

# Solving Urban Poverty



# Lessons from Suburbia

BY DOUGLAS S. MASSEY

In 1983 the New Jersey Supreme Court issued a landmark decision in the case of South Burlington County NAACP v. Mount Laurel Township. Commonly known as Mount Laurel II, the ruling held that all municipalities in New Jersey had an affirmative obligation, under the state constitution, to house their fair share of affordable housing in the region. The decision effectively forbade the use of zoning to prevent the construction of affordable housing units in affluent suburban communities.

Although the township and litigants entered into a consent decree in 1985, the affordable development, which came to be known as Ethel Lawrence Homes (ELH), did not open its doors until late 2000. In that year, 100 affordable units were allocated to low and moderate income families on a first-come, first served basis. Another 40 units were completed and filled in the same way in 2004.

The road to affordable housing in Mount Laurel, New Jersey was long, winding, and fraught with obstacles that had to be overcome one-by-one in a tedious, seemingly endless process of litigation, negotiation, planning, and implementation. When all was said and done, the Ethel Lawrence Homes were 35 years in the making. Over the decades, many fears were expressed and charges levied about the dire consequences of bringing affordable housing to Mount Laurel. Nonetheless the project was built and eventually opened. In 2009-2010, I joined with a team of colleagues to undertake a systematic evaluation of the effect that ELH had on the township and surrounding neighborhoods, as well as on the lives of the people who were able to take advantage of access to affordable housing in an affluent suburb of Philadelphia. In this article, I review the principal findings of this study and consider their implications, both for social science and public policy.



### Fears That Never Materialized

For most households in the United States, home equity is the largest single source of family wealth. Thus threats to home value become de facto threats to a family's economic status. In addition, people tend to become emotionally attached to places in which they grow up, live, and raise their children, and when we consider that a place to live is not readily substitutable or foregone on the part of consumers, we begin to understand why conflicts over land use can be so divisive. When one overlays issues of race and class on top of land use, the mix can be downright combustible.

We certainly saw this combustibility in Mount Laurel. The proposal to build an affordable family housing project in the township met with strong, emotional, and vociferous opposition from the very beginning. Over the course of a long series

of a highly motivated few against the indifference or favorable leanings of the many. Indeed, a decade after the opening of the Ethel Lawrence Homes, a fifth of the residents in neighboring subdivisions were unaware that an affordable housing project existed in the township; nearly a third did not know that a project existed in the neighborhood; almost three quarters could not name the development; and nearly 90% had never interacted personally with a resident of the Homes. In sum, when the project finally opened it was not with a bang but a whimper.

Our research suggests that a whimper rather than a bang was indeed the appropriate reaction. In the controversy preceding the final approval of plans for ELH, township residents repeatedly expressed their fears of dire consequences that were sure to follow in the wake of the project's opening—that crime would increase, that tax burdens would rise, and that property values would decline. Despite these fears, when we carefully assessed trends in crime, taxes, and home prices in the township and surrounding neighborhoods, we found no evidence whatsoever that the project's opening had any direct effect on crime rates, tax burdens, or property values. Moreover, the indirect effect on school expenditures was mitigated by the fact that the number of students was small (only 30 in a district of nearly 3,000 students) and they were scattered across separate primary, middle, and secondary schools. Given that the per-pupil cost was likely lower in Mount Laurel than in the school districts from which the new pupils came, one could argue that the new arrangement represented a more efficient use of taxpayer's money to achieve better educational outcomes. In the end, the grievous effects on the community that so many predicted simply failed to materialize.

### Moving to Opportunity

Our results therefore indicate that an affordable housing project for low and moderate income minority residents can indeed be developed within an affluent white suburb without imposing significant costs on the surrounding community or its residents. On the benefits side of the equation, we found that moving into the Ethel Lawrence Homes brought about a very clear improvement in the lives of project residents and their children. The effects we uncovered for adults are summarized graphically in Figure 1.

The analysis was carried out by comparing ELH residents with a set of non-residents who, like the ELH residents, also self-selected into the population of people seeking to enter an affordable housing project in an affluent white suburb. By using propensity score matching, a technique that renders the two groups comparable on the factors that likely matter, we were able to estimate causal effects with some confidence even without random assignment.

As the figure indicates, moving into ELH brought about a marked reduction in residents' exposure to social disorder and violence, which in turn produced a sharp reduction in the frequency of negative life events they experienced. Reductions in exposure to social disorder and violence and reduction in the

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of court proceedings, newspaper editorials, letters to the editor, planning board hearings, council meetings, and debates in other public fora, displays of vitriolic language, racist imagery, and venomous accusations were in common currency. Although some township residents rose to defend the project and its tenants, the public airwaves were dominated by the voices of opposition. Our survey of residents in neighboring subdivisions revealed, however, that although the public expression of negative emotion indeed reflected underlying racial animus, in the end the controversy was likely a "tempest in a suburban teapot" stirred by a small number of highly motivated, possibly racially antagonistic individuals who mobilized to oppose the project in the strongest possible terms. More than a decade after the first ELH residents moved in, however, most neighbors were either indifferent or positive toward the development.

Although future proposals for affordable housing in other communities will likely also encounter vitriolic opposition, we conclude that public officials might be well-advised to discount the vehemence of the anti-development reaction as the actions

FIGURE 1. Path Model Showing Effect of ELH Residence on Mental Distress and Economic Independence Among Adults

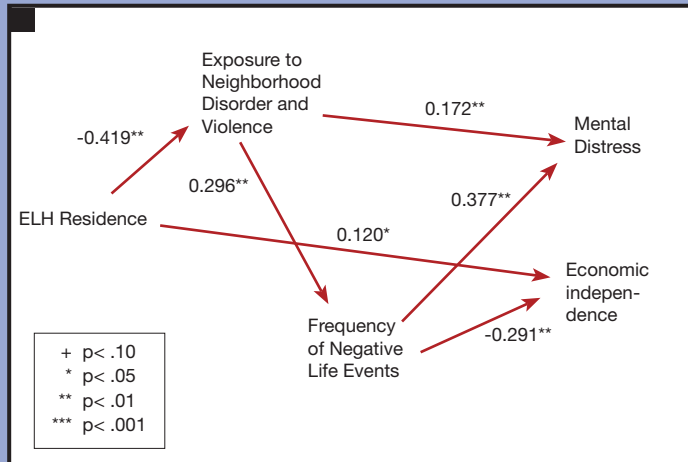
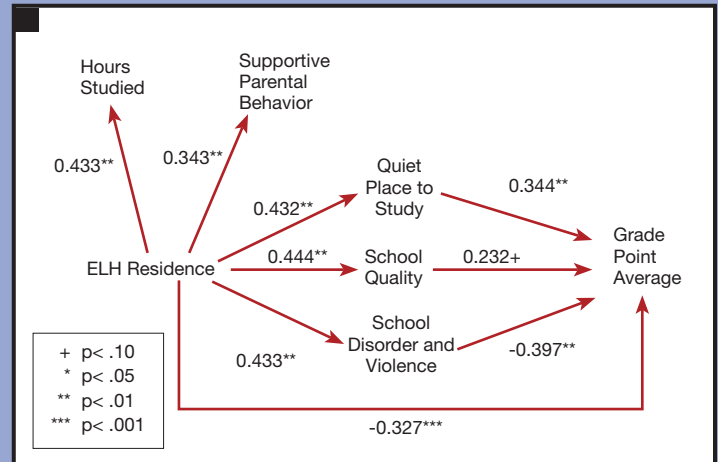


FIGURE 2. Path Model Showing Effect of ELH Residence on Academic Outcomes Among Children



frequency of negative life events both, in turn, were related to reductions in residents' mental distress. These relationships were substantial by the usual standards of social science.

We also created a measure of economic independence to examine whether moving to ELH was associated with changes in residents' economic well-being. A systematic comparison between ELH residents and our similarly self-selected non-residents yielded estimated causal effects that are rather strong by social science standards, and included both direct effects of moving to ELH and indirect effects operating through reduced exposure to disorder and violence and fewer negative life events. ELH residents therefore do appear to have "moved to opportunity" by relocating to affluent suburbia.

But what about the children? Figure 2 summarizes the causal effect of ELH residence on selected educational outcomes observed among adolescent children living in the Ethel Lawrence Homes. This analysis is again based on a matched sample of non-residents that served as the control group.

Although ELH residence significantly increased the number of hours children spent studying and raised the amount of academically supportive behavior by parents, these two factors did not have any influence on grades once other factors were controlled. As shown in Figure 2, ELH residence also has direct effects on the likelihood of having a quiet place to study, school quality, and school disorder and violence. Because these variables in turn influence GPA, it follows that ELH has some indirect effects on children's grades that are beneficial. Although the direct effect of ELH residence on GPA is negative, this negative effect is accordingly offset by three important indirect effects that are positive. Even though students may be thrust into a more challenging educational environment as a result of moving, they also gain greater access to a quiet place to study

(a room of their own or the project-sponsored homework club); they gain access to higher quality schools with lower rates of disorder and violence; and all these gains lead to improvements in GPA that more than offset the negative effects of competing in a more demanding academic environment.

### Implications for Social Science and Social Policy

These findings have important substantive and theoretical implications for social science as well as practical implications for social policy. In terms of social science, a controversial discussion among scholars has focused on the existence and nature of "neighborhood effects." Social scientists continue to debate whether and how exposure to positive or negative circumstances within a residential area influences a person's life chances, above and beyond the influence of that person's individual and family circumstances. Although many studies have documented clear associations between neighborhood conditions and individual well-being along a variety of dimensions even after applying controls, cross sectional and even longitudinal regression models cannot fully eliminate the alternative explanation—that unmeasured variables simultaneously cause poor people to move into poor neighborhoods and to express behaviors that disadvantage them.

Although recent quasi-experimental studies have sought to eliminate this rival hypothesis by comparing outcomes for treatment and control groups, earlier efforts have not been entirely successful. The two most important studies completed to date were both based on housing mobility programs, interventions that sought to move poor people into better neighborhoods and observe the consequences. In the Gautreaux Demonstration Project, public housing residents were assigned to move out of projects and into city or suburban neighborhoods. In the Mov-

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ing to Opportunity Demonstration Project, investigators sought to randomly allocate public housing residents to high and low poverty neighborhoods and document the effects. In the former study, however, assignment to treatment and control groups was not random at all, whereas in the latter random assignment was undone by selective processes that unfolded after assignment. Although both studies found that moving into a better neighborhood indeed improved the conditions that people experienced in their daily lives and led to better mental health outcomes, the Gautreaux project generally found significant improvements in adults' economic status and children's educational outcomes whereas the MTO project did not (see, for example, "Why Concentrated Poverty Matters" in this issue).

Our study likewise arose out of a housing mobility program—in this case an affordable housing development that was built to enable low and moderate income minority families to move into an affluent white suburb. Using structurally equivalent treatment and comparison groups we were able to confirm the rather dramatic improvement in neighborhood conditions experienced by program participants as a result of entering Ethel Lawrence Homes. The same comparisons also confirmed that improved neighborhood circumstances did not come at the cost of interpersonal contact with friends or relatives or access to basic services needed for daily living.

Having documented a sharp reduction in exposure to disorder and violence as a result of moving into ELH, we undertook a series of comparisons between ELH residents and a comparison group of non-residents. We found that moving into the Ethel Lawrence Homes brought about a significant reduction in the incidence of negative life events, lowered levels of mental distress, increased employment and earnings while decreasing welfare receipt, and generally produced a higher level of economic independence among participating adults. Among children, residence in ELH increased the quality of schools attended and reduced exposure to within-school violence and disorder, while providing more students with a quiet place to study and offering resident children more supportive parenting and an environment more conducive to studying. Having a quiet place to study and attending better schools with lower levels of violence and disorder, in turn, produced higher grades. Given

the design of the study, we hold that these effects may be taken as causal, thus confirming the hypothesis that neighborhoods matter in explaining life trajectories and that neighborhood effects on socioeconomic outcomes are indeed real.

In terms of social policy, our results suggest that the development of scattered site, de-concentrated affordable housing projects in affluent suburbs can lower levels of racial and class segregation while increasing social mobility for disadvantaged inner city residents. Great strides in economic status were made by adults and significant improvements in educational outcomes were achieved by children as a result of entering the Ethel Lawrence Homes; and these strides were accomplished without imposing significant social costs on project residents or economic costs on project neighbors or the suburban community in general.

The project also did not impose serious costs on the taxpayers of New Jersey or the Township of Mount Laurel (not counting the money wasted in litigation to block the project's construction). Designed so that all of its units were affordable to an unusually deep range of low and moderate income households, ELH is self-sustaining financially, with tenant rents calibrated on income and reserve funds covering its annual operating costs, including the debt service payments (which arise from the subsidies made available for the project). What is unique about the Ethel Lawrence Homes is precisely this range of affordability it offers to prospective renters. Whereas the vast majority of projects financed by the Low Income Housing Tax Credit program (LIHTC) are 100% affordable at 60% of median income, ELH offers units affordable to families earning between 10% and 80% of median income. Although LIHTC financing is sufficient to fund most affordable housing projects, whether constructed by a nonprofit or for-profit developer, it is usually not enough by itself to cover the total costs of projects with the range of affordability seen in Mount Laurel. State funding was, in the case of ELF, essential in plugging this gap. Our results thus offer an endorsement for the continuation and possible expansion of the LIHTC program as well as a plea for greater support at the state level to increase the range of affordability within suburban areas.

### Why Did It Work?

The success of Ethel Lawrence Homes as a development, both for the people who inhabit it and the community that surrounds it, did not just happen, of course, but stems from the hard work, careful planning, and dedicated oversight of many people, especially those connected with Fair Share Housing Development, Inc., and the Fair Share Housing Center. Although it is not possible from the data at our disposal to pinpoint those elements of design and implementation that are primarily responsible for the success of the Ethel Lawrence Homes, several salient elements stand out.

First, the residents of ELH were both self-selected and filtered. All of the tenants went out of their way to show up at the offices of the Fair Share Housing Development to pick up, fill out, and turn in an application form for units that were advertised as being allocated on a first come-first served basis. Such people are almost by definition motivated to improve their lives and their neighborhoods and to increase their opportunities for socioeconomic advancement. In addition, all applicants were screened to be “good tenants” who pay rent, get along with others, and maintain their units.

The Ethel Lawrence Homes thus do not necessarily provide a model of mobility for all poor and disadvantaged families in the United States. Those mired in substance abuse, criminality, family violence, and household instability are not good candidates for affordable housing developments. Their problems are likely to be complex, interconnected, manifold, and thus to require a more comprehensive intervention than simply providing a decent home in a peaceful neighborhood with good schools. Affordable housing developments do constitute an appropriate intervention, however, for the millions of low- and moderate-income families who are currently trapped in distressed urban neighborhoods for lack of anywhere else to go, but who nonetheless plug away to do the best they can at school and work, hoping for a chance to advance. For such people, affordable housing developments such as the Ethel Lawrence Homes can dramatically divert life trajectories toward socioeconomic success, educational achievement, and real integration into the American middle class.

Another important factor is the range of affordability built into the project. During the 1950s and 1960s, public housing projects were reserved for the neediest families, producing developments that virtually by definition concentrated poverty spatially to create an untenable social and economic environment. In contrast, units in ELH were designed to go to households earning a range of incomes, going from 10% of the county’s median income for one person (\$5,630) to 80% of the median income for a five-person family (\$69,440). Even though all families were in a position to benefit from access to affordable housing, not all were abjectly poor, thus mitigating the consequences of concentrating economic deprivation.

A third element was the careful attention to the project’s design and aesthetics. Its physical layout was deliberately designed to mimic that prevalent in surrounding subdivisions, being situated around cul-de-sacs and public greens, set off from the main road and surrounded by fields and woodlands. The architectural style of its townhouses was chosen to mimic styles found in surrounding neighborhoods and other affluent suburbs in the region, consisting of attractive townhouses built using materials and painted with colors that blended seamlessly with adjoining areas. In addition, the project from the start contained a development budget for landscape architecture and continues to have a line item in its operating budget for landscape maintenance, thereby ensuring it will remain attractive and largely invisible to the surrounding community as “affordable housing.” In this way, developers were able to blunt the reaction of neighbors when the project opened, even to the point where many do not realize it is an affordable development. In so doing, they also avoided the visual stigma usually associated with “public housing” in the United States.

Finally, the management at the Fair Share Housing Development operates as much more than a simple rental agency. From the very beginning, social organization within the development was subject to deliberate design and careful planning. The physical layout and building structures were planned with an eye to how they would influence patterns of social interaction and increase the possibilities for informal social control, with clear fields of vision that provide what Jane Jacobs once called “eyes on the street,” people observing public spaces from individual units and stoops. Management intervenes actively to build internal social cohesion among project tenants, providing space and opportunities for tenants to meet both for formal discussions and informal activities, sponsoring and helping to organize and sustain a Community Watch Group, and offering a Homework Club for children.

Whatever the reason for its success, the Ethel Lawrence Homes offers a proof of concept for the further development of affordable family housing, both as a social policy for promoting racial and class integration in metropolitan America as well as a practical program for achieving poverty alleviation and economic mobility in society at large. Our results show that affordable housing for low and moderate income minority families can be built within an affluent white suburban environment without imposing significant costs on the host community or its residents, while simultaneously increasing the economic independence of project residents and improving educational achievement among their children, all with little or no cost to taxpayers. It is a win-win prospect for all concerned.

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