

Moving on up


How helping families relocate could increase economic mobility

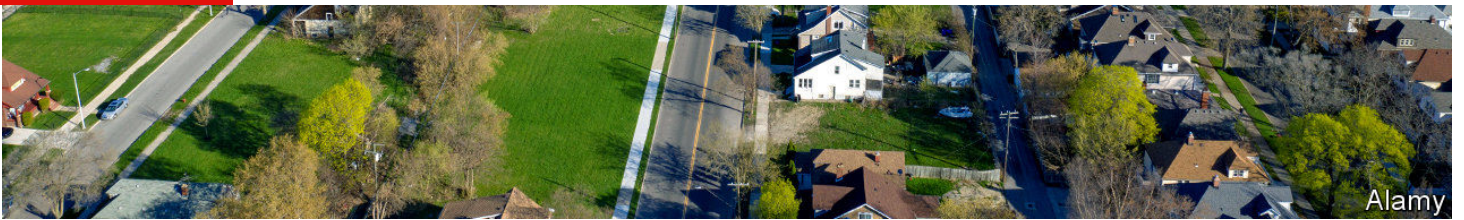
When poor families receive housing vouchers they often move from one troubled neighbourhood to another



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Democracy in America

Sep 4th 2019 | by C.K. | WASHINGTON, DC

SEGREGATION IN AMERICA is becoming less about race and more about money. The trend

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The impact is likely to spill over into the next generation, suggests earlier research by Raj Chetty, an economist at Harvard, and colleagues. They found that children born to families with the same household characteristics, such as income, but in different neighbourhoods of a city had markedly different prospects of finishing high school, staying out of prison and enjoying a high income as an adult.

Now, a striking new study by Mr Chetty and a team of researchers suggests that public policy can reverse the trend towards income segregation by helping families move to places where their children are more likely to thrive. The researchers defined high-opportunity neighbourhoods as those with higher rates of upward mobility for children from low-income families.

The framework for such interventions is already in place. Housing Choice Vouchers, a \$20bn

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reported greater satisfaction with their new neighbourhood: 68 % declared themselves “very satisfied” compared to 33% of those who received vouchers alone.

It is too early to know precisely how the project will affect the lives of the children involved. But the benefits are likely to be big: the researchers estimate that moving from a low- to a high-opportunity neighborhood increases the average low-income child’s lifetime household income by \$210,000. The future incremental tax revenues generated by children who moved as a result of the programme should more than offset its costs (of \$2,600 per family).

Can such an intervention be introduced more widely? Providing high quality targeted support at scale can be a challenge: administrators of a bigger programme could, for example, find it hard to secure enough rental properties in high-opportunity neighbourhoods. But the fact that a majority of families, given this assistance, chose to move to areas with more opportunity suggests poor families do not stay in low-opportunity areas because of money or proximity to family or friends, reasons that are often posited for their failure to move. “We conclude that redesigning affordable housing policies to provide customised assistance in housing search could reduce residential segregation and increase upward mobility substantially”, the researchers wrote.



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