

## **Housing Policy and Crime**

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### I. Introduction

Crime in the U.S. (as in most places around the world) is disproportionately committed by and against poor people living in poor neighborhoods. For decades the most disadvantaged and dangerous neighborhoods in Chicago were to be found in and around the notorious high-rise public housing projects located on the city's South and West sides. All across the country, public housing projects built largely during the 1950s and 1960s helped contribute to the concentration of poor, disproportionately minority families in high-poverty neighborhoods. In recent years federal housing policy has shifted away from public housing towards tenant-based housing subsidies – housing vouchers – that provide poor families with more choice about where they live, and which on net leads families to live in lower-poverty areas compared to their counterparts in public housing. Proponents of this shift in housing policy hope that living in lower-poverty areas will, among other things, reduce criminal involvement among poor families by exposing them to higher-quality public institutions like schools and police, as well as to more pro-social neighbors. Yet a widely cited 2008 article in the *Atlantic* by Hanna Rosin claimed exactly the opposite occurred – de-concentrating poor families simply relocated criminal behavior, and in fact may have exacerbated offending behavior by shifting crime towards lower-poverty areas that were not well equipped to deal with the problem.<sup>1</sup>

This chapter considers the role of housing policy in affecting both the overall level and the distribution of crime, by influencing the prevalence of poverty in a society and its geographic concentration. The second section of the chapter provides a brief overview of housing policy in the U.S. Section two also provides a brief review of residential patterns within the U.S. over time as well. The third section provides a conceptual framework for thinking about how housing policy might affect crime through its impact on poverty and concentrated poverty. The fourth section considers the available evidence for “neighborhood effects” on crime, while the fifth section reviews what is known about whether housing programs might have some ameliorative effect on criminal behavior if only by transferring resources to poor families. The final section considers policy implications.

### II. A Brief Overview of Housing Policy

A variety of public policies affect the housing stock and how households are distributed across that stock, including zoning, neighborhood covenants, tax treatment, regulation of mortgage lenders and realtors, means-tested housing programs, and so on. We will pay particular attention to means-tested housing programs, which began in earnest in the 1930s under FDR. From the start means-tested housing assistance was not an entitlement, and even today just 28 percent of income-eligible families receive subsidies (Olsen, 2003). Much of the nation's public housing stock was developed during the 1950s and 1960s, although in recent decades federal housing spending has been increasingly devoted to housing vouchers, which relative to public housing

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<sup>1</sup> <http://www.theatlantic.com/doc/200807/memphis-crime>

provide poor families with more choice over where they live. The shift from public housing to housing vouchers has contributed to a decrease in the degree to which poor families are concentrated in high-poverty areas (as has the civil rights legislation of the 1960s, successful legal challenges to suburban zoning restrictions that limit low-cost housing, and the development of new mixed-income housing projects).

However available evidence suggests that giving housing vouchers to families who are already living in private-market housing does not cause them to move into different types of neighborhoods, but causes very large increases in overall consumption of housing and other goods. Put differently, housing policy in its role as a transfer program is an important component of the social safety net; in 2006 the federal government spent around \$40 billion on housing assistance for the poor, much more than the \$28 billion spent on TANF.<sup>2</sup>

Changes over time in both housing market regulation and means-tested housing programs have led to significant changes in racial and economic residential segregation.<sup>3</sup> Black-nonblack residential segregation in the United States peaked around 1970 and has been declining ever since (Cutler, Glaeser and Vigdor, 1999; Glaeser and Vigdor, 2003). Figure 1 (from Glaeser and Vigdor, 2003) illustrates the time series pattern of residential segregation over the 20<sup>th</sup> century, using perhaps the most common measure of segregation, the dissimilarity index, which is defined as follows:

$$(1) D = \frac{1}{2} \sum_i \left| \frac{black_i}{black_{total}} - \frac{non-black_i}{non-black_{total}} \right|,$$

where  $i$  indexes all the neighborhoods within a metropolitan area,  $black_i$  represents the black population in a neighborhood,  $black_{total}$  represents the overall black population of the metropolitan area, and  $non-black_i$  and  $non-black_{total}$  represent analogous counts for individuals who are not black. The dissimilarity index can be interpreted as the fraction of black individuals who would have to be moved between neighborhoods in order to achieve a perfectly even balance across the metropolitan area or district.<sup>4</sup> In 1970, the average black resided in a metropolitan area where nearly four-fifths of the group would have to switch neighborhoods to achieve evenness. By 2000, that fraction had declined to just over three-fifths. In the 1990s alone, the average black witnessed a decline in neighborhood percent black from 56% to 51% (Glaeser and Vigdor 2003). This trend was accompanied by a modest increase in the percent black in the neighborhood occupied by the average white.

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2 The U.S. House of Representatives Ways and Means Committee “Green Book” for 2008 reports that a total of \$42.2 billion was spent on housing programs by the U.S. Department of Housing and Urban Development, although part of the \$7 billion spent on block grant programs by HUD may go to non-housing activities such as crime prevention or child care under the Community Development Block Grant program. The U.S. Department of Education also spends around a half-billion dollars per year on rental assistance to rural families in the Section 521 program; see <http://www.obpa.usda.gov/budsum/FY10budsum.pdf>. Some low-income homeowners may also receive a tax subsidy through the mortgage interest deduction if they itemize.

3 This discussion draws heavily from Vigdor and Ludwig (2009).

4 The dissimilarity index has been criticized along a number of dimensions. It is preferred here primarily for its ease of computation and of interpretation. For a more complete discussion of segregation measures and their relative advantages, see Massey and Denton (1988) and Echenique and Fryer (2005).

The decline in residential segregation since 1970 has generally been attributed to the enactment and enforcement of fair housing laws in the 1960s, along with other measures that reduced the severity of discrimination in the housing and mortgage markets. For the most part, the decline in segregation was accomplished by the entry of modest numbers of black families into new suburban developments or into existing neighborhoods that had been entirely white (Cutler, Glaeser and Vigdor 1999). Declines in segregation have been steepest in growing metropolitan areas, where new developments make up a larger proportion of the housing stock. The vast majority of neighborhoods that were predominantly black as of 1970 remain predominantly minority; in many areas these neighborhoods have depopulated substantially over the past 30 years.

Declines in racial residential segregation since 1970 are particularly noteworthy because they have occurred both in periods of increasing and decreasing economic inequality. While the coexistence of decreasing segregation and increasing inequality may seem paradoxical at first, it is important to note that the racial segregation that existed prior to the Civil Rights movement was pervasive along all levels of socioeconomic status. As of 1970, black high school dropouts and blacks with at least some postsecondary education experienced nearly identical dissimilarity levels (Cutler, Glaeser and Vigdor 1999, Table 2). Reductions in segregation after this time period were most rapid for the most educated group of blacks – consistent with the notion that black suburbanization explains most of the decline in segregation. Less-educated blacks, who presumably have been harmed the most by broad increases in inequality, witnessed more modest declines in segregation after 1970.

The decline in residential segregation has been accompanied, for a good part of the same time period, by an increase in similar measures of socioeconomic segregation. Segregation by household income increased between 1970 and 1990, and fell slightly between 1990 and 2000 (Jargowsky, 1996; Jargowsky 2003; Watson 2006). Trends in economic segregation thus track changes in the income distribution much more closely than trends in racial segregation.

### III. Conceptual Framework

In its role as a part of the social safety net, housing policy may increase the resources that poor families have available to them to invest in schooling and other developmentally productive activities for their children, which might affect the propensity of poor children to engage in crime when they grow up. Housing benefits might also affect the propensity towards criminal behavior by adolescents and adults by reducing psychological stress associated with material deprivation, by increasing the costs of criminal behavior (since arrest and conviction typically ends eligibility for housing programs), and by reducing inequalities in consumption levels (Mayer, 1997). Most of the existing theoretical literature would predict that expanding the number of families who receive housing benefits through the largest means-tested housing program – housing vouchers – should reduce the amount of crime committed by and against poor families in America, and reduce the rate of crime overall in society more generally.

The ongoing shift of housing assistance from public housing to mixed-income housing projects or housing vouchers changes the geographic concentration of poor families who are at elevated risk for criminal activity, and so may affect how crime is both geographically distributed and the

overall level of crime as well. Cook and Ludwig (2006) note that concentrating high-risk people together has two different types of effects on crime. The concentration of high risk people together may increase the efficiency of formal social control mechanisms. In addition, putting a high-risk person around relatively more high-risk peers might increase criminal behavior through a variety of “peer effect” mechanisms (Jencks and Mayer, 1990, Cook and Goss, 1996). Of course, moving high-risk people into neighborhoods with relatively more low-risk people might reduce criminal offending by the former but increase offending by the latter. Neighborhoods might also vary with respect to levels of informal social control, which have been shown to be strongly correlated with rates of criminal behavior (see for example Sampson, Raudenbush and Earls, 1997). And residential patterns may also affect criminal opportunities, for example the greater availability of valuable theft opportunities in relatively more affluent areas.

The net effect on crime of policies that seek to reduce the geographic concentration of low-income or high-risk people will depend on, among other considerations, the efficiency gains for social control from concentrating high-risk people together, whether high- and low-risk people are differentially sensitive to peer influences from exposure to high-risk peers, and whether there are any non-linearities in the relationship between the prevalence of high-risk people in a neighborhood and the influence on each resident’s probability of engaging in crime.

#### IV. Neighborhood Effects on Crime

This section considers the available evidence about neighborhood effects on crime, and focuses mainly on the existing experimental literature on the topic. We draw on research from the HUD Moving to Opportunity (MTO) randomized mobility experiment, as well as a separate randomized housing voucher lottery carried out in Chicago in the late 1990s. Both studies suggest that moving disadvantaged families to lower-poverty areas may reduce violent criminal behavior (Kling, Ludwig and Katz, 2005, Jacob and Ludwig, 2020). MTO suggests that at least for boys, moving to lower-poverty areas might increase rates of property offending. The Chicago housing voucher lottery shows that such moves have no detectable impacts on property crime. But even in the case of MTO, because the social costs of violent crimes so far exceed those of property offending, that on net MTO moves reduce the social costs of criminal behavior by both male and female youth.

What is currently not well known is what happens to the criminal behavior of people in the origin and destination neighborhoods as a result of this resorting, which is the key question for policymakers who are concerned about whether housing policy decisions can and do influence the overall crime rate, not just how it is distributed across areas. Evidence from the research literature on school racial desegregation policies provides some reason to tentatively conclude that reducing concentrated disadvantage might on net reduce crime rates. Note that even if this educated, optimistic guess turns out to be true, it may still well be the case that resorting poor families across neighborhoods may increase crime offending and victimization rates of people who live in the lower-poverty destination neighborhoods into which poor families now relocate.

#### V. Housing Policy, Poverty and Crime

We expect any expansions to the share of poor families who receive housing assistance to come

mainly from increases in the number of housing vouchers in circulation. Most theories predict that such expansions should reduce criminal behavior by program recipients, given the correlation between poverty (or other measures of income) and criminal victimization and offending rates. Note that a large body of research dating back to the Experimental Housing Allowance Program (EHAP) of the 1970s suggests that giving vouchers to families who are already living in private-market housing has little effect on the types of neighborhoods into which they relocate. Data from the Chicago housing voucher study confirms that private-market families who receive vouchers do not move into different types of neighborhoods, and that criminal behavior – mainly arrests for violent crimes – decline among youth in these families.

## VI. Policy Implications

Continuing the federal policy shift away from public housing towards housing vouchers may well reduce the overall volume of violent crime in America, although there remains some uncertainty about how the supply side of the housing market would respond to any large increase in the number of vouchers in circulation. The shift from public housing to vouchers might generate political opposition by increasing the risk of criminal offending or at least victimization by people who currently live in the lower-poverty areas into which poor families would move. If the net benefits to society from this shift were large enough, it would in principle be possible to compensate families in destination lower-poverty neighborhoods in various ways, including for example through increased spending on local police services.

Expanding the share of poor families who receive means-tested housing vouchers (as distinct from giving vouchers to public housing residents) is likely to leave the concentration of poverty unaffected, but would reduce crime, particularly violent crime, through reducing material hardship among program participants. One policy issue we will consider is how the benefit-cost ratio of expanding the size of the housing voucher program (considering crime and non-crime impacts) compares with other crime control strategies.

Another policy issue we will consider is the implication for crime in America from our current “lottery” policy in the area of housing, in which 28 percent of income-eligible families strike it rich and receive massive housing subsidies (that can be as large as \$8,000 or more), while the vast majority of poor families receive nothing from such programs. Ed Olsen has proposed making housing assistance an entitlement program, and providing all poor families with a much smaller average subsidy. If the relationship between family income and criminal behavior is concave, then we would expect the Olsen proposal to reduce the overall amount of crime in society compared to the status quo system.

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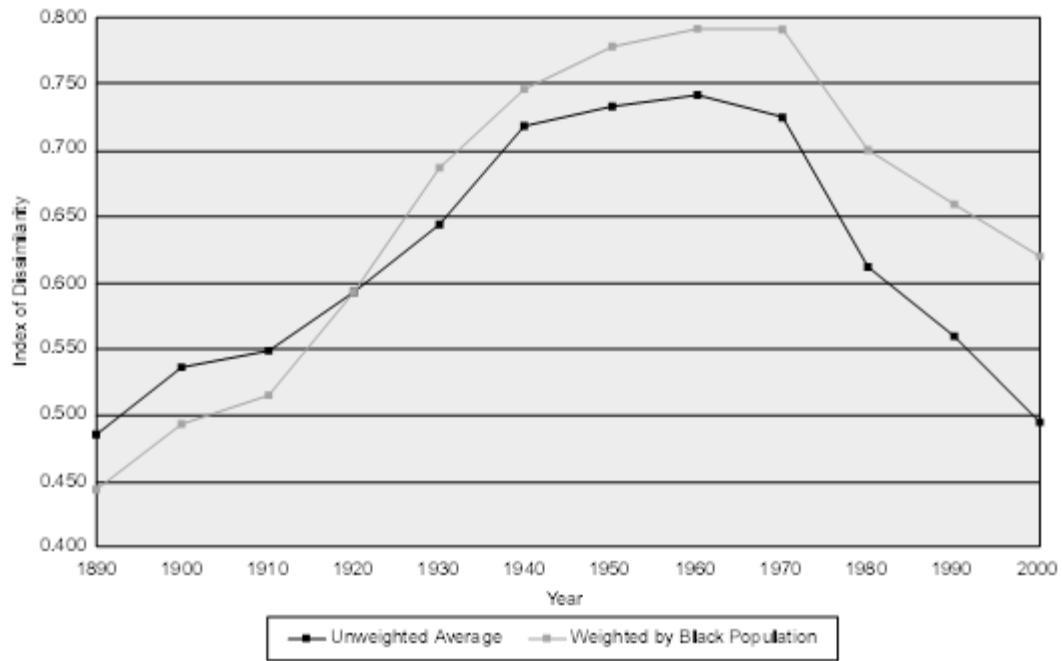


Figure 1: Mean residential dissimilarity for US Metropolitan Areas, 1890-2000. Source: Glaeser and Vigdor (2003).