**General Questions**

What readings have been influential in thinking your dissertation topic?

* Reardon and income segregation
  + Income segregation is conceptually very similar to housing affordability
  + Gap in spatial variation
  + Interplay between segregation and affordability
* Literature on wealth
  + How can I incorporate wealth into my analysis?
    - PSID: extra neighborhood effects on individual (neighborhood) affordability
    - housing affordability as an outcome variable with wealth as a control
* How do households pay their rent?
  + Pooling incomes
    - As incomes have stagnated and housing costs risen, families have taken on higher and higher rent burdens as way to deal with this
  + Shelter poverty
    - Incomes -housing costs

How does housing relate to affordability?

* homeownership is the most common generator of wealth, families with more wealth are more likely to pass on wealth, resources, and opportunities to their children
  + feedback effects
* homeownership makes you wealthier
  + talk about readings
* affordability is about stability

What are some of the key concepts and readings that you’d include in a syllabus on urban inequality and what do they tell us about the urban inequality?

* Look at the reading list

**Patterns, Trends, and Definitions**

What are some different ways to think about inequality?

* Inequality of opportunity
  + Is achieved when one’s circumstances do not play a role in the resulting outcome
    - Race, family background, neighborhood, educational attainment
    - pre-distribution policies
* Inequality of outcomes
  + That people have similar outcomes
    - One person is likely to have a similar outcome as another
    - re-distribution policies
* Absolute inequality
  + difference
* Relative inequality
  + proportion

What are some of the different ways to measure inequality?

* Inequality of opportunity
  + More difficult to measure
* Inequality of consumption
  + What does household consumption look like?
  + Concerns
    - there is too much variation in consumption habits
    - are measuring consumption expenditure not actually consumption
    - underreported consumption measures
* Inequality of outcomes
  + Among whom?
    - How is income accumulated and distributed?
  + Of what?
    - Health
    - Educational testing
    - Income
      * Market income
        + Earnings of everyone and private transfers
      * Gross income
        + Includes state transfers
      * Disposable income
        + After direct taxes
      * Extended income
        + Includes Value of public services received
* Examples of measures of income
  + Shares of income
    - Top decile’s share of the total
  + Percentile ratios
    - 90th have to the 10th?
  + single number statistics
    - gini and theil coefficients
* ratios tell you what’s happening at different points, while single number stats summarize the entire distribution

Describe the recent trends in inequality and wealth since the 1900s.

* income inequality has followed a U-shaped pattern between 1900-1990s
  + - higher 1900s 1915: earned 400x more than average
    - lower 1940-60s 1970: earned 50x more than average
    - rise 1980s 1998: earned 250x more than average
  + explanations
    - negative economic shocks of world wars,
    - strong progressive taxes, wage controls in the US,
    - lowering of tax rate, deunionization, and culture of exec high pay
* Since 1990s, incomes at the top have continued to grow dramatically, while incomes at the middle have barely budged, with most growth occurring before 1998
  + Working rich have replaced the top rentiers
    - More of those at the top are getting higher incomes than relying on their wealth

How are “solutions” or means to address inequality thought about? What are some findings?

* different frameworks of achieving equality
  + **utilitarian**: better for society as a whole
  + **Rawlsian**: maximizing the well-being of the least advantaged
  + **capacity approach:** affording opportunity to people according to their capacities
* Pre-distribution (before the market has created inequalities)
  + Rules that govern work and pay
  + Examples
    - Minimum wage, unionization, collective bargaining, wage floors
* Re-distribution (after the market has created inequalities)
  + Private
    - Intergenerational transfers
  + Public
    - Cash transfers, direct or progressive taxes
* Findings: trade offs
  + Gornik paper compares redistribution policies between countries
    - Finds that that across countries there are tradeoffs between private and public redistribution policies (minimum wages and taxes)
    - but that countries with larger welfare states do a better job at reducing childhood poverty and inequality
* Policy suggestions
  + Pre-distribution
    - creating a stronger legal infrastructure for labor unions
    - a guaranteed public employment at minimum wage
    - setting the minimum wage to a living wage
    - universal income
  + Re-distribution
    - a higher progressive tax rate for top earners (65%)
    - a personal tax Earned Income Discount
    - a renewal and expansion of social insurance
    - publicly-held sovereign wealth fund
    - annual wealth tax

**Wealth and Inequality**

What is wealth, how is it measured, what are some methodological concerns, and what are some good data sources?

* Conceptualization and definition
  + If income is a flow, then wealth is a stock
  + Assets minus liabilities
* Measurement
  + Difficult to measure because of
    - Cumulative nature
    - Reverse causation
    - Effect of income on wealth
    - Endogeneity of controls
      * Age, marital status, life cycle
* Hwo to address modeling concerns
  + As a DV
    - Median regression
    - Unconditional quantile regression
    - reweighting
  + As an IV
    - When it’s skewed, experiment with flexible function form
      * top coding
      * log transformation
      * percentiles
* Data source
  + Survey of consumer finances
  + PSID: panel study of income dynamics
  + Health and Retirement Study
  + Administrative data is a good supplement

What does the literature say about relationship between homeownership and wealth accumulation?

* Benefits of homeownership on wealth
  + highly leveraged asset whose value outstrips inflation
  + forced saving
  + elicits outsized tax deductions
  + hedges against future rent inflation
* Drawbacks to homeownership on wealth
  + High leverage for poor can lead to bankruptcy which has a dramatic effect on credit
* Direct impact on wealth accumulation
  + Di et. al.
    - Average net wealth of owner was $12K more than renters
    - Whites build more wealth, faster
    - Homeownership wealth generation is non-linear
    - Homeownership builds non-housing wealth
  + Killewald and Bryan
    - * Marginal structural models that don’t control away pathways that affect homeownerships like marriage or diverse
    - Average median gain of about $6,700 per year of homeownership towards net worth
    - Varies by race
      * 7,600 white
      * 4,600 hispanic
      * 3,600 blacks
  + Tuner and Leau
    - Average gains of 13K using less sophisticated methods
    - Findings vary by income status
      * Low to moderate increase wealth by 6K to 10K
      * High increase by 15K
    - Homeownership increases wealth, and this relationship is moderated by race and income

What is the relationship of minorities and disadvantaged populations to wealth?

* Racial wealth disparities
  + white households with a college degree had average net worth of 67K, blacks 15K
  + better access to mortgages
  + homes appreciate at higher values
  + more to leave to their children
  + disparate impact of policies
    - mortgage interest deduction is more likely to apply to whites and help them save
      * lower tax on capital gains and wealth taxes
    - blacks and Hispanics are more likely to have their income taxed
* elderly vs households with children (Gibson and Percheski)
  + life-cycle predicts that elderly have more wealth, but rate is not constant
  + widening gap between the two as well as within child households
    - top 1% accounted for 42% of all wealth
  + elderly had lower debts, higher return on equity, higher homeownership rates
  + outcomes today affect outcomes tomorrow

What effect did the housing crisis have on trends in wealth accumulation?

* In general, the housing crisis wreaked havoc on wealth accumulation in US
  + More precisely, while everyone lost and the top the most absolutely, everyone else lost more, relatively
  + Minorities (nonwhite, younger, and less educated) lost the most and were most likely to fall into debt
  + Gini increased 10% from 2007 to 2011 and 90/25 increased 6-fold
* Median wealth dramatically declined, but mean wealth actually rose
  + Those at the top were less affected because their wealth is more diversified
    - Homeownership is the main vehicle of wealth accumulation for most Americans

What does the literature say about intergenerational transfer of wealth?

* Very little literature about intergenerational transfer of wealth because there is little data
  + Direct transfer unlike education or human capital
  + Baby boomers amassed the greatest wealth and had the highest incomes
* Reasons
  + Altruistic vs exchange
* More about the intergenerational transfer of neighborhood poverty

**Urban and Spatial Inequality: Neighborhood Effects**

What are neighborhood effects and what is the role of space?

* the idea that neighborhoods have a direct or indirect effect on individual behavior and outcomes
* NE conceptualizes of neighborhoods as ecological units nested with successively higher units
  + Grounded in the neoclassical Chicago School of thought
    - Ecological, naturalizing view of city development
  + William Julius Wilson’s book *Truly Disadvantaged* where he is trying to describe the structural effects of living in concentrated poverty while also holding in tension the cultural implications of life in poverty
    - Effects of poverty, violence, joblessness, health disparities, poor schools
    - Outcomes like welfare receipt, criminality, employability, teen pregnancy, low educational attainment
  + It’s about the spatial variation of neighborhood circumstances on individual outcomes
* Spatial opportunity structure
  + How space affects individuals by structuring their access to resources and opportunity
    - Mediates
      * Types of skills and education
    - Moderates
      * Emotional and physical abilities of children to perform in school
    - Provides Feedback Loop or path dependency
      * Current circumstances exacerbate or enhance future opportunities
      * Their current options depend on previous choices or circumstances

What are the three central questions that the neighborhood effects literature seeks to address?

* the scale and the dimensions of spatial inequality
  + Different dimensions
    - Race, class, education
  + Who feels neighborhood effects?
    - Most substantial findings are on children
    - Chetty: most consistent findings is on children across lots of measures
      * Outcomes of children who move to better neighborhoods increases at 4% per year of exposure
    - Sharkey: intergenerational transfer of poverty
      * 70% of families living in ghettos in 1970s are living there today
      * Exposure to disadvantage accumulates over time
* the processes that reproduce and generate spatial inequality
  + What are the processes that produce spatial inequality?
    - Linking trajectories of individuals over time
    - Intergenerational transfer of poverty or opportunity
* Space as a mechanism to maintain and reinforce spatial inequality
  + Residential segregation as a mechanism to reinforce
    - Income segregation is on the rise
    - Structural racism

What are some of the major methodological concerns confronting neighborhood effects literature and how are they being addressed?

* The role that selection bias plays in
  + How do we know whether neighborhood differences are due to neighborhood characteristics and not to the selection of residents into those neighborhoods?
* Methods
  + sensitivity analysis
  + marginal structural models
  + inverse probability treatment models
* Experimental or Quasi-experimental analysis are ways around this, but hard to find data that allows for this

What are some of the major critiques of the neighborhood effects literature?

* size of the neighborhood effect
  + sharkey’s stuck in place page 106
  + sharkey argues that controlling for neighborhood poverty reduces the % gap in black-white adult’s income from 24% to 17%
  + about 7% reduction
    - seems that neighborhoods have a small effect
  + seems to hold across literature
* dispersal consensus
  + consensus that concentrated poverty is the problem, and dispersing it is the answer
    - move to opportunity experiment Greatrux
    - housing vouchers
    - HOPE IV
  + Slater says NE people are asking the wrong question
    - Where you live affects your life chances ----> your life chances affect where you live
    - DC is not accounting for life cycle of individuals and looking at them at static points in time
* Collapsing structure
  + DC collapses myriad structural forces into single outcome---concentrated poverty—that is then something to be addressed rather than the structural forces
* Binary framing of whether or not NE matter
  + Assumes that it does
  + Asks where, when, why, and for whom?
  + Focuses on where, when, and for whom residential contexts become salient
  + Wants place-based durable policy suggestions

**US Zoning and Housing Policy**

What is exclusionary zoning and what are some of its implications? Inclusionary zoning?

* Exclusionary zoning
  + The use of zoning to exclude certain types of land uses
  + Generally, affects certain groups more than other
  + i.e., open space zoning, low rise, square footage requirements
  + zones only for single family homes and not apartments that keep out minorities and lower income
* Inclusionary zoning
  + NYC 80/20 rule
  + 80% is market rate, 20% is affordable
  + Mechanism that links market rate housing with “affordable” housing
    - Use HUD’s AMI
    - Usually too high for the poorest
    - Usually only affordable for first tenant, market rate when they move out
  + Mandatory Inclusionary Zoning: recently passed in NYC
    - Requires that all new zoning be inclusionary
    - Only for new zoning, only in certain zip codes, and almost never in wealthy neighborhoods

What has been the relationship of federal policy and zoning?

* Zoning and separation
  + Racial undertones against laundry mats
  + Less overt
    - Single family houses
    - Keep apartment zoning away from single family homes
    - Limiting business zoning, attract businesses for specific consumption
* Loss of nuance
  + Gradually overtime zoning allowed a coarser grain of regulation, that has resulted in larger, more singular use zones that have proved profitable for developers and continued to enforce segregation
* How Federal government zoned America
  + The FHA imposed zoning standards that biased the type of development towards single-family residential zoning.
  + Developers wanted FHA backing and insurance, so they developed according to those standards
  + These standards are yet more evidence of federal housing policy shaping the “marketplace” towards a specific policy goal: the suburban zoning of America.

What is the relationship between housing regulation and affordability?

* General argument in newspaper articles
  + The main way out of housing shortages is to increase supply
  + Housing regulation—zoning or rent controls—limit supply and therefore increases costs
* Glaser piece: Why is Manhattan so expensive?
  + condo prices in Manhattan are twice their marginal construction costs and housing prices
    - cost of destroying another building’s view
    - congestion and overcrowding
    - and other social costs (larger draw on tax base and resources)
* Moretti piece
  + The spatial misallocation of labor has increased between 1964 to 2009
  + Moretti argues that it is restrictions on housing development and supply that have made the spatial allocation of labor less efficient
    - Made it more difficult for workers to allocate themselves to productive markets
  + restrictions on housing development and supply make housing less affordable
    - especially true in NYC and SF which have seen record levels of housing productivity in the last few decades

What are some changes to housing policy since 1968?

* Concerns of policy makers have become more complicated
  + lack of affordability
  + homelessness
  + lack of coordination of existing programs
  + housing as an obstacle to economic opportunity
* Movement away from supply-side approaches
  + Section 235 and 236 signaled the demise of supply-side methods and movement towards demand-side
    - Section 235: subsidies for mortgage payments
    - Section 236: Subsidies for developers of affordable housing
  + Moratorium on public housing construction
    - No new public housing since 1970s and the Nixon administration
  + Research findings that supply is inelastic, and demand is elastic
    - demand-side subsidies were more likely to improve housing price’s than were supply-side
* more attention in demand-side approaches
  + mortgage interest tax deduction continued to grow
  + Low income housing tax credit: subsidy for developers
  + HOPE IV
  + Section 8 and move to opportunity
* Mortgage financing changes
  + Increased financialization of housing market
  + Bail outs of mortgage market during housing crisis
  + Little bail out of homeowners