

Unaffordable Rental Housing

Presented by:

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2 HYPOTHESES

deleterious effects (economic strain; parenting; residential instability) vs.
beneficial effects (community features, e.g., good schools; low crime)

MEASURING "AFFORDABILITY"

- . Fair Market Rents (RE: higher FMRs associated with higher hh rents)
- . other measures, w/caution: % income to rent; hh rent; relative rent in tract

DATA

Long-term study following families since 1968, and special 2002 supplement on children from these families:
Panel Study of Income Dynamics-Child Development Supplement (PSID-CDS)

SAMPLE

Children 5-17 growing up in rental units (no years in owned home)
~700 cases

OUTCOMES

- (1) Child's health, assessed by parent (typically mother)
- (2) Behavioral problems (BPI)
- (3) Cognitive abilities (academic achievement; short-term memory & attention)

PLUS Potential "Pathways"

Parental well-being (e.g., depression; self-esteem)
Home environment (e.g., presence of books, musical instruments)

PLUS Controls for Family Background (e.g., income; mother's ed; # siblings)



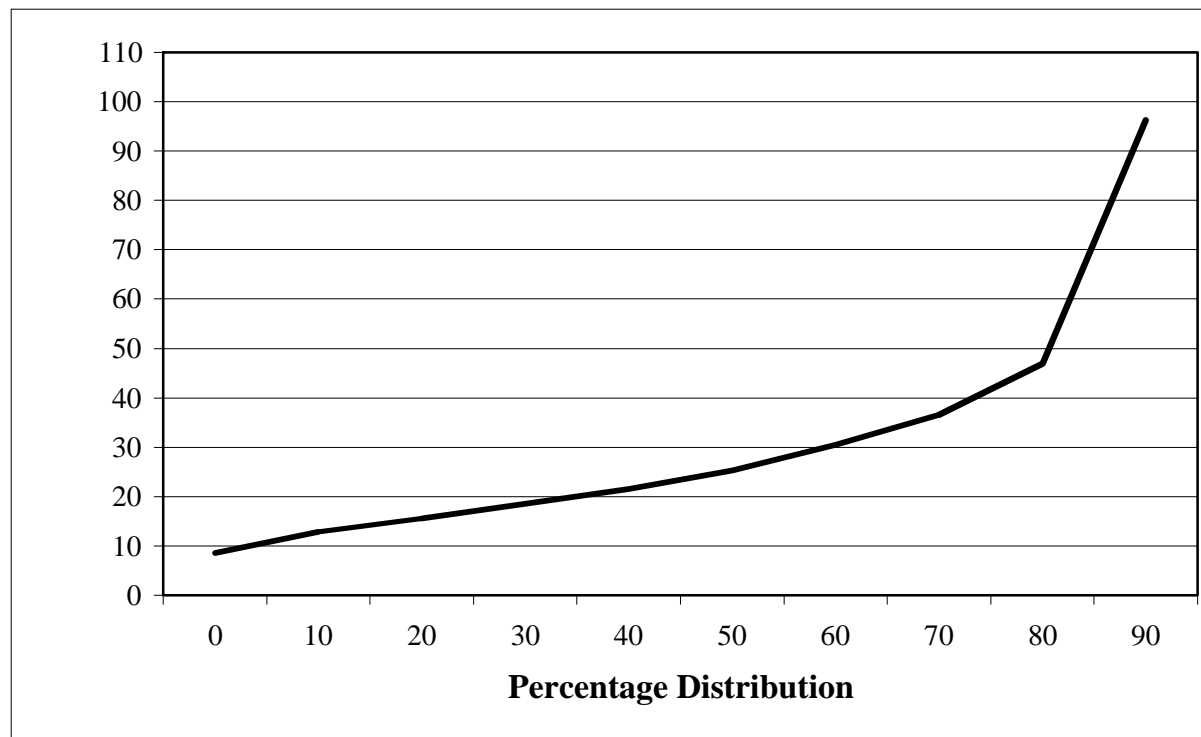
SAMPLE PROFILE

- . Generally disadvantaged: on average, while child growing up, income <200% poverty; on welfare
- . 67 percent of sample is Black

Housing cost profile unexpected based on snapshots:

- When measured across all years of childhood, rents average ½ of area FMR, and 70 percent of renter children live in families with cost burdens of about 30 percent (only 5 percent >50% of income for rent)

AVERAGE HOUSING COST BURDENS ACROSS CHILDHOOD YEARS



Source: Authors' Calculation using PSID-CDS
Note: All childhood years spent in rental housing

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KEY FINDINGS

1. No evidence that children of renters living in higher-priced housing markets have worse outcomes than those in lower-priced markets.
2. Some evidence that higher-priced markets associated with better outcomes.
3. Initially worse outcomes as housing cost burdens rise driven entirely by very small fraction of families (~5%) with very high housing cost burdens.

