

The Well-Being of Low-Income Children: Does Affordable Housing Matter?

Sandra J. Newman, director of the Johns Hopkins Institute for Policy Studies, has spent much of her career exploring how housing affects the lives of its occupants. Most recently, the John D. and Catherine T. MacArthur Foundation funded Newman's efforts to better understand the impacts of housing affordability on the well-being of children. Her research thus far points to the urgent need for a better understanding of how affordable housing "matters" in shaping the lives of this country's youngest residents.

Staff from the Center for Housing Policy met with Professor Newman to discuss her most recent research findings and their policy implications. The following are excerpts from this interview:

Your current research explores the impact of housing affordability on families' well-being. Why did you get involved in studying this topic?

Historically, housing policy researchers hadn't been looking at what impact housing has on its residents. Most housing policy research tends to focus on the "bricks and mortar" aspect of housing, housing finance systems and formulas for running housing programs. I was struck by the lack of focus on the residents and how various features of the housing environment affect their lives.



Courtesy of NHT/Enterprise Preservation

At present, a major policy concern is affordability. Yet, again, very little work has been done that looks deeply into how this matters for residents. My research begins to examine this question, and I'm particularly interested in effects on children and their parents. I'm relying on nationally representative, longitudinal databases that include measures of children's cognitive, health and behavioral characteristics, which I rely on as measures of children's outcomes. These databases also include measures of parent outcomes including depression, self-esteem, aggravation and economic stress.

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Courtesy of McCormack Barron Salazar

“What I’d like to see is a level playing field so that people have a choice about where to live and raise their families.”

– Sandra J. Newman, director of the
Johns Hopkins Institute for Policy Studies

Something’s Gotta Give: Related MacArthur-Funded Research on Housing Affordability and Families

A MacArthur-funded report by the Center for Housing Policy, *Something’s Gotta Give*, summarizes findings from two studies that set out to look at how living in affordable housing affects the quality of life of working families. The first study, by the Economic Policy Institute, examined the Department of Labor’s Consumer Expenditure Survey to determine whether expenditures on food, clothing, healthcare and other necessities differed among families in affordable housing versus those in unaffordable housing. That is, to what extent does spending an excessive portion of household income on housing cause material hardship for family members?

The study found that households paying more than half of their income on housing costs commonly spend substantially less than other families on essential expenses such as food, clothing, and health care. As the size of the family increases, these hardships tend to be exacerbated. Moreover, the households most likely to experience material hardships tend to be renters (as compared to homeowners) and members of traditionally disadvantaged social and economic groups, including low-income, poor, and single-parent families, racial and ethnic minorities, immigrants and parents with low levels of educational attainment. The study also found a close relationship between housing and transportation costs. Families with high housing costs spent much less on transportation and vice-versa.

A companion study by the research group Child Trends looked at the 2002 *National Survey of America’s Families* to determine the effect that paying more than half of income for housing has on the well-being of children and parents. That study, though preliminary and not based on longitudinal data, found that factors such as the income and education of the parents as well as neighborhood quality, appear to affect the well-being of children in complex ways. For example, children in the poorest working families with high housing cost burdens are more likely than those in more affordable housing to report having fair or poor health. But just the opposite is true for children in the highest income groups – those with high housing cost burdens are less likely to experience these problems, possibly because their income and neighborhood offer greater access to medical care.

Why do you think affordability has been under-studied?

Many view housing affordability, typically defined as devoting 30 percent or less of family income to housing, as an income issue because the policy argument for making housing affordable is in fact nothing more than an income argument; making decent housing “affordable” gives a household more spendable income to buy other household needs, just as a direct income supplement would. But from a real-world policy perspective, it’s important to recognize that the voting public is not in favor of untied cash grants to families and prefers providing in-kind “goods” such as housing assistance. In view of this preference, we should find out whether households living in affordable housing in fact use the freed-up income for the other needs of household members, particularly children.

The findings in your research are somewhat surprising and controversial. They suggest that most children in unaffordable housing do no worse than those in affordable housing. How do you interpret these findings?

There are two different theories about what’s going on. One theory is that households may trade certain necessities such as food, clothing, or healthcare in order to manage housing or utility payments, causing hardships and stress that will influence families’ well-being. The second theory suggests that when you pay more for housing — whether in rents or the purchase price of an owned home — you’re in a sense buying a better community. Perhaps the benefits of a better community, such as better schools, lower crime rates, and more neighborhood amenities compensate for the higher cost. Our admittedly early work does not show greater depression or aggravation among parents in the higher-priced markets versus the lower-priced markets. This suggests that parents are coping, and perhaps is an indication of the resourcefulness and resilience of low-income families.

But to fully understand this pattern, we need an in-depth study of how people make housing decisions — what are their priorities, what trade-offs are they consciously making? Then we could observe firsthand what factors constrain choices, how families rise to meet

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How Does Housing Matter? The Complex Story

Newman’s most recent work for MacArthur has been summarized in two papers. The first paper, *Does Housing Matter for Poor Families: A Critical Summary of Research and Issues Still to be Resolved* (2008) reviews housing policy research from the last quarter-century to understand how housing affects the lives of residents, particularly children. Among other findings of the review, Newman reports that there is a large body of research linking physical housing quality with improved physical health.

Researchers have also found linkages between overcrowded home environments and negative outcomes related to physical and mental health, child development, and social relationships. The best research on the impacts of subsidized housing on economic self-sufficiency suggests no differences between the earnings and work effort of households in assisted housing compared with comparable households that are not assisted, though there appears to be a greater reliance on welfare by households in assisted housing. Other studies suggest that public housing combined with services has positive effects, and two studies find that public housing may lead to beneficial educational outcomes for children.

Research consistently finds associations between homeownership and positive childhood outcomes. But, as Newman points out, it is not clear whether these positive outcomes should be attributed to homeownership per se or to other associated factors, such as the attributes of those parents who are homeowners. Finally, the review cites housing affordability as an area that is lacking in research, with Newman’s own work representing one of the few contributions to understanding the impact of affordability on residents.

A paper by Newman and colleagues J. Harkness and S. Holupka, *Geographic Differences in Housing Prices and the Well-Being of Children and Parents*, is based on an analysis of longitudinal data from the Panel Study of Income Dynamics to determine whether the well-being of parents and children differs if they live in a high priced (unaffordable) or a low priced (affordable) housing market. Using a variety of statistical models to analyze the relationship between housing prices and child and parental well-being, Newman and her co-authors look at children’s behavior, how well they do in school, overall health, and behavior problems. She also looks at how well parents are faring in terms of depression and overall levels of stress. Newman concludes, somewhat surprisingly, that children in high-priced housing markets are not worse off than those living in lower-priced markets.



Jackson Smith, Courtesy of NHT/Enterprise Preservation

Policy briefs in this series are prepared by the Center for Housing Policy for the John D. and Catherine T. MacArthur Foundation. The Foundation's grantmaking is intended to raise the priority and profile of affordable housing policy by investing in the creation of new knowledge about the supply and demand for rental housing and affordable housing's connection to other social policy issues. This series presents key findings from affordable housing research supported by the Foundation.



As the research affiliate of the National Housing Conference (NHC), the Center for Housing Policy specializes in developing solutions through research. In partnership with NHC and its members, the Center works to broaden understanding of the nation's housing challenges and to examine the impact of policies and programs developed to address these needs. Combining research and practical, real-world expertise, the Center helps to develop effective policy solutions at the national, state and local levels that increase the availability of affordable homes.

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the challenges of constrained choice, or how they accommodate their financial circumstances. Our early affordability work suggests that families are managing high costs. But we need a much clearer understanding of how or why they're doing better.

Also, I view this work as a program of research, not one project. These results are a product of a particular database, covering a specific time period with a particular sample. The next step is to stress test these models and findings. That's why I'm going to repeat the study with a different source of longitudinal data (the National Longitudinal Study of Youth). In my view, we're only at the very beginning of trying to unravel the mystery of housing affordability effects. We don't know the answer, and we have to be patient as we carefully pursue it. But it is important to recognize that the conventional view [of affordability] may just not be correct.

How do you hope your research will help to shape the future of housing policy?

What I'd like to see is a level playing field so that people have a choice about where to live and raise their families. The ultimate goal of my research, and that of many other researchers, is to put hard evidence on the table about what sorts of housing policies are needed, and what changes should or should not be made to current housing policy. Housing policy research has lacked the support needed to develop this evidence base.

What is your general message to practitioners?

One of the traditions that natural science has — that social science doesn't — is the understanding that finding something once doesn't make it so. We've got to replicate, and to apply careful and rigorous research designs and methods to what are typically very complex housing policy questions, and to keep testing until we get it right. I think that's terribly important. We need to develop this tradition in housing policy research because if we don't, we won't be serving the low-income population — or the U.S. taxpayers — very well. For example, research indicates children who grew up in public housing in the 1970s and 1980s achieved greater economic self-sufficiency than comparably poor children who never lived in public housing. But we need to examine whether these benefits continued through the 1990s and persist today, whether outcomes have changed, and if they've changed, what changes in the public housing program occasioned this change in effects. Without such an updated analysis, it's anyone's guess whether changes in public housing policies over the last few decades have made things better or worse for the children who live there. I view this as a key question.

Moving forward, I also place a very high priority on measurement. Even if we had the wherewithal to do all the housing policy studies that I believe we need to do, there would still be an elephant in the room: untested housing measures. At the very least, we should develop and thoroughly test a basic set of housing measures — sort of a minimum dataset on housing. We should then disseminate it widely, and encourage its use in all major surveys. I think these steps could make a huge contribution to our understanding of housing effects.