Affordable Housing and the Failure of the Market

I. Lack of decent affordable housing

A. Relatively small number of physically sub-standard units
B. More significant number of units for which occupiers pay (or would have to pay) more than 30% of household income for housing costs
   1. high percentage of cost burdened households among low-income households.
      a. homelessness
      b. doubling up
      c. reduction of resources for other than housing needs
   2. limited availability of subsidies for such families
      a. reduced number of public housing units
      b. reduced level of vouchers
      c. discrimination against voucher holders
C. Affordable units leave market more quickly than they enter market.
   1. gentrification
   2. public works
   3. converted use

II. Barriers to affordable units entering market

A. Legal
   1. zoning
      a. density
      b. height restrictions
B. Political
   1. NIMBYism
   2.
C. Economic
   1. lack of adequate return
   2. more lucrative alternative investments
   3. high risk

III. Costs to society of absence of sufficient number of decent, affordable housing units

A. Health costs
   1. homelessness
   2. physical illness
      a. asthma
      b. lead poisoning
      c. conditions related illness or injury
         i. cold
         ii. mold
         iii. accidents
3. emotional illness
   a. stress
   b. hypertension
4. treatment costs
   a. lack of prevention
   b. emergency room visits
   c. absence of treatment

B. Education costs
   1. absences and disruptions
   2. lack of concentration
   3. lack of continuity
   4. absence of parental supervision
   5. high drop-out rate

C. Productivity costs
   1. Under-prepared for employment
   2. Absences
   3. Lack of concentration

D. Environmental costs
   1. road congestion
   2. emissions
   3. rapid deterioration of infrastructure

IV. Market failure

   A. Lack of funding for affordable housing is inefficient
      1. cost savings from subsidizing affordable housing production and use
         would save society significant costs
      2. collective action problem
         a. no individual has incentive to make the investment
         b. individual investments inadequate to effect savings

   B. Government as collective action solution

   C. Public choice problem
      1. moneyed opposition to affordable housing
      2. race as a factor