DISSERTATION DEFENSE

Essays in Housing Policy for Low-Income Households

Judy A. Geyer
Friday, October 21, 2011
9:30 am
388 Posner Hall

This dissertation offers a study of the mobility of low-income households, particularly households participating in the two largest federal rental housing assistance programs: public housing and the Housing Choice Voucher Program. It features a restricted-use dataset that follows all households living in public housing over a five-year time span in the Pittsburgh, PA, as well as several snap-shots of families taking part in the housing voucher program in the Pittsburgh Metropolitan Area. The detailed focus on a single metropolitan area allows the observation of detailed neighborhood amenities and the identification of the heterogeneity across public housing communities.

The goal of the first essay is to estimate the demand for public housing and to quantify the welfare costs associated with failing to maintain a sufficient supply of public housing communities. We develop a new model of discrete choice with rationing that captures excess demand for public housing in equilibrium. We find that for each family that leaves public housing there are on average 3.85 families that would like to move into the vacated unit. Demolitions of existing units increase the degree of rationing and result in large welfare losses. An unintended consequence of demolitions is that they increase racial segregation in low income housing communities.

In the second essay I study how to optimally design rental subsidies. Voucher households have better housing and neighborhood outcomes than those in public housing, but do not do well compared to eligible but nonparticipating households. To explore this puzzling outcome, I propose and estimate a new model of residential choice and housing demand. Simulating the model, I study several possible rental assistance schemes. Compared to the current voucher program, I find that a rental rebate program would increase participants' utility, lead to improved neighborhood selection, and significantly lower program costs. A requirement that households locate to areas of low poverty concentration results in the most effective policy for moving participants to neighborhoods with better schools and lower crime rates, but would have to be offset with high levels of compensation, perhaps including counseling and relocation assistance.