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To cite this article: Mai Thi Nguyen & Corianne Payton Scally (2019) Affordable Housing and Its Residents Are Not Pollutants, *Housing Policy Debate*, 29:2, 363-368, DOI: [10.1080/10511482.2019.1574377](https://doi.org/10.1080/10511482.2019.1574377)

To link to this article: <https://doi.org/10.1080/10511482.2019.1574377>



Published online: 22 Feb 2019.



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COMMENTARY



## Affordable Housing and Its Residents Are Not Pollutants

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Wassmer and Wahid (2019) set out to examine the relationship between affordable housing and property values to determine whether not-in-my-backyard (NIMBY) sentiments toward affordable housing are justified. Quite a number of prior studies have examined the effect of proximally located affordable housing on property values (for a review, see Nguyen, 2005). However, Wassmer and Wahid fail to accomplish what they set out to do. In fact, they neither use any measures of affordable housing in their quantitative models nor define what affordable housing is.

This study is deeply flawed in its fundamental argument, operationalization of concepts, and methods. In this commentary, we will address key concerns about the failure to define and model affordable housing, the use of “likely demographics” as a proxy for affordable housing construction, the rationalization of NIMBY actions, and the treatment of affordable housing and its “likely” residents as pollutants to be capped and traded across jurisdictions. We leave the discussion of methods and hedonic models to Garboden and Dantzer.

### The Authors Fail to Define and Model Affordable Housing

The authors write:

We desire to offer evidence that confirms or denies the fear of property value loss from more affordable housing... To determine whether the fears of NIMBY groups regarding the proximity of more affordable housing to their own home have any validity, we check whether more affordable housing in a neighborhood reduces the price of homes experiencing it.

However, the authors do not actually measure the effect of affordable housing on property values. How can a study that purports to look at the quantitative relationship between affordable housing and property values not have any affordable housing variables?

It is important to define affordable housing because there are many types that serve different populations. According to prior studies cited by Wassmer and Wahid (2019) in their own literature review, affordable housing usually refers to certain kinds of subsidized multifamily rental units, such as public housing, project-based Section 8, or Low-Income Housing Tax Credit (LIHTC)-financed properties. Wassmer and Wahid (2019) suggest that affordable housing is “inexpensive homes” but not only those “receiving a public subsidy,” but claim that this is too difficult to measure, so they do not attempt it. There are a number of problems with not operationalizing affordable housing as units, whatever the definition, and not including actual units in their hedonic models.

First, despite the authors’ claim to the contrary, the subsidized housing stock, down to the level of the physical address, is easy to identify today using public data. Subsidized housing is one clear and reliable way to operationalize affordable housing and most likely what homeowners come out in great numbers to oppose (Scally, 2012; Scally & Tighe, 2015). Today, there are a number of

reliable ways to get data on subsidized affordable housing, including (a) asking for it from public agencies, and (b) using data aggregators. Since this study is in one county, data on public housing and other subsidized units, and households receiving assistance through Housing Choice Vouchers to rent privately owned units, can be requested from public housing authorities or local government offices. These data are public. It may take some time to acquire the data, but it is not impossible. Furthermore, with technological advances, there are data aggregators that make affordable housing data much more accessible. Tools such as PolicyMap ([www.policymap.com](http://www.policymap.com)), the LIHTC database (<https://lihtc.huduser.gov>), U.S. Department of Housing and Urban Development (HUD)'s Picture of Subsidized Households data (<https://www.huduser.gov/portal/datasets/assthsg.html>), the National Housing Preservation Database ([www.preservationdatabase.org](http://www.preservationdatabase.org)), and others, have downloadable data at the address or census tract level for a number of subsidized housing programs. Although the authors indicate that affordable housing data are difficult to obtain, we know that it is available and accessible. A host of earlier studies used hedonic modeling to measure the presence and concentration of affordable housing and the effects on nearby housing prices, even when data were harder to get (Nguyen, 2005).

Second, the number of available rental units affordable to households earning at or below a certain income—both with and without government subsidies—is not as difficult to calculate as the authors suggest. Several research organizations have been publishing updated calculations and their supporting methodologies for a number of years, which could easily be adapted to a single county, using public data (Aurand et al., 2018; Getsinger et al., 2017). Proprietary data on rental properties with more than four units are available from CoStar and have also been used to identify the unsubsidized affordable housing stock (Lupton & Vaisman, 2016; Minnesota Housing, 2018).

Third, the perception of affordable housing as a homogeneous good is false, perpetuates myths, and lumps together what in reality is a diverse portfolio of housing options that affect housing markets and homeowner behavior differently. Within the subsidized stock itself, there are a variety of housing types—from single-family homes to townhomes, to small properties with fewer than 100 units, to multiple large apartment buildings with hundreds of units. There is an array of unit sizes by number of bedrooms, the biggest driver of household density. Some buildings are half a century old whereas tens of thousands were constructed or have been rehabilitated over the past few years. And the people who live in subsidized units are extremely different, from families to single older adults, to people with disabilities, to formerly homeless individuals and families, to veterans, to people needing supportive services to live independently.

The unsubsidized affordable housing stock, sometimes referred to as naturally occurring affordable housing (even though it often exists only through unnatural processes of disinvestment), is just as diverse as the subsidized stock. A recent study in Minnesota found that these properties were both small and large, with units having a range of bedrooms sizes and a median year built of 1986, and were dispersed throughout the state's cities and suburbs (Minnesota Housing, 2018). This unsubsidized affordable housing stock can also be in worse condition than the subsidized stock if maintenance has been deferred over time because of low rents and no operating support (Lupton & Vaisman, 2016). There is definitely a case for including this housing stock—which provides most housing affordable to lower income households—in an analysis of community opposition and home prices over time.

Given the availability of data, existing methods for calculating the presence of subsidized and unsubsidized housing units, and the diversity of the affordable housing stock, it makes no sense to omit clear definitions and operationalization of affordable housing within an analysis that purports to model NIMBY behavior toward such housing. Therefore, the premise of the article is deeply flawed. Readers should not be fooled into believing that Wassmer and Wahid (2019) is about the relationship between affordable housing and property values, because that would be completely erroneous. So, what is the article about? This brings us to our second point.

## The Use of “Likely” Demographic Characteristics of Affordable Housing Residents as a Proxy for Affordable Housing Is Deeply Problematic

Wassmer and Wahid (2019) examine the “influence of racial and ethnic composition in a census tract on the sales price of a home in that neighborhood” by controlling for the percentage of African Americans and Latinos. Their hedonic models find that as the percentage of African Americans and Latinos increases, there is a negative association with home sales prices in that census tract. Since the presence of African Americans and Latinos in a census tract is a proxy for affordable housing units, they then conclude that additional affordable housing lowers home sales prices in a census tract.

Let’s take a moment to unpack this argument. First, it assumes that households living in affordable housing units are predominantly African American and Latino. This is simply not true. There are a wide variety of affordable housing programs and the demographics of the population living in affordable housing depends on how affordable housing is defined. For example, non-Hispanic Whites are the largest racial/ethnic group to utilize the Housing Choice Voucher (HCV) Program in the Sacramento Region, where this study takes place. Black, Latino, and Asian households’ utilization of the HCV program is lower. In fact, non-Hispanic Whites use a disproportionately large share of housing choice vouchers (California Department of Housing and Community Development, 2012). Therefore, the use of the proportion of African Americans and Latinos in a neighborhood as measures of “likely” affordable housing residents is inappropriate and, depending on the type of affordable housing, would be a misspecification of the hedonic regression model.

Second, a wide number of historic, structural, and institutional factors explain why African Americans and Latinos are concentrated in neighborhoods with lower priced housing. These variables are completely missing from the hedonic regression model. The long history of White supremacy and power that have shaped the system of capital accumulation through our housing market has been widely documented (Massey, 2015; Massey & Denton, 1993; Rothstein, 2017; Squires, 2018; Troustine, 2018). Yet this study does not put into context why housing in neighborhoods with higher shares of people of color with lower incomes would have lower sales prices. Could it be that this country legalized segregation through *Plessy v. Ferguson* in 1896; adopted racial zoning and racially restrictive covenants; racialized access to credit; and allowed blockbusting, predatory lending, and other institutionalized forms of discrimination that made renting or buying a home in a high-quality racially integrated neighborhood extraordinarily difficult? This dual housing system that privileges Whites at the expense of people of color has led to an ever-widening housing and wealth gap across race and ethnicity.

This study fails to mention historical, structural, and institutional factors, and thus is missing essential explanatory variables that would explain why housing sales prices are lower in neighborhoods with a greater proportion of African Americans and Latinos. To be clear, the devaluation of minority neighborhoods is not due to the presence of “likely” affordable housing residents, but rather is because of hundreds of years of racist and discriminatory policies that have spatially segregated people of color into neighborhoods that are less desirable, from which Whites have fled, and where government and institutions have disinvested.

## NIMBY Attitudes and Actions Are Not Rational, but Based on Fear of the Other

Wassmer and Wahid (2019) conclude their article by writing:

a homes sells for less in census tracts with greater density of people per home, greater percentage of residents with less than a high school degree and more people living in poverty. Admittedly, we are not able to determine why these characteristics are driving lower home prices (e.g., that affordable housing will lead to greater crime).

It is not surprising that higher density neighborhoods with residents who are poor and less educated have lower housing sales values (see our previous point above on historical legacies); however, their statement after this suggesting a link between affordable housing and greater crime reflects irrational NIMBY fears. It is not rational, as the authors suggest, for NIMBYs to protect their home values by keeping out racial and ethnic minorities, but rather stems from a belief that racial and ethnic minorities are undeserving and deviant, and therefore unworthy of moving into the neighborhood (Nguyen, Basolo, & Tewari, 2013). By linking racial and ethnic minorities to greater crime and lower home prices, this provides NIMBYs with justifications to exclude them, which leads to social injustices (Sandercock, 2003; Young, 1990). Thus, Wassmer and Wahid are stoking the irrational and racist fears (whether implicit or explicit) of NIMBYs by framing the issue in this manner.

A number of NIMBY studies have found that NIMBY attitudes are not rational, or merely appear to be rational to mask socially unacceptable viewpoints, and can change over time (Nguyen, Basolo, & Tewari, 2013; Scally, 2012). For example, Scally's (2012) study found that the arguments presented for opposing affordable housing within six New York State communities were diverse and irrational, rather than finding "NIMBY attitudes and actions as monolithically motivated or intrinsically linked in a rational, causal relationship" (p. 730). Oppositional arguments included an extreme dislike of any rental housing of any kind, affordable or otherwise. Other viewpoints exhibited a drawbridge mentality: they had escaped to the suburbs themselves, and did not want to let any others in after them. Finally, one community irrationally equated perceived crime in a senior affordable housing development in suburban Long Island with the highest profile public housing design failures in the country: Pruitt-Igoe and Cabrini-Green.

Furthermore, NIMBYs often characterize new affordable housing developments by particular physical characteristics (e.g., high density), neighborhood characteristics (e.g., high crime), and tenant characteristics (e.g., criminals; Dear, 1992; Nguyen, Basolo & Tewari, 2013; Scally & Tighe, 2015) even before a site plan or design has been finalized. Thus, what they are characterizing are the imagined building and tenants based on social constructions that are formed by prejudice, fear, and stereotypes of racial and ethnic minorities. In short, the authors are not modeling reactions to affordable housing or the effect of affordable housing on home prices, as they claim. Instead, they are stoking irrational fears related to the race, ethnicity, and income of the imagined affordable housing residents.

### **A Cap and Trade Policy for Affordable Housing Is Unethical and Probably Ineffective**

Neither affordable housing nor the people who live in it are pollutants, as the authors of this study suggest. Affordable housing residents are not a harmful by-product of a profit-seeking industry, but rather human beings seeking to fulfill the basic need for safe, quality shelter that they can reasonably afford. They should not need to pay someone to accept them.

Moreover, owner-occupied homes are not businesses, and therefore are not entitled to maximize their profits. They are most certainly assets, but homeowners opposing the development of affordable housing are not usually dependent on their homes for their income and livelihood. Homeowners (and, we would argue, property owners in general) are not entitled to maximize their home values to the detriment of others. However, many homeowners use their power to manipulate zoning regulations to do so, giving them veto power over locally unwanted land uses, such as affordable housing. As Fainstein (2010, p. 460) points out, even when planning tools and processes like zoning try to achieve equity and diversity, say by including a multifamily housing designation, "there is little likelihood that such will be the outcome of stakeholder participation within relatively small municipalities" or neighborhoods.

The idea that cap and trade for affordable housing is economically efficient does not consider that it is not socially equitable. Paying other communities to build affordable housing in lieu of having to build it yourself reinforces socioeconomic and (by correlation) racial segregation. The

example the authors provide of the Mount Laurel decisions and resulting fair share housing system in New Jersey illustrates this point well. As long as wealthy jurisdictions can pay poorer ones to take their “pollution”—a term that is objectionable when used to describe affordable housing—inequalities will continue to widen. The authors suggest that “trades” should be limited to similar communities, but they offer no feasible explanation for why communities that are otherwise equal in wealth and opportunity (and power), or the lack thereof, would view a trade as economically beneficial.

One point on which we agree with Wassmer and Wahid (2019) is that it is understandable for homeowners to be risk averse to nearby land uses that they perceive will drive down the value of their asset. But instead of adopting a faulty and unethical cap and trade policy, why not adopt policies that equally distribute affordable housing across space, thereby reducing the risk of concentrating affordable housing? When adopted and enforced consistently, policies such as regional fair share housing, inclusionary zoning, and eliminating single-family zoning have the potential to (a) spread the minimum risk equally to homeowners in all affected jurisdictions (or census tracts, in the authors’ model), (b) have more predictable and expected outcomes, and (c) be less likely to promote voting with your feet when all surrounding jurisdictions are required to meet the same target and have the same proportion of units affordable to certain income groups. Consistency in application, however, requires no loopholes or ways for individual jurisdictions to avoid fulfilling their targets—such as a cap and trade policy—or avoid the consequences for not doing so. Stronger program design would include clear incentives and consequences. Money has historically failed as a strong motivation for wealthier jurisdictions to meet their obligations, but a loss of autonomy over land use has been more effective.

With increased use and enforcement of housing targets that are equally distributed across space, rather than placing the burden of possible negative outcomes on local governments, “states are uniquely situated to influence affordable rental housing development in ways that overcome NIMBY attitudes and actions reflected within local legacies, development barriers, and community perceptions” (Sally, 2012, p. 739). States could pilot “goodwill effort[s] to address any negative...outcomes of their financed developments” (p. 740). This is an area for increased experimentation.

## Conclusion

As housing scholars who have conducted research on NIMBY attitudes and its effects, we felt compelled to write this response to express our serious concerns about this study and how it might influence future research. The failure to define affordable housing, and thereby to use measures of affordable housing units in the hedonic regression analyses, severely limits the ability of this study to make claims about affordable housing’s effect on property values. Furthermore, the faulty conceptual framing and methods serve to stoke fears of racial and ethnic minorities moving into neighborhoods, rather than to eliminate NIMBY attitudes or encourage the production of more affordable housing. Scholars and practitioners should carefully consider the concerns we raise in this response before adopting any of Wassmer and Wahid’s (2019) ideas or recommendations.

## Disclosure Statement

No potential conflict of interest was reported by the authors.

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