Affordable Housing Policy and Programs

CRP 3430 / 6430

Class Time: Tuesday and Thursday, 11:40 AM to 12:55 PM

Class Location: Room 208, Sibley Hall

Lecturer: Paul Mazzarella  
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Course Summary

How pervasive is the issue of housing affordability in the United States? Consider the fact that there isn’t a single housing market where a worker earning the minimum wage can afford even a modestly-priced apartment. Or that over 37.5 million households are considered cost-burdened because they pay an unacceptably high proportion of their incomes for housing. Or that the desire to become a homeowner is so strong that millions of homebuyers at all income levels took out risky, overpriced loans that resulted in a flood of foreclosures and trillions of dollars in loan losses.

Over the past eighty years, local, state and federal governments have tried to make headway against this intractable problem by developing housing production and subsidy programs. These programs have used a variety of different approaches and delivery systems. Intensive government involvement in the development and management of affordable housing evolved into market-driven, private-sector approaches. Tax policy has also played a major role in the allocation of housing resources. Every affordable housing program has had mixed results, but success or failure has not been solely the product of program design or implementation. It’s also due to the fact that housing is not just about shelter. It’s part of a complex mix of community development issues that include land use regulations, economic conditions, racial discrimination, access to credit, demographic shifts, wealth accumulation, public health, and crime, just to name a few. All of these issues play a role in how affordable housing programs function.

This course explores the origins and evolution of affordable housing programs in the United States from the 1930s to the present. All of these programs were created out of policies that drove the rationale for program development. In the United States, housing policies have not always been clearly articulated, but they’ve nevertheless had impacts on the ways that housing has been built and managed. While the changes in public policy are an important component, the focus of this course is on what programs have worked and why they’ve worked. The course will examine why housing affordability is a growing problem; how policy-makers and practitioners developed programs to address this problem; and how these programs actually function. Through readings, case studies, lectures and on-site visits, participants will learn about the strategies and best practices that available to address this serious community development problem. Guest speakers will relate the first-hand experience of practitioners in this field.
The course provides historical context and real life examples for a range of different types of affordable housing, including homeownership; rental housing; public housing; and supportive housing. Programs will be evaluated for their performance in different market conditions and different geographic areas ranging from the neighborhood to the regional level. Students will explore some of the cutting edge programs under development today and how they fit into effective community development strategies.

This course will feature a special guest lecturer, Jonathan Kivell, who will deliver a “mini-course” on community development finance on Saturday, November 7, 2015. Jonathan is an experienced lender who has held positions in the community development finance field with banks and hedge funds. Attendance is required. Two regular classes will be excused to accommodate this Saturday class.

**Course Requirements**

1. **Attendance/reading/participation** (10% of grade): All students are required to attend classes, complete all of the assigned readings, and actively participate in class discussions.

2. **Research papers** (60% of grade): Each student will write papers of six pages each on key topics related to affordable housing issues. All students will write two papers. The topic for the first paper will be assigned by the instructor. The topic for the second paper will be selected by the student. Papers should be double spaced, use 11 point font, and be approximately six pages in length.

The range of possible paper topics that may be selected by students is extremely broad and is not limited to the materials covered in class. Some possible topics include:

- A hot button issue in affordable housing such as NIMBY (Not in My Backyard); gentrification; rent control or inclusionary zoning.
- A description and analysis of an affordable housing program. Limited equity coops, land banks, and inclusionary zoning are just a few examples.
- An assessment of affordable housing needs for a city or region.
- Suggested policy or program changes to promote affordable housing in the United States.
- An analysis of whether subprime lending is good or bad for low-income populations.
- An analysis of the potential for building wealth and household assets: Is it better to rent or own?
- The impact of housing location on affordability, wealth creation and housing discrimination.

Citations for all papers should be from scholarly sources or reputable authors representing think tanks, foundations or government agencies. Interviews with directly affected parties are encouraged. Possible sources include:

- **Joint Center for Housing Studies, Harvard University**
- **Brookings Institution**
- **Urban Studies**
- **Urban Affairs Review**
- **Journal of the American Planning Association**
- **Housing Policy Debate**
- **Journal of Urban Affairs**
- **Journal of Planning Education and Research**
- **KnowledgePlex**

3. **Case studies:** (30% of grade): The class will be divided into small groups, each of which will design an affordable housing program or project that is based on a real life situation. Each group will make a 30-
minute presentation to the class that describes the underlying environment; the alternatives that were considered; the program selected; and a feasibility analysis of the project. The grade for case studies will be based on the quality of the research; the strength of the analysis; and the clarity of the presentation. A copy of the presentation and background materials must be submitted as the final product.

**Readings**

All readings are required and should be completed before each class in order to facilitate discussion.

**Books:** One book is required and is available at the Campus Store, local bookstores or online.


**Papers and Articles:** All papers and articles are available online. URLs are shown in the syllabus.

**Assignment Completion Schedule**

<table>
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<tr>
<th>Assignment</th>
<th>Due Date</th>
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<tr>
<td>Research Paper #1</td>
<td>Thursday, September 17, 2015</td>
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<tr>
<td>Topic: What are the elements that define a housing market? Describe the interplay between demographics, economic conditions and consumer preferences that create or reduce housing demand. Select a city, metropolitan area or region and describe its housing market and how it’s changing. Compile and analyze demographic, economic and housing data to document your analysis of the selected market area.</td>
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<tr>
<td>Research Paper #2</td>
<td>Thursday, October 8, 2015</td>
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<tr>
<td>Topic: Each student shall select a topic related to affordable housing policy, practice or impacts and write an in-depth analysis of how that topic is an important element in the examination of affordable housing. Graduate students will be required to make 10-minute presentations to the class and answer questions about the papers they have written. These presentations will be designed to stimulate class discussion. The presentations will be part of the grade for the paper.</td>
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<tr>
<td>Assignment of Case Study Projects</td>
<td>Thursday, October 17, 2015</td>
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<tr>
<td>Case Study Presentations</td>
<td>November 24– December 3, 2015</td>
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<td>The class will be divided into teams of 5-6 students each. Each team will conduct a preliminary feasibility analysis for a development project or affordable housing program that is assigned by the instructor. Each team will make a presentation of their findings to the entire class. The projects to be evaluated for these presentations will be selected by the instructor.</td>
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Class Schedule

1. Tuesday, August 25, 2015  
   Course Introduction
   A. Review course requirements and expectations
   B. Is there a right to housing?
   C. Define what affordable housing means
   D. The Big Themes in U.S. housing policy

   Readings:
   1. Schwartz: Chapter 1
      Online: http://www.knowledgeplex.org/showdoc.html?id=185663

2. Thursday, August 27, 2015  
   Why is Housing Affordability an Issue?
   A. Changes in mix/cost of housing over time
   B. Measures of affordability

   Readings:
   1. Schwartz: Chapter 2
   2. The State of the Nation’s Housing 2015; Executive Summary; Joint Center for Housing Studies, Harvard University, 2015

   Questions to consider in these readings:
   1. What was the most surprising (or shocking) aspect our current housing situation that was revealed to you?
   2. What are the most significant forces affecting today’s housing market?

3. Tuesday, September 1, 2015  
   Brief History of Early Federal Housing Policy
   A. Origins of Federal intervention in housing policy
   B. Home purchase financing in the U.S. after 1930s

   Readings:
   1. Schwartz: Chapter 3 pages 69-80
      Online: http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w08-1_von_hoffman.pdf
Questions to consider in these readings:

1. What are the similarities and differences between what happened to housing markets in the Great Depression and our recent housing bubble?
2. What are the biases that are inherent in U.S. housing policy, and how do they affect the outcomes for housing production and management?

4. Thursday, September 3, 2015  Public Housing

A. History of public housing
B. Controversies surrounding public housing
C. The development of housing vouchers

Readings:

1. Schwartz:  Chapters 6 and 8
2. Soloman, Rod, Public Housing Reform and Voucher Success:  Progress and Challenges, pages 1-50 and 82-85, Brookings Institution, 2005
   Online:  http://www.brookings.edu/~media/rc/reports/2005/01metropolitanpolicy_solomon/20050124_solomon.pdf

Questions to consider in these readings:

1. Has public policy created insurmountable handicaps to the development of successful public housing programs?
2. Is there a private sector alternative to public housing?

5. Tuesday, September 8, 2015  Evolution of Housing Policy and Finance

A. Collapse of thrifts/FIRREA
B. Community Reinvestment Act
C. Credit scoring
D. Subprime and predatory lending

Readings:

1. Schwartz:  Chapter 3 pages 80-102 and Chapter 4
   Online:  http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/cra02-1.pdf

Questions to consider in these readings:

1. Are there more efficient ways to promote public investment in affordable housing?
2. What changes are needed in the design or regulation of private housing finance to reduce the risk of another meltdown of the credit market?
6. Thursday, September 10, 2015  
Dysfunctional Housing Markets / Fair Housing

A. Federal programs (brief overview of CDBG, HOME, Rural Development, etc.)
B. Government Sponsored Entities (Fannie Mae, Freddie Mac)
C. Defining affordability in for-sale housing

A. Fair housing

Readings:

1. Schwartz: Chapter 11
   Online: http://www.nationalfairhousing.org/LinkClick.aspx?fileticket=rJOodoEJhG4%3d&tabid=3917&mid=5321

7. Tuesday, September 15, 2015  
Local and Regional Housing Programs

A. Inclusionary zoning
B. Incentive zoning

Readings:

1. Fulton, William and Aubry, Ryan, Beyond Neighborhood Boundaries: Taking a Regional View of Housing, Funders Network for Smart Growth and Livable Communities, 2006
   Online: http://www.knowledgeplex.org/showdoc.html?id=220348
2. Mintz-Roth, Jesse, Long Term Affordable Housing Strategies in Hot Housing Markets, Joint Center for Housing Studies of Harvard University, 2008
   Online: http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w08-3_mintz-roth.pdf
   Online: http://www.knowledgeplex.org/showdoc.html?id=2279

8. Thursday, September 17, 2015  
Affordable Homeownership
Research Paper # 1 due

A. The impact of subprime lending on housing markets.

In class, listen to: This American Life, 5/9/2008, “The Giant Pool of Money”
Readings:


Questions to consider in these readings:

1. Is the Federal government’s deep support for homeownership justified in light of the benefits that are produced?
2. What changes to public policy would help to even the playing field between rental and owner-occupied housing? Would this have a positive impact on wealth creation, development patterns and social integration?

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9. Tuesday, September 22, 2015  Affordable Housing Program Design

A. Market analysis/needs assessment
B. Community development goals
C. Geographic area
D. Requirements of subsidy programs

Readings:

1. Levy, Diana; Comey, Jennifer and Padilla, Sandra, *In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement*, Urban Institute, 2006
   Online: [http://www.urban.org/uploadedPDF/411294_gentrification.pdf](http://www.urban.org/uploadedPDF/411294_gentrification.pdf)


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10. Thursday, September 24, 2015  Affordable Homeownership Programs

A. What are the barriers to homeownership?
B. What do homeownership programs strive to achieve?
C. Mechanics of home purchase financing
D. Homebuyer education and counseling
Readings:

1. Schwartz: Chapter 12
   Online: [http://www.knowledgeplex.org/showdoc.html?id=41769](http://www.knowledgeplex.org/showdoc.html?id=41769)
3. Hornburg, Steven P., *Strengthening the Case for Homeownership Counseling: Moving Beyond “A Little Bit of Knowledge”*, Joint Center for Housing Studies, Harvard University, 2004
   Online: [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w04-12.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w04-12.pdf)

11. Tuesday, September 29, 2015  Homeownership Financing Programs

A. Discussion of the merits of homeownership vs. rental housing  
B. Down payment/closing cost loans  
C. Subsidized first mortgage  
D. Market conditions: special considerations for high price, declining or rural markets  
E. Impact of subprime and predatory lending

Readings:

1. Quercia, Roberto; Stegman, Michael; Davis, Walter; and Stein, Eric *Community Reinvestment Lending: A Description and Contrast of Loan Products and Their Performance*, Joint Center for Housing Studies, Harvard University, 2001
2. Essene, Ren; and Apgar, William, *Understanding Mortgage Market Behavior: Creating Good Mortgage Options for All Americans*, Joint Center for Housing Studies, Harvard University, 2007
   Online: [http://jchs.harvard.edu/sites/jchs.harvard.edu/files/mm07-1_mortgage_market_behavior.pdf](http://jchs.harvard.edu/sites/jchs.harvard.edu/files/mm07-1_mortgage_market_behavior.pdf)
   Online: [http://www.knowledgeplex.org/showdoc.html?id=1056](http://www.knowledgeplex.org/showdoc.html?id=1056)

12. Thursday, October 1, 2015  Innovations in Homeownership Programs

A. Presentation by Liz Walker, Executive Director of EcoVillage at Ithaca

Readings:

1. Davis, John Emmeus, *Shared Equity Homeownership, The Changing Landscape of Resale-Restricted, Owner-Occupied Housing*, National Housing Institute, 2006; Chapters 1, 2 and 5
   Online: [http://www.nhi.org/pdf/SharedEquityHome.pdf](http://www.nhi.org/pdf/SharedEquityHome.pdf)
   Online: [http://www.knowledgeplex.org/showdoc.html?id=56242](http://www.knowledgeplex.org/showdoc.html?id=56242)

*Questions to consider in these readings:*
1. Does the shared-equity concept unfairly limit the ability of homebuyers to build wealth?
2. How much shared equity housing needs to be developed in order for it to have an appreciable impact on a local housing market?

13. Tuesday, October 6, 2015  Options for Owner-Occupied Housing Development

A. Community land trust
B. Employer assisted housing
C. Condominium/Cooperative housing
D. Self-help/owner-builder housing
E. Manufactured housing

Readings:

1. Apgar, William; Calder, Allegra; Collins, Michael; Duda, Mark; *Manufactured Housing as a Community- and Asset-Building Strategy*, Neighborhood Reinvestment Corporation and Joint Center for Housing Studies, Harvard University, 2002
   Online: [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w02-11_apgar_et_al.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w02-11_apgar_et_al.pdf)
2. Housing Assistance Council, *Through Partnership and Promise: Ten Years of SHOP in Rural Communities*, 2007

14. Thursday, October 8, 2015  Rental Housing Development  

*Research Paper #2 due*

A. Project based assistance
B. Program assistance

Readings:

1. Schwartz: Chapter 7
2. Joint Center for Housing Studies, Harvard University: *America’s Rental Housing The Key to a Balanced National Policy*, 2008
   Online: [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/rh08_americas_rental_housing.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/rh08_americas_rental_housing.pdf)

15. Tuesday, October 13, 2015  No Class – Fall Break

16. Thursday, October 15, 2015  Assignment of Case Study Projects  

*Student Paper Presentations*

17. Tuesday, October 20, 2015  State Housing Programs  

*Student Paper Presentations*

A. Housing Finance Agencies/Tax exempt bond financing
B. Housing trust funds
C. Tax increment financing
D. Tax abatement programs
E. Assignment of Case Study Groups and Projects
18. Thursday, October 22, 2015  State and Local Housing Programs  
Student Paper Presentations  
1. Schwartz: Chapter 9  

19. Tuesday, October 27, 2015  Rental Housing Development  
Student Paper Presentations  
A. Overview of the rental housing development process  

Readings:  
   Online:  
2. Enterprise Foundation, *Developing Multifamily Housing with New Construction*, 1999  
   Online:  

20. Thursday, October 29, 2015  Low Income Housing Tax Credits  
Student Paper Presentations  
A. Low Income Housing Tax Credit program  

Readings:  
1. Schwartz: Chapter 5  
   Online:  
   http://www.knowledgeplex.org/showdoc.html?id=1191  

21. Tuesday, November 3, 2015  Anatomy of a Tax Credit Project  
Student Paper Presentations  
A. Design and financing of the Breckenridge Place tax credit project – Ithaca, NY  

Readings:  
Materials to be distributed in class  

22. Thursday, November 5, 2015  Tour of Local Affordable Housing Projects  

23. Saturday, November 7, 2015  Community Development Finance  
9:00 AM to 4:00 PM  

23. Tuesday, November 10, 2015  No class  

24. Thursday, November 12, 2015  Senior Housing – Guest Presenters  
A. Property management/asset management  
B. Resident services
Readings:

   Online: [http://www.knowledgeplex.org/showdoc.html?id=163726](http://www.knowledgeplex.org/showdoc.html?id=163726)
   Online: [http://www.knowledgeplex.org/showdoc.html?id=2278](http://www.knowledgeplex.org/showdoc.html?id=2278)

25. Tuesday, November 17, 2015
    No class

26. Thursday, November 19, 2015
    The future of affordable housing
    A. Wealth gap in the U.S.
    B. Impact of consumer debt
    C. Political commitment to affordable housing

Readings:

   Online: [http://govinfo.library.unt.edu/mhc/MHCReport.pdf](http://govinfo.library.unt.edu/mhc/MHCReport.pdf)

27. Tuesday, November 24, 2015
    Case Study Presentations

28. Thursday, November 26, 2015
    No Class - Thanksgiving Recess

29. Tuesday, December 1, 2015
    Case Study Presentations

30. Thursday, December 3, 2015
    Case Study Presentation