Gambling with Homes, or Investing in Communities

How speculation drives evictions and poor housing quality, and how affordable housing protects neighborhoods of color

LISC Leadership Forum

David M. Greenberg, Julia Duranti-Martínez, Francisca Winston, Spenser Anderson (LISC National), Richard D. Hendra (New School), Jacob Udell and Caroline Kirk (UNHP)

11/16/22
Debt is a major way that speculators realize gains.
What are the consequences of speculation for tenants and communities?

**Housing quality**

Properties that re-sold for the highest additional amount or which took on the most added debt have up to 2.7x more housing violations than those that did not.

**Evictions**

Building owners who took on more debt or bought at higher prices evicted their tenants at 1.5x the rates of similar properties in comparable neighborhoods.
The “Dawnay, Day” portfolio
What is the positive impact of affordable housing investments?

**Housing quality**

When looking across all housing units in NYC – including luxury apartment buildings, and newly-constructed apartments – there are about 1/2-2/3 fewer violations in subsidized apartments than in unsubsidized apartments.

**Breaking cycles of speculation**

They were also less likely to be acquired at higher values or to take on higher debt levels than properties in similar neighborhoods.
Recommendations

State legislatures and local governments should bolster tenant protections and address their arrears.

Government at the federal, state, and local level should support large-scale acquisition funds, to bring distressed rental housing into community and nonprofit ownership and to promote its permanent affordability.

Local government should expand enforcement actions in properties that are perennially in poor maintenance condition, and explore ownership transfer from predatory landlords into community and nonprofit ownership.

State governments should use taxation to discourage speculative sales.

State and federal agencies should use a range of regulatory tools and oversight mechanisms to ensure that mortgage lending to rental housing benefits tenants, particularly in properties with lower-income residents.