

Spillovers and Subsidized Housing: The Impact of Subsidized Rental Housing on Neighborhoods

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How should housing affect the surrounding neighborhood?

- Positive Effects
 - Remove blight
 - Build attractive new housing
 - Boost population
- Negative Effects
 - Poor/incongruous design
 - Deficient management/upkeep
 - Perception that tenants will be undesirable neighbors

Summary of Impacts of Subsidized Rental Housing in NYC

- City-assisted Housing in NYC
 - Strong evidence of large, positive impacts on surrounding property values
 - Impacts grow over time
- Federally-subsidized Rental Housing
 - Section 202 and LIHTC developments generate sustained increases in property values in the surrounding community
 - Public housing leads to reductions in property values, but initially negative impacts fall with time and dissipate after three years
 - Section 8 developments lead to more sustained reductions in property values

Lessons from Program Design

- Siting
 - Blight removal dramatically improves neighborhood desirability
 - Housing impacts typically larger in poor areas
 - but shouldn't build too small or too large in poor areas

- Scale
 - Larger projects have larger effects
 - But marginal effects of additional units diminish with size

- Tenant Characteristics
 - Housing targeted to elderly has more positive effects
 - Housing targeted to mix of incomes has more positive effects

- Management and Ownership
 - Government well-served by contracting housing rehabilitation dollars out to either nonprofit or for-profit providers
 - Nonprofit impacts may be more sustained
 - But small nonprofits may face capacity challenges...