

Value Debate Examples

Topic: The United States should promote the development of market rate housing in urban neighborhoods.

Con Position

Our nation is unquestionably gripped in crises of insufficient housing for low-income families and individuals. Many urban neighborhoods have depreciated in value and food markets and small businesses have moved out further reducing the quality of life for residents in these areas. For the Con position, the current situation is no different than it is for the Pro. Again, I defer to the Aurand, et al evidence for context.

Aurand, et al 2017:

Of the nearly 43.6 million renter households living in the U.S., 11.4 million are ELI. Assuming housing costs should be no more than 30% of household income (the accepted standard for housing affordability), only 7.5 million rental homes are affordable to ELI renters. This leaves an absolute shortage of 3.9 million affordable rental homes. The shortage of affordable housing turns into a surplus further up the income ladder, giving higher income households a broader range of affordable housing options.

Eight million rental homes rent at a price that is affordable specifically to the income range of the 6.5 million VLI renter households with income between 31% and 50% of AMI. VLI households can also afford the units affordable to ELI households. In total, 15.5 million rental homes are affordable to VLI households. More than 19 million rental homes are affordable to the 8.9 million LI renter households with income between 51% and 80% of AMI. LI households can also afford rental homes that are affordable to ELI and VLI households, effectively expanding the supply of affordable rental homes for LI households to 34.9 million. There are 5.9 million rental homes affordable to the 4.4 million MI renter households with income between 81% and 100% of AMI. MI households can also afford rental homes affordable to ELI, VLI, and LI households, resulting in 40.7 million affordable homes for MI renter households. In short, ELI renters face the most severely constrained supply of affordable housing.

The Impacts

The link to poor health:

Albee 2015:

Stable, affordable housing is central to the health of individuals, families, and communities. It is well known that poor quality housing that exposes occupants to mold, pests, and/or chemical toxins is harmful to human health. Yet the health effects of housing go far beyond quality alone. Current evidence shows that lack of affordable housing is detrimental to the mental health of people living in low- to moderate-income households and housing insecurity and hyper mobility is associated with poor health outcomes, particularly for children and adolescents. Affordable housing leaves families and individuals with more money to spend on necessities, such as health care and nutritious food, and provides emotional and mental health benefits from greater stability and reduced stress.

In addition, to the above link to poorer health outcomes, we can claim the same impacts already presented in the Pro position, since all of these are a consequence of inadequate housing.

The link between housing and poverty:

Cunningham 2016:

How much could increasing housing benefits reduce poverty among children? Urban Institute research shows that increasing access to housing vouchers to a targeted group of about 2.6 million poor, rent-burdened households with children could reduce child poverty by as much as 21 percent (a bigger impact than we see by expanding transitional jobs, child support, the earned income tax credit, Supplemental Nutrition Assistance Program benefits, or increasing the minimum wage to \$10.10). Housing isn't a panacea, it will take a lot more to end poverty but it's a good place to start, and one that is supported by the evidence. After finding a stable place to live, attending parenting classes, and working with her case manager, Sabrina is doing well by most measures: she's working in a construction job, figuring out how to maintain a routine that provides her young kids stability, and finding enough energy to play with them after a long day at work. Life is still hard, but it isn't falling apart. She can make ends meet. She is thinking about a career after her kids enter school in a few years. She is saving for a washing machine and dryer for her apartment. The latest pictures of her children hang proudly on the wall over the TV.

The link between housing and education:

Cunningham & MacDonald looked at the relationships between inadequate housing and children's education. They identified the obvious effects of homelessness on students and addressed the effect of poor health outcomes on absenteeism and performance in school. In general, we can look to residential instability.

Cunningham & MacDonald 2012:

Residential instability, in many cases, clearly causes frequent school changes. In one study of Chicago elementary school students, only half remained enrolled in the same school over three years, and the majority of school moves were as a result of residential moves. Students who changed schools frequently lag behind their non mobile students by a year or more in reading and math, and half of this difference can be attributed to mobility. Low-income families, generally, have high mobility rates. Low-income students attending inner-city schools are more likely to change schools frequently: over 17 percent of all third graders have changed schools more than three times, and frequent movers are more likely to have repeated a grade or have low reading scores. As the data on children affected by foreclosure indicate families affected by foreclosure move and change schools more frequently. These school changes may demand the child adapt to a new curriculum and new teacher, and may often require the child to make up schoolwork covered earlier in the year. Further, as Obradovic and colleagues note, highly mobile students are at risk for "broken bonds" with teachers that may disadvantage those needing the most help in the classroom.

Solvency

Our solvency begins with a rejection of the premise of the resolution. The idea that development of market-rate housing is the answer to the significant lack of availability of housing for lower income individuals is fraught with controversy and misinformation. There is very little firm support for the "filtering" concept whereby middle-income families moving on to newer market-rate housing create availability for lower income individuals. In fact, the Pro has a problem with time-frame as we wait for the slow trickle-down of available units.

Zuk and Chapple 2016:

The filtering process can take generations, meaning that units may not filter at a rate that meets needs at the market's peak, and the property may deteriorate too much to be habitable. Further, in many strong-market cities, changes in housing preferences have increased the desirability of older, architecturally significant property, essentially disrupting the filtering process. Although our data is not tailored to answer questions about the speed of filtering, other researchers have found that on average across the United States, rental units become occupied by lower income households at a rate of approximately 2.2% per year. Yet in strong housing markets such as California and New England the rate is much lower and researchers find that filtering rates have an inverse relationship with housing price inflation; in other words, places that have rapidly rising housing prices have slower filtering rates.

The most immediate help for needy families is to build more subsidized and affordable housing units. And so we reject any claims that doing so inevitably perpetuates a cycle of continuous decay of urban neighborhoods. In fact, the outcome of affordable housing developments is more dependent upon a careful consideration of the many determinants of success. It's what Tatian, et al call "a concerted revitalization strategy".

Tatian, et al 2012:

The location of subsidized affordable housing, and whether it affects a neighborhood differently than market-rate housing, has also been a topic of significant research. The widely held notion that subsidized housing always decreases property values, concentrates poverty, and increases crime is certainly not the case. A more accurate conclusion is that the impact of affordable housing on neighborhoods depends on the context. If subsidized housing is over concentrated in vulnerable neighborhoods, it can have negative effects on resident and neighborhood outcomes. But if it is sited in more stable property value areas, subsidized housing may have no detectable negative impacts on the surrounding neighborhood. Further, if subsidized housing is part of a concerted revitalization strategy in lower-property value neighborhoods, it can have the exact opposite influence, creating positive spillover effects for nearby properties.

We acknowledge that poor planning results in failures. Developments set in already run-down areas will have a lower chance of increasing surrounding property values. Whereas, new developments in thriving areas, with needed support amenities, such as local stores, easy access to transportation, and health-care facilities, are more likely to succeed and thus mitigate the harms of inadequate housing.

Nyuyen 2005:

After forty years and seventeen studies, there are more unanswered questions about the relationship between affordable housing and property values now than ever before. In their desire to provide more affordable housing to those populations in need, there are many promoters of affordable housing who would like to say that neighboring property values do not decline. However, recent studies tell us that affordable housing can indeed lower property values. But, there is more to the story. The likelihood that property values will decline as a result of proximity to affordable housing increases when (1) the quality, design, and management of the affordable housing is poor; (2) affordable housing is located in dilapidated neighborhoods that contain disadvantaged populations (i.e., usually low income and predominantly minority); and (3) when affordable housing residents are clustered. In contrast, instances in which affordable housing appears to have no effect occur when (1) affordable housing is sited in healthy and vibrant neighborhoods, (2) the structure of the affordable housing does not change the quality or character of the neighborhood, (3) the management of affordable housing is responsive to

problems and concerns, and (4) affordable housing is dispersed. Furthermore, the evidence reveals that rehabilitated housing always has beneficial outcomes for neighboring property values.

It is clear that any kind of new housing can be beneficial to revitalizing neighborhoods and improving the quality of life but Zuk and Chapple clearly state that subsidized housing will have the greatest and most immediate positive advantages.

Zuk and Chapple 2016:

What we find largely supports the argument that building more housing, both market-rate and subsidized, will reduce displacement. However, we find that subsidized housing will have a much greater impact on reducing displacement than market-rate housing. We agree that market rate development is important for many reasons, including reducing housing pressures at the regional scale and housing large segments of the population. However, our analysis strongly suggests that subsidized housing production is even more important when it comes to reducing displacement of low-income households.

The Advantages

First, Con preserves affordable housing, strengthening civic pride and well-being.

Albee 2015:

To ensure that all households, regardless of income level, reap the benefits of safer, healthier urban neighborhoods, practitioners and advocates should work – in partnership with residents – to preserve existing affordable housing, protect renters from rising costs or pressure to move and ensure new development includes affordable options. Without such safeguards, the bundle of benefits that new investment promises may bypass low- and moderate-income households or disrupt elements of the neighborhood that are a source of pride and well-being.

Second, Con enables people to keep more of their incomes.

Wardrip, et al 2011:

Walker estimates that monthly housing costs for residents in two Low-Income Housing Tax Credit buildings in the Bronx are roughly \$500 lower per month than if they paid the Fair Market Rent, a doubling of these residents' residual income. These studies confirm that affordable housing makes more money available to residents to satisfy their non-housing needs and likely results in a significant boost to local spending on such essentials as healthcare and groceries. Low-income families tend to spend their residual income to fulfill basic, but otherwise unmet, household needs generating significant immediate economic activity. By contrast, higher-income families are less likely to spend and more likely to save increases in residual income, which has much less of an immediate impact on the economy.

Third, Con increases property values which benefit the local government.

Wardrip, et al 2011:

Where the development of affordable housing does have a positive effect on surrounding property values, the fiscal windfall for municipalities can be significant. A look at the development or substantial rehabilitation of 66,000 units in New York City between 1980 and 1999 finds increasing home values within 2,000 feet of such activity. The authors estimate that properties within this distance appreciated to such an extent that New York City could expect roughly \$2.8 billion in additional property tax revenue

over the ensuing 20 years (in 1999 dollars), which more than makes up for the city's \$2.4 billion investment in the program. Although this arithmetic does not consider federal and state investments in the projects, it does show that the development of affordable housing can generate significant revenue for a municipality through its impact on the value of nearby properties.

For all these reasons and more, we urge a Con ballot.

Pro Position

For a number of years the United States has been facing a shortage of affordable housing for low-income individuals and families. The U.S. Department of Housing and Urban Development (HUD) defines affordable housing as rent or mortgage payments below 30% of the of the resident's after-tax income. Usually when people spend more than 30% of their income on housing, their ability to meet other critical expenses such as food, health-care, etc. are greatly reduced. But building new homes or renovating existing ones to meet the needs of low-income families are very expensive, especially in areas with strong building codes, high labor costs, and little chance that contractors will make enough profit to make it worthwhile. Hence there is a massive shortage of housing.

Aurand, et al 2017:

Of the nearly 43.6 million renter households living in the U.S., 11.4 million are ELI. Assuming housing costs should be no more than 30% of household income (the accepted standard for housing affordability), only 7.5 million rental homes are affordable to ELI renters. This leaves an absolute shortage of 3.9 million affordable rental homes. The shortage of affordable housing turns into a surplus further up the income ladder, giving higher income households a broader range of affordable housing options.

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Moreover, existing housing units will depreciate over time and often fall into disrepair. The problem is very visible in urban areas where declining living conditions tend to devalue properties around them. The federal government along with local governments has instituted a number of programs to incentivize contractors to provide affordable housing in low-income urban areas. The USFG provided the Low Income Housing Tax Credit (LIHTC) as an incentive to builders. Despite notable successes, the federal tax incentive is not enough to meet the need.

Jacobus 2016:

Current affordable housing programs are not up to the task because they don't scale to the level of the challenge. Most new affordable housing is financed through a small pool of mostly federal housing funding. Even private market incentives like the Low-Income Housing Tax Credit are capped at a certain level to limit its impact on the federal budget. This means that building new affordable units in one place takes them away from somewhere else.

In 2019, with rising deficits and the ever-increasing national debt, programs which take money out of the treasury will certainly be under much tighter scrutiny by Congress.

The Impacts

The link between housing and health:

Krieger & Higgins 2002:

Housing is an important determinant of health, and substandard housing is a major public health issue.¹ Each year in the United States, 13.5 million nonfatal injuries occur in and around the home,² 2900 people die in house fires,³ and 2 million people make emergency room visits for asthma.⁴ One million young children in the United States have blood lead levels high enough to adversely affect their intelligence, behavior, and development.⁵ Two million Americans occupy homes with severe physical problems, and an additional 4.8 million live in homes with moderate problems. The public health community has grown increasingly aware of the importance of social determinants of health in recent years,⁷ yet defining the role of public health practitioners in influencing housing conditions has been challenging. Responsibility for social determinants of health is seen as lying primarily outside the scope of public health.

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Solvency

The solution to the problem of inadequate housing is simply to build new houses, without increasing government subsidies and tax incentives. Market-rate housing and renovation in urban neighborhoods creates a filtering effect as middle-income people move into new living spaces, the existing homes they vacate become available to lower-income families that need them most.

LAO 2016:

When new construction is abundant, middle-income households looking to upgrade the quality of their housing often move from older, more affordable housing to new housing. As these middle income households move out of older housing it becomes available for lower-income households. This is less likely to occur in communities where new housing construction is limited. Faced with heightened competition for scarce housing, middle-income households may live longer in aging housing. Instead of upgrading by moving to a new home, owners of aging homes may choose to remodel their existing homes. Similarly, landlords of aging rental housing may elect to update their properties so that they can continue to market them to middle-income households. As a result, less housing transitions to the lower-end of the housing market over time. One study of housing costs in the U.S. found that rental housing generally depreciated by about 2.5 percent per year between 1985 and 2011; but that this rate was considerably lower (1.8 percent per year) in regions with relatively limited housing supply.

This approach is a functional solution in keeping with laws of supply and demand. When a commodity is scarce, its price is high. When the supply exceeds the demand, the prices decline. By building more homes the supply increases, and more homes become available to lower-income people because the availability of more homes decreases prices.

Badger 2016:

Economists typically counter with a lesson about supply and demand: Increase the sheer amount of housing, and competition for it will fall, bringing down rents along the way to the benefit of everyone. It is understandable that skeptics raise their eyebrows at this argument. It's theoretical, based on math models and not peoples' lives. It seems counterintuitive that building for people who are not poor will help the poor. But the California Legislative Analyst's Office recently released some positive data backing up this point: Particularly in the Bay Area since 2000, the researchers found, low-income neighborhoods with a lot of new construction have witnessed about half the displacement of similar neighborhoods that haven't added much new housing.

But, there is no need to wait for the free-market to 'trickle-down'. The government can still provide incentives to encourage the market approach by loosening regulations and restrictions.

Feldman & Wright 2018:

Building more housing of any type affects the price of all other types of housing. For every luxury unit filled, a more modest home is left behind for another family to move up into. Build enough luxury homes, and the prices of regular homes fall, too. There also is a longer-term effect. Housing tends to decline in value over time, as it ages and as tastes for housing change. Older housing then becomes more affordable. Indeed, the Met Council found that the greatest source of new affordable housing comes from existing market-rate homes that have become cheaper over time. This takes time, but increasing supply now will prevent a re-emergence of the affordable housing crisis in the future. And research shows that this process occurs much faster than observers think. But we are not simply relying on markets to work. Our governments have the power to encourage the creation of new, lower-cost, market-rate housing. Governments can start by looking at policies that constrict housing supply by artificially inflating building costs.

The Advantages

First, pro reduces the risks of corruption:

The Low Income Housing Tax credit which currently provides a major portion of federal support for low-income housing is really cash give-away to developers and their investors.

Edwards & Calder 2017:

So does the LIHTC mainly benefit investors and businesses or low-income tenants? In a report on the LIHTC, the Congressional Budget Office (CBO) said, "the tax credit may allow investors to capture much of the benefits for themselves rather than their tenants." Similarly, economists Edward Glaeser and Joseph Gyourko have argued that the "LIHTC is not very effective along any important dimension-other than to benefit developers and their investors." Some statistical studies support that view. A study by Gregory Burge found that "the LIHTC program may significantly benefit project developers and owners, with approximately one-third of the programs' cost going to low-income households in the form of rent savings."⁴⁰ Thus, "the LIHTC program is an inefficient mechanism for generating benefits to low-income households."⁴¹ Economist Ed Olsen notes that LIHTC projects often receive other government aid and so tenants may only capture about 24 percent of overall project subsidies.

Moreover, the LIHTC is a target for "fraud and abuse". First, by developers...

Edwards & Calder 2017:

The LIHTC is a ripe target for fraud and abuse, which is perpetrated by tenants, developers, and government officials. Tenants abuse the program by occupying housing units to which they are not eligible, often by claiming a false income level on disclosure forms. Developers abuse the program by inflating their reported construction costs to receive excess tax credits. National Public Radio (NPR) profiled a Miami business, Biscayne Housing, which partnered with one of the nation's top affordable-housing developers. The companies stole \$34 million from 14 LIHTC projects by submitting inflated construction cost data to the state.

And the LIHTC is abused by government officials...

Edwards & Calder 2017:

Government officials abuse the LIHTC program for personal gain. Because the states receive a limited amount of valued credits that are handed out in a discretionary manner to developers, it creates an open invitation to corruption. In the California ADI scandal, the state treasurer helped steer millions of dollars in tax credits to multiple chosen developers that donated tens of thousands of dollars to his campaign for governor.

Second, pro stimulates the economy:

Promoting the development of market-rate housing, provides the political and economic stimulus to drive down the cost of housing, encouraging business expansion and growth and providing jobs.

Pinto, et al 2016:

In this paper, we make the case that (mostly local) regulation of apartment development is misguided and has harmed workers and their employers—and thus has also harmed the local economy in general. In making our case, we do not suggest that local governments are perversely motivated, that voters are venal, or that local officials are incompetent. Rather, we recognize that the status quo exists because political actors created it in the belief that it would be a good system. As is often the case, such political and policy efforts had unintended consequences. The reality is that the existing system disproportionately benefits existing homeowners, disproportionately harms workers who need economical rental housing, needlessly drives up the cost of economical rental housing, makes it more difficult to launch new local businesses and expand existing local businesses, and harms the locality's potential for economic growth. We wrote this paper in the hope that local governments that are concerned about these workers and that want to stimulate local economic growth would embrace the policy changes we suggest in recognition of the broad-based benefits of a greatly increased supply of market-rate economical rental housing.

For all these reasons and more we urge a Pro ballot.