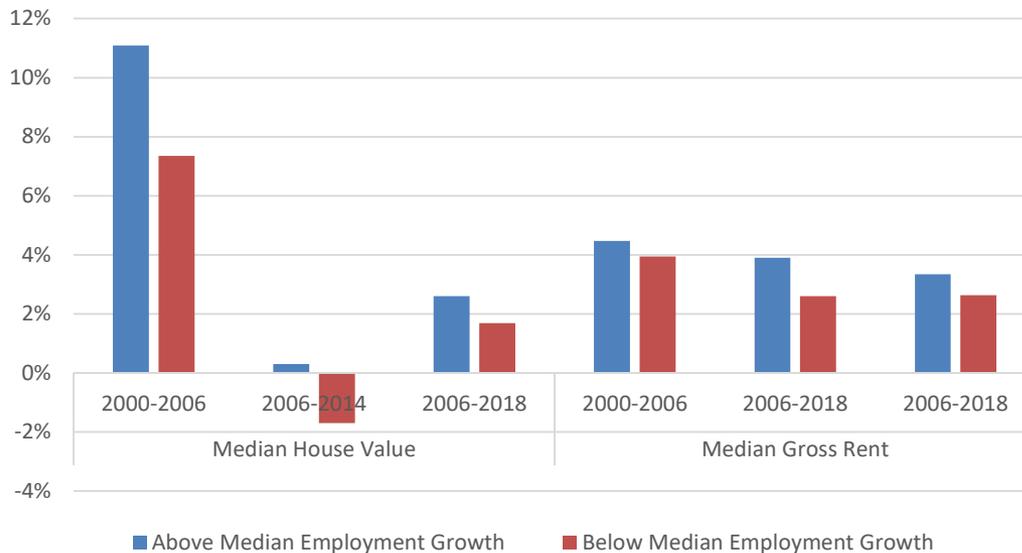


Source: Gillespie (2016), p. 35, census.

# Increasing Housing Costs by Employment Growth

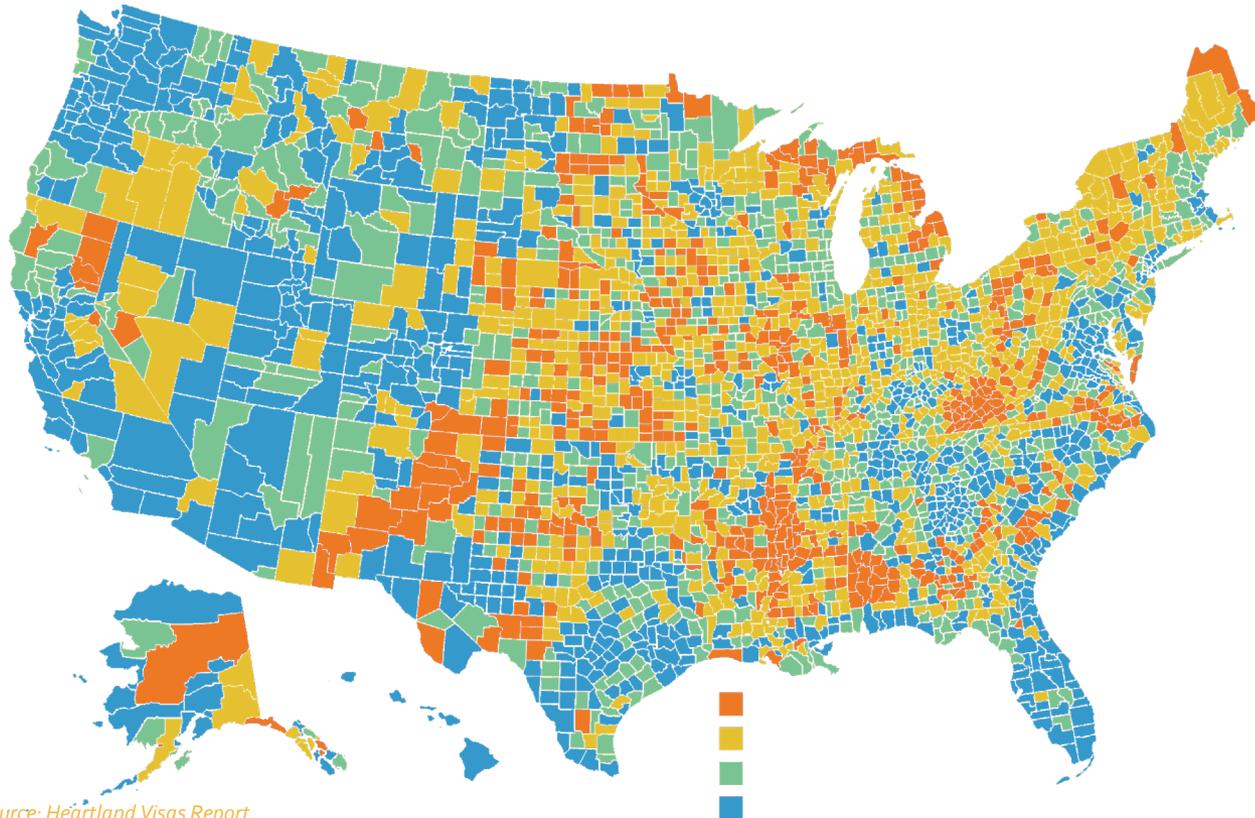
- Housing costs growth relative to income decreasing access to areas with job growth opportunity (Moretti, Diamond)
- House prices in top 10 cities (MSAs), by earnings:
- 1980: \$188,880, 25% above national average; 2016: \$607,530, 3x national average!

## 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

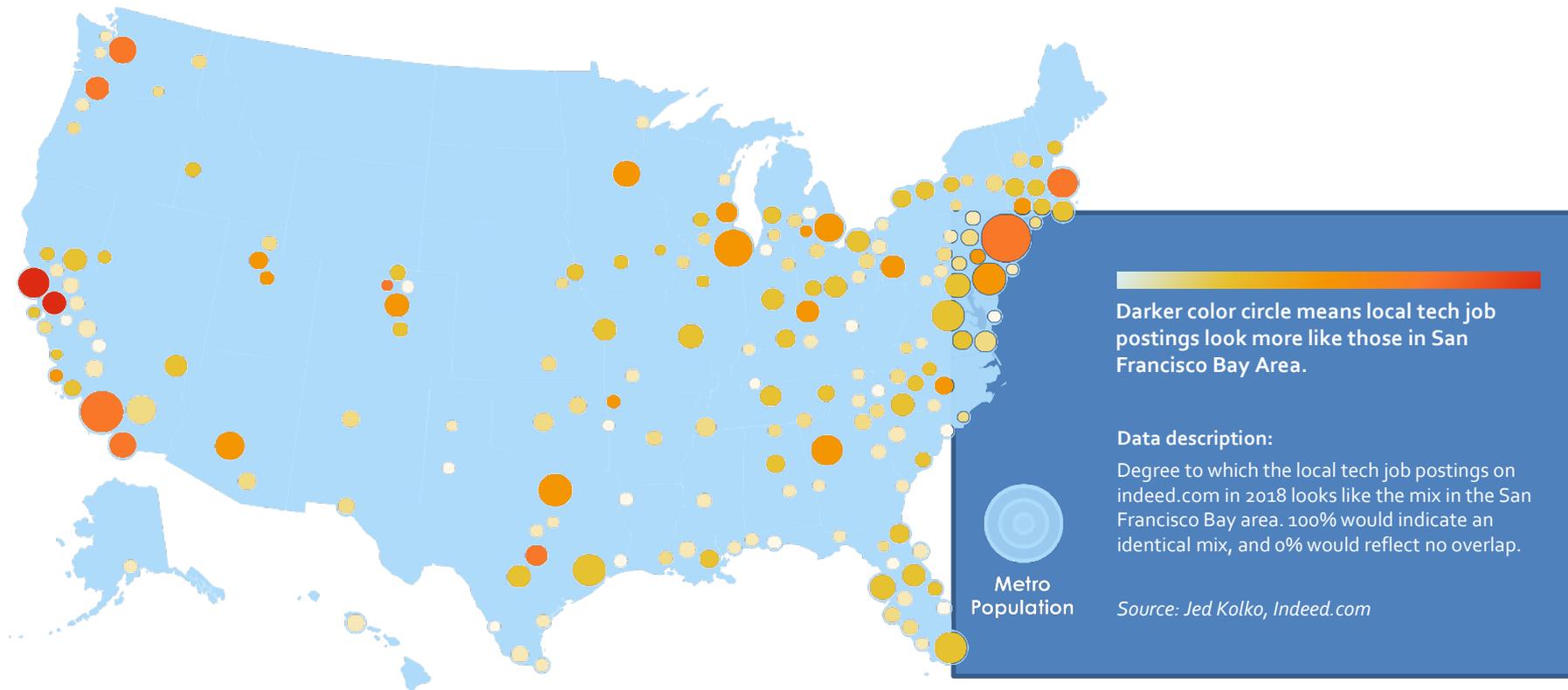
# For 80 Percent of Counties (149m People): Decline Number of Residents Ages 25 to 54, 2007-2017



Source: Heartland Visas Report

# Six Major Innovation Hubs on East and West Coasts

(Compare with hiring mix in San Francisco Bay Area)



# 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

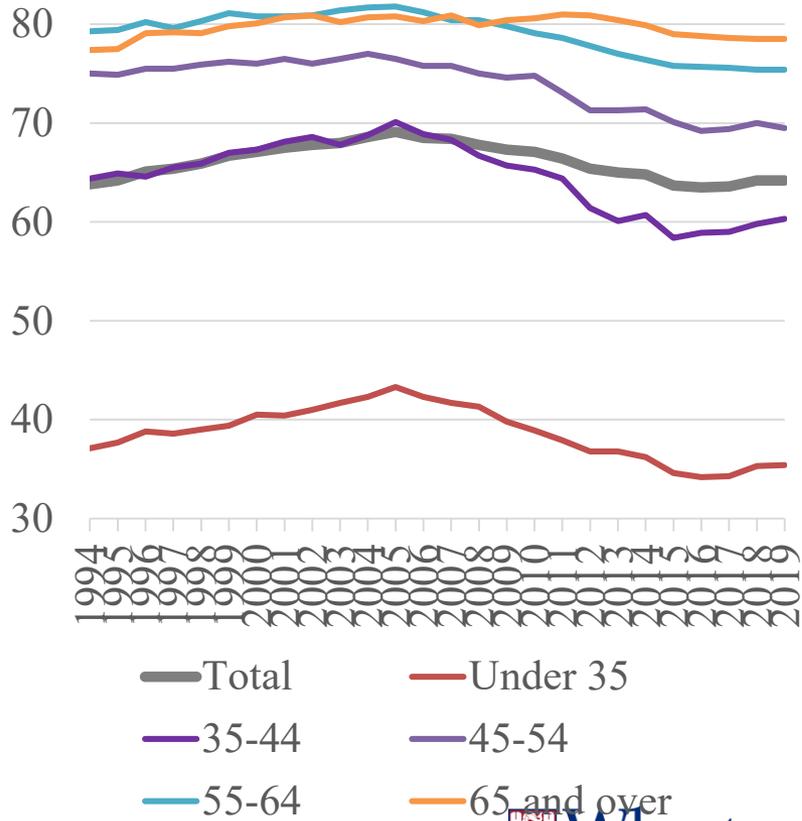
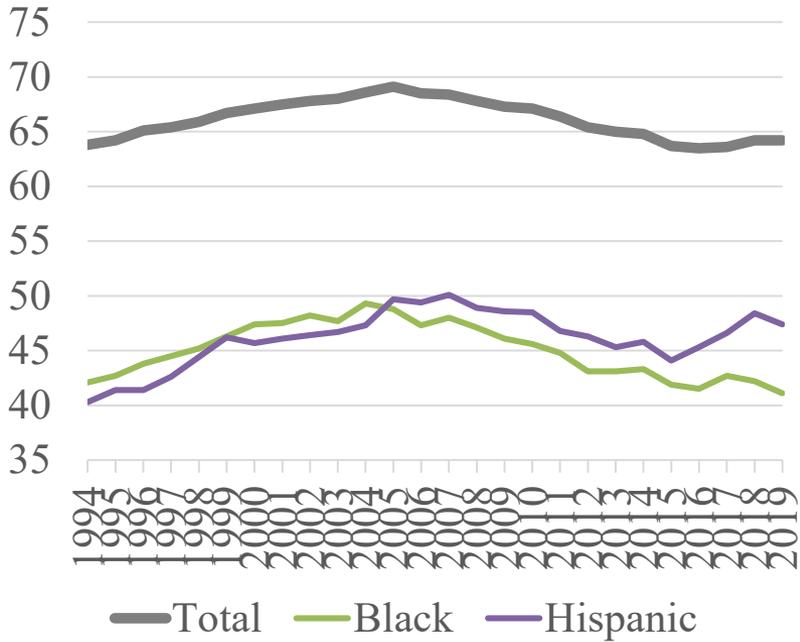
Change

+ 107%

- 28%

Source: Eduardo Porter, New York Times, Census

# 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

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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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# References

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# Thank You

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