

VULNERABILITY SCENARIOS

Driver Forecasts #2: Housing & Neighborhoods

July 2010

Background

As one of the most significant expenses a household must pay every month, housing is a major factor in vulnerability. Even decent housing can promote vulnerability by placing too great a strain on household budgets. One in three American households spend more than 30% of their income on housing, and one in seven spends more than 50%. These ratios increase when one includes the cost of transportation between one's place of work and the house one can afford. A recent report found that the average household in Boston spends 54% of its income on the combined cost of housing and transportation.¹ These cost burdens crowd out other expenses required for successful participation in employment and economic life, such as childcare, health care, job training, and professional clothing. At the same time, inadequate housing conditions can also lead to significant health issues such as physical injury, lead poisoning, and asthma. In fact, approximately 40% of diagnosed asthma among children can be attributed to mold, pets, and pests found in the home.² These housing-related health effects create obstacles to residents' educational and economic success.

Approximately 95 million Americans, or 32% of the population, live in inadequate – substandard, overcrowded, or high cost-burden – housing, which takes many different forms.³ Some 4.5 million households receive federal housing assistance, in the form of public housing, housing vouchers, or Section 8 rent subsidies. However, funding for these programs was cut by \$2 billion from 2004 to 2008 and many public housing facilities require an estimated \$22 to \$32 billion in repairs.⁴ Beyond these programs, affordable and adequate options for those in poverty are few and far between. *Before* the recent housing crisis there were only 38 affordable units available for every 100 extremely low-income households (earning 30% or below the median family income for their area); this shortage has become more extreme due to high foreclosure rates over the past two years.⁵ Wage levels exacerbate the shortfall; as of 2009 there was no county in the entire U.S. in which a full-time minimum wage employee could afford (that is, obtain for 30% or less of household income) a one-bedroom apartment at what the

¹ Urban Land Institute (2010), *The Boston regional challenge: Examining the costs and impacts of housing and transportation on area residents, their neighborhoods, and the environment*, accessed on June 2, 2010 at <http://bostonregionalchallenge.org/wp-content/uploads/BostonChallenge04092010.pdf>.

² Barclay, E. (2010), "Baltimore takes a holistic approach to unhealthy housing", *The Washington Post*, April 6, p. HE01.

³ National Low Income Housing Coalition (2004), *America's neighbors: The affordable housing crisis and the people it affects*, Washington, DC.

⁴ Rice, D. and Sard, B. (2009), "Decade of neglect has weakened low-income housing programs: New resources required to meet growing needs", Center on Budget and Policy Priorities, Washington, DC, February 24, accessed on June 2, 2010 at <http://www.cbpp.org/files/2-24-09hous.pdf>.

⁵ Wardrip, K.E., Pelletiere, D., and Crowley, S. (2009), *Out of Reach 2009: Persistent problems, new challenges for renters*, National Low Income Housing Coalition, Washington, DC, April, p. 4, accessed on June 2, 2010 at <http://www.nlihc.org/or/or2009/or2009pub.pdf>.

Department of Housing and Urban Development considers the fair market price.⁶ The housing options such an employee could afford are often located in neighborhoods with high crime rates, pervasive violence, poor schools, and few opportunities for employment, facilitating a poverty “trap” from which escape is difficult.

Across the broader spectrum of housing, several trends are unfolding in planning and design. Many planners are now focusing on putting people – rather than automobiles – at the center of their designs. These approaches provide access to public transportation, meet higher environmental and energy efficiency standards,⁷ and create “mixed use” spaces (combining residential and commercial) where residents can easily walk to shops and activities. Many U.S. cities are also looking to urban agriculture and the redevelopment of blighted areas as opportunities to revitalize themselves after a half-century of economic and population decline. It remains to be seen the extent to which these trends create new housing opportunities for vulnerable populations.

While housing itself is changing, so is the way many Americans live. Some neighborhoods have seen a resurging sense of community, with neighbors working together in community gardens or other activities. Some among the younger generations have shown a greater interest in city living; if these preferences persist as young people move through the stages of life, the shift of focus from Baby Boomers to Millennials could lead to significant changes in the housing market over the next two decades. New – or renewed – forms of transportation have emerged as a response to climate change and shifting consumer preferences. These include car sharing (e.g. Zipcar), bike sharing, streetcars, light rail, high-speed rail (for which \$8 billion was set aside in the American Recovery and Reinvestment Act of 2009), and multimodal transit systems that link many of these different forms of travel. More significantly, the rise of telecommuting and “virtual offices” (e.g. Regus) has changed how and where many Americans live and work.

Forecasts

The Alpha forecasts represent expectable or “most likely” futures, the Beta forecasts envision challenging possibilities (e.g., what could go wrong), and the Delta forecasts represent visionary or surprisingly successful futures that would have a positive impact on reducing vulnerability.

Alpha Forecast – Housing and Neighborhoods 2030

The economic consequences of the housing crisis of the 2000’s left no doubt how important affordable, quality housing was for the health of the economy. In the early 2010’s, the Obama administration expanded programs that helped some homeowners stay out of foreclosure, but many – particularly those who had lost their jobs – also lost their homes. Financial reform curtailed some – but not all – of

⁶ Wardrip, K.E., Pelletiere, D., and Crowley, S. (2009), *Out of Reach 2009: Persistent problems, new challenges for renters*, National Low Income Housing Coalition, Washington, DC, April, p. 4, accessed on June 2, 2010 at <http://www.nlihc.org/oor/oor2009/oor2009pub.pdf>.

⁷ Basic Information | Green Building | US EPA. (n.d.). *US Environmental Protection Agency*. Accessed on June 3, 2010, at <http://www.epa.gov/greenbuilding/pubs/about.htm>.

the lending practices that had helped to precipitate the crisis to begin with. Starting with the American Recovery and Reinvestment Act of 2009, the federal government also increased funding for public housing renovations, neighborhood stabilization, and homelessness prevention. At the same time, greater collaboration among government agencies, as well as nonprofits, leveraged the links between health, education, and employment to improve the lives of people in low income neighborhoods.

Eager for revitalization and renewal, city governments took aggressive action to remove blighted structures. While much of this blight was replaced with new “mixed-use” communities to attract young middle-class families moving back to the cities, some were rebuilt as demonstration projects for the next generation of public housing – so-called “charter communities.” Reflecting many of the emerging design paradigms applied in wealthy and middle-class neighborhoods, these units used solar panels and other technologies to generate their own energy, offered easy access to public transit, and included community spaces with plenty of natural landscaping. Many were also established as “mixed-income housing,” drawing residents from across the socioeconomic spectrum. Police departments maintained a constant presence in these “charter” neighborhoods, as did nonprofits and social services agencies working closely with residents. While crime, violence, and other social ills remained, these neighborhoods provided a laboratory for innovative policy initiatives.

Throughout the 2020’s, cities rebounded as younger generations embraced urban living and higher fuel prices accelerated a population shift back into the cities. Chastened by the experience of the housing crisis of the 2000’s, when many found themselves trapped with mortgages they could not afford, many young people were more willing to rent rather than own their homes. Suburban housing markets suffered as many Baby Boomers died or moved into nursing homes, while those who disliked the city moved further into the countryside, taking advantage of communications technology and expanded commuter rail systems to stay engaged economically. While their low incomes made them less able to cope with higher transportation costs, many in vulnerable populations moved further out where they could afford adequate housing.

The results of these changes for vulnerable populations have been mixed. Some poor people have benefited from new public housing or have found homes in mixed-income neighborhoods that provide more security, access to better schools, and – for some – better jobs. Others dislocated by urban redevelopment have found themselves further isolated from economic opportunities, often taking up residence in declining suburbs. By 2030, 28% of Americans still live in inadequate housing, only a slight decrease from 2010.

Beta Forecast – Housing and Neighborhoods 2030

Responding to fiscal crises of the early 2010’s, the federal government and many state governments drastically cut funding for social programs and subsidized housing. City leaders, investors, and builders saw vulnerable populations that expanded as a result as “dead weight” dragging down the local economy. Citing health issues as justification, city leaders demolished the housing of vulnerable communities and sold the land to builders who put up luxury apartments. These new complexes used state-of-the-art design paradigms that offered residents the best of both urban and suburban worlds. No arrangements were made, however, for the communities’ former residents, many of whom were unable to find decent housing given an already limited stock of low income housing.

Budgetary constraints also delayed or canceled many of the public transportation investments that had been envisioned earlier in the decade, meaning that the populations dislocated by these projects, who had resettled on the outskirts, were isolated from opportunities for employment and had no means to commute to jobs. In the late 2010's, transportation officials overcame their own budget shortfalls by converting more of the country's highway infrastructure and many in-city roads to a tolls-based revenue model, with different prices for different lanes. In this model, even those vulnerable people who own cars and can afford fuel, which has increased sharply in price, are economically constrained to high-traffic lanes that further lengthen the time for commuting to and from work.

By the early 2020's, vulnerable populations have essentially been geographically cut off from the upper and middle classes, living far away from opportunities and activities, often in a state of abject poverty and extreme violence. As in 2010 most of society ignores their plight. Ongoing crime concerns in rich areas have stiffened public resistance to expanding public transportation systems that might link these vulnerable communities back into the economic mainstream. By 2030, 46% of Americans live in inadequate housing, and half of these live in isolated areas with minimal legitimate economic opportunity. Squatters fill foreclosed houses in declining suburban neighborhoods and "tent cities" on public lands. An additional 1.1 million Americans are homeless, often concentrating in blighted malls and strip-malls. More than 250,000 of the homeless are children.

Delta Forecast – Housing and Neighborhoods 2030

In the early 2010's, government agencies responsible for various aspects of housing, health, or social services began to approach these issues collaboratively and holistically. A new force of multidisciplinary social workers intervened in individual families' lives to find solutions to the structural problems that prevented their integration into social and economic life. Policy makers soon learned that the individual family was too small a unit to focus on, and that new policies were needed to create the comprehensive social environments that promote the optimal development of each person. Within this context, adequate housing within a healthy community came to be seen as a central feature of a dignified human life.

Policy makers developed many innovative ways to build community and social cohesion in low-income neighborhoods. Community gardens were integrated into public housing and created in once-blighted urban areas, with raised beds and other protections against heavy metals and other contaminants in neighborhood soils. Funding was directed toward community services for each stage of the life-course – e.g., daycare for children, sports teams for adolescents, job training for young adults, and long-term care for seniors. Community "time banks" allowed residents to do work (gardening, accounting, running errands, etc.) for their neighbors while earning coupons for an equivalent amount of their neighbors' time. While many of these initiatives seemed expensive at first, they quickly paid dividends in the form of reduced expenditures for policing, corrections, and health care.

In the late 2010's, new technologies such as nanomaterials and inexpensive solar cells allowed the construction of cheap, energy-efficient modular homes that could easily be assembled in virtually any setting. With striking design and a selection of colors and features, these houses allowed low-income families to be proud of where they lived. Nonprofits created "knowledge exchanges" to connect low-income residents with the resources and support they needed and to support broader economic engagement. Social workers, police, schools, and churches used social networking platforms and virtual simulations of community dynamics to identify unhealthy social patterns within the community and to

intervene before the emergence of widespread crime, teenage pregnancy, and other social problems – a new approach referred to as “predictive community engagement.”

In the 2020’s, adequate housing came to be seen as a basic human right, since no one could be expected to function properly in society and in the economy when they lacked a safe, healthy, place to live. Based on research showing that equitable societies are healthier societies,⁸ urban planners focused on creating new opportunities for low-income populations by integrating their housing into the broader social and economic patterns of the city rather than concentrating it in “ghettos” or encouraging its relocation elsewhere. Once-declining urban centers have been rebuilt as mixed-use, mixed-income macrocosms made up of many smaller mixed-use, mixed-income communities where federal subsidies enable all residents to afford a suitable living environment. Furthermore, more effective community policing, video surveillance of most public and private space, and design paradigms that tend to increase the number of eyes looking out onto the street have reduced the crime that has historically made wealthy and middle-class families reluctant to live side-by-side with the poor. In 2030, American communities are diverse, healthy, and interconnected and housing vulnerabilities have essentially been eradicated.

⁸ Wilkinson, R. and Pickett, K. (2010), *The spirit level: Why greater equality makes societies stronger*, Bloomsbury Press, New York.