

2018

Substandard Rental Housing in the Promise Zone of a Mid-Sized U.S. City

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Walden University

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Walden University

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Ruth E. Metzger

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Abstract

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by

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MBA, Indiana University, Bloomington, 1987

BA, Indiana University, Bloomington, 1984

BSN, University of Southern Indiana, 1996

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Public Administration, Health Policy

Walden University

May 2018

Abstract

A persistent gap exists between established federal, state, and local standards for housing habitability and the condition of rental housing. The condition persists despite local code enforcement mechanisms, leaving significant potential to improve housing. Such housing can have adverse impacts on people's physical and mental health, economic stability, education, crime, community development, and municipal budgets. The purpose of this case study was to identify factors that create and perpetuate the problem, make it difficult to resolve, and to identify policy actions with the potential to help mitigate it. Rational choice theory and public choice theory formed the framework to analyze motivations and behaviors of policy makers, policy enforcers, policy influencers, and renters who are affected by policy. Data were collected through 23 semi-structured interviews with city officials, property owners, local housing advocates, low-income renters, investigative reporters, and legal aid attorneys. Interview data were open coded and subjected to a thematic analysis. Themes emerging from the study include lack of accountability for owners and renters, barriers to adequate local code enforcement, financial and investment practices that place properties into the hands of owners who fail to maintain them, historical influences related to construction practices and changing ownership patterns, broader costs to families and the community, and external influences related to economic and demographic trends. The positive social change implications stemming from this study include recommendations for policy makers to address factors that create and perpetuate this type of housing, strengthen code enforcement, and ensure habitable housing for all citizens regardless of their income.

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Dedication

I dedicate this study to the steadfast people everywhere who are striving to eradicate the problem of unfit housing and create communities where every citizen is able to have a stable, clean, and safe home in which they can afford to live. You do so in the wake of generations of financial, economic, and property ownership policy and enforcement that have contributed to creating and perpetuating the housing system we have today, that serves those with financial means well, and neglects those of more modest means. You touch the future in more ways than you can imagine.

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I would first like to acknowledge my family. My beautiful daughter, Juliette, has been an inspiration throughout her struggles with circumstances beyond her control to find decent housing. She has faced her difficulties with courage and grace. I cherish the sunshine and humor she has brought into my busy days of researching and writing.

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Chapter 1: Introduction to the Study

Introduction

*“The connection between health and dwelling is
one of the most important that exists.”*

~Florence Nightingale

City governments have long faced the persistent problem of substandard rental housing as one of the limited alternatives for citizens of limited means, especially those members of racial and ethnic groups that have struggled under systemic social and economic discrimination (Chaskin, 2013; Gultekin & Brush, 2016; Nguyen, Basolo, & Tiwari, 2013). According to the U.S. Centers for Disease Control and Prevention (CDC, 2015), housing that is poorly maintained “can significantly affect public health” (para 1). According to CDC, the nationwide prevalence of substandard housing is approximately 6 million units; some of the health consequences for those who must live in poorly maintained dwellings include: “lead poisoning [from old paint or plumbing], injuries, respiratory diseases such as asthma...fire, electrical injuries, falls, rodent bites” and more (para. 1). From a public health perspective, improving the quality of housing is a significant policy intervention with the potential to increase the health and well-being of millions of people in the United States.

Efforts to mitigate poor housing conditions via federal government initiatives such as the construction of public housing projects in the 1940s, urban renewal in the 1960s, the issuance of housing choice vouchers (HCVs) beginning in the 1970s, and

“relocation of families into higher-quality, economically mixed developments” (Chaskin, 2013) met with varied results, and the issue of substandard housing continues across the United States (Desmond, 2015; MacDonald & Poethig, 2014; Scally & Tighe, 2015).

In this study I examined factors that affect the status of substandard housing in a medium-sized city in the Midwest region of the United States. The city has a population of approximately 141,000 citizens. In this city, there is a long-standing preponderance of blighted and substandard housing, with a significant gap between the need for decent, safe, affordable rental housing and the poor condition of rental housing that is available in the community (Bowen, 2014).

Relying on rational choice theory (RCT) and public choice theory (PCT) as a theoretical framework, I critically examined factors that influence the decision-making behaviors of local stakeholders including renters, property owners, city officials, attorneys, and housing nonprofit leaders. By identifying factors that might potentially be addressed by policy, I sought to contribute to resolving the disconnect between the condition of substandard rental housing, housing quality standards, and local municipal housing codes.

In this chapter I provided an overview of the substandard housing problem and its impact, with a detailed description of how the problem exists in a specific portion of the city. I first defined the problem and purpose of the study, then presented the specific research questions and a discussion of the theoretical framework I used to guide the study. I concluded the chapter with a discussion of the study’s assumptions, its scope and

limitations, and its significance towards promoting positive social change for people who rent housing in this city.

Background

Substandard Housing

Understanding the full scope and impact of substandard housing is challenging because of its numerous definitions by the various agencies charged with establishing standards for housing quality. The inconsistent definitions and data collection mechanisms across the United States contribute to difficulties making data comparisons, both at the interagency level and longitudinally over time. However, commonalities exist at every level in the standards for housing quality. These commonalities enable a basis for studying the issue.

Several federal agencies provide broad definitions of substandard housing. The U.S. Department of Housing and Urban Development (HUD) (Code of Federal Regulations, 2000) presents a broad definition of substandard housing as “dilapidated, without operable indoor plumbing or a usable flush toilet or bathtub inside the unit for the family’s exclusive use, without electricity or with inadequate or unsafe electrical service, without an adequate or safe source of heat, and should but does not have a kitchen, or has otherwise been declared unfit for habitation” (p. 1). The Housing Choice Voucher Program (formerly known as Section 8) administered by HUD states the program’s goal is to “provide ‘decent, safe and sanitary’ housing at an affordable cost to low-income families” (U.S. Department of Housing and Urban Development, 2017). CDC (2012)

broadly defines substandard housing that that which affects public health by increasing injuries and illness related to its poor condition.

The Impact of Substandard Housing

The National Center for Healthy Housing (NCHH) and American Public Health Association (APHA) (2014) identified housing as one of the best-documented social determinants of human physical and mental health. Substandard housing conditions can have significant adverse consequences on health, medical costs, children's education, and family social and economic stability. The NCHH and APHA (2014) identified several significant consequences of substandard housing:

- Approximately 20-30% of asthma cases are related to the condition of the person's home.
- 21,000 lung cancer deaths are linked to unabated radon in homes.
- More than 24 million houses in the United States contain lead-based paint, which place the residents, especially young children and babies in utero, at risk of severe neurological damage.
- Unsafe conditions in houses are the number one cause of death among young children and the cause of six million adults over age 65 years being hospitalized with injuries or placed into nursing homes after preventable falls.

Low-income families are likely to endure more than one adverse social determinant of health. In addition to poor housing, they may have difficulty accessing other benefits to which they are entitled, such as food stamps, housing subsidies,

educational needs for themselves or their children, or access to quality day care (Beck et al., 2012, Hernandez, 2014). The lack of other benefits to which they are entitled may make it more difficult for families to pay their rent. Low-income mothers, especially single mothers, bear the greatest burden when these factors come together to affect the health of their families, placing the entire family at risk of losing housing, food, utilities, and medical care (Heflin & Butler, 2012; Hernandez, 2014).

Substandard Housing in a Mid-Sized U.S. City

The city is a population center in a tristate region that includes over 315,693 residents (U.S. Department of Commerce, 2016). The population within the city limits has hovered around 115,000-120,00 over the past 50 years, with a substantial migration of residents from the urban core to suburban areas. The economy, which was booming during the WWII era, declined and retrenched after the end of the war. Although large manufacturing concerns that produced material for the war effort evaporated seemingly overnight, a smaller, but consistent, manufacturing base remains with industries such as aluminum production, plastics production, automobile manufacturing, and many small and medium-sized manufacturers. The city remains the financial center for the region. The city hosts a private university, a state-supported university, as well as a large campus of a vocational technical school. Two large tertiary care hospital systems serve the community, each having multiple campuses and specialties.

As higher-income residents migrated to the suburbs following WWII, neighborhoods in the urban core gradually became home to more low-income residents.

In 2014, concerns for its neighborhoods and the high costs of dealing with problems related to blighted properties led city leadership to engage a consultant to perform a comprehensive housing needs assessment (Bowen, 2014). In this assessment, the consultant identified the need to evaluate and report on blighted and abandoned properties, which was completed. City leaders leveraged these studies in 2015 when they applied to the state's housing and development authority for state funds to mitigate the city's large proportion of blighted and abandoned properties.

The process of collecting data on the proportion of renters who live in substandard housing in the city presents the same challenges with data definition that are faced by other agencies in the United States, as the houses that are counted as *substandard* in needs assessment include only those that lack complete kitchen and bathroom facilities (Bowen, 2014). Though this definition is incomplete to describe unfit housing, it alone accounts for 5.2% of rental properties in the city (Bowen, 2014).

Bowen Research (2016) conducted an analysis of rental housing options and occupancy rates in the city, dividing the city's geographic boundaries into five submarkets. The analysis revealed potential rental housing shortages in three submarkets, reflected by higher-than-desirable occupancy rates (Bowen, 2016, p. II-5). The greatest potential shortage exists in the submarket that includes most of the study area. In the report, Bowen notes that occupancy levels over 97% "can lead to housing problems such as unusually rapid rent increases, people forced to live in substandard housing, households living in rent-overburdened situations, and residents leaving the area to seek

housing elsewhere” (Bowen, 2016, p. II-5).

The focus area of this study is a section of the city that received a federal Promise Zone designation. The Promise Zone contains 10 of the 12 census tracts contained in the central submarket identified in the city’s housing needs assessment (Bowen, 2016, p. III-01).

The City and the Promise Zones Initiative

President Barack Obama introduced the Promise Zone initiative in 2014 (U.S. Department of Housing and Urban Development, 2017d). Promise Zones are areas with a high concentration of poverty, in which the federal government partners with the community to “boost economic activity and job growth, improve educational opportunities, reduce crime, and leverage private investment to improve the quality of life” (U.S. Department of Housing and Urban Development, 2016b). The program was enacted to last for a period of three years. The designation carries with it no federal funding (U.S. Department of Housing and Urban Development, 2017d), but provides:

- Funding for five AmeriCorps VISTA volunteers to assist in the Promise Zone's work.
- A federal liaison assigned to assist Promise Zone communities navigate federal programs.
- Preference for certain competitive federal grant programs and technical assistance from participating federal agencies.
- Promise Zone tax incentives, if enacted by Congress.

The preference for competitive federal grant programs takes the form of five additional points out of 100 possible points added to the final score of any federal grant application that is submitted by a city for its Promise Zone (U.S. Department of Housing and Urban Development, 2017c). Five points is significant and can mean the difference between receiving funding or not. The designation provides 10 years of funding preference for the Promise Zone communities (U.S. Department of Housing and Urban Development, 2017c).

In January of 2014, President Obama initiated the first of three rounds of Promise Zone awards (The White House, Office of the Press Secretary, 2014). Table 1 provides a list of the communities that have received these awards.

Table 1

U.S. Promise Zone Communities, 2014-2016

2014	2015	2016
<ul style="list-style-type: none"> • San Antonio, TX • Los Angeles, CA • Philadelphia, PA • Southeastern Kentucky • Choctaw Nation of Oklahoma 	<ul style="list-style-type: none"> • Camden, NJ • Indianapolis, IN • Minneapolis, MN • North Hartford, CT • Sacramento, CA • St. Louis, MO • Pine Ridge Indian Reservation • South Carolina Low Country 	<ul style="list-style-type: none"> • Atlanta, GA • Los Angeles, CA • San Diego, CA • Nashville, TN • Evansville, IN • Southwest Florida • Roosevelt Roads, PR • Spokane, WA • Turtle Mountain Bend, TX

Note. From “Promise Zones” by U.S. Department of Housing and Urban Development (2017c). Retrieved from https://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/economicdevelopment/programs/pz

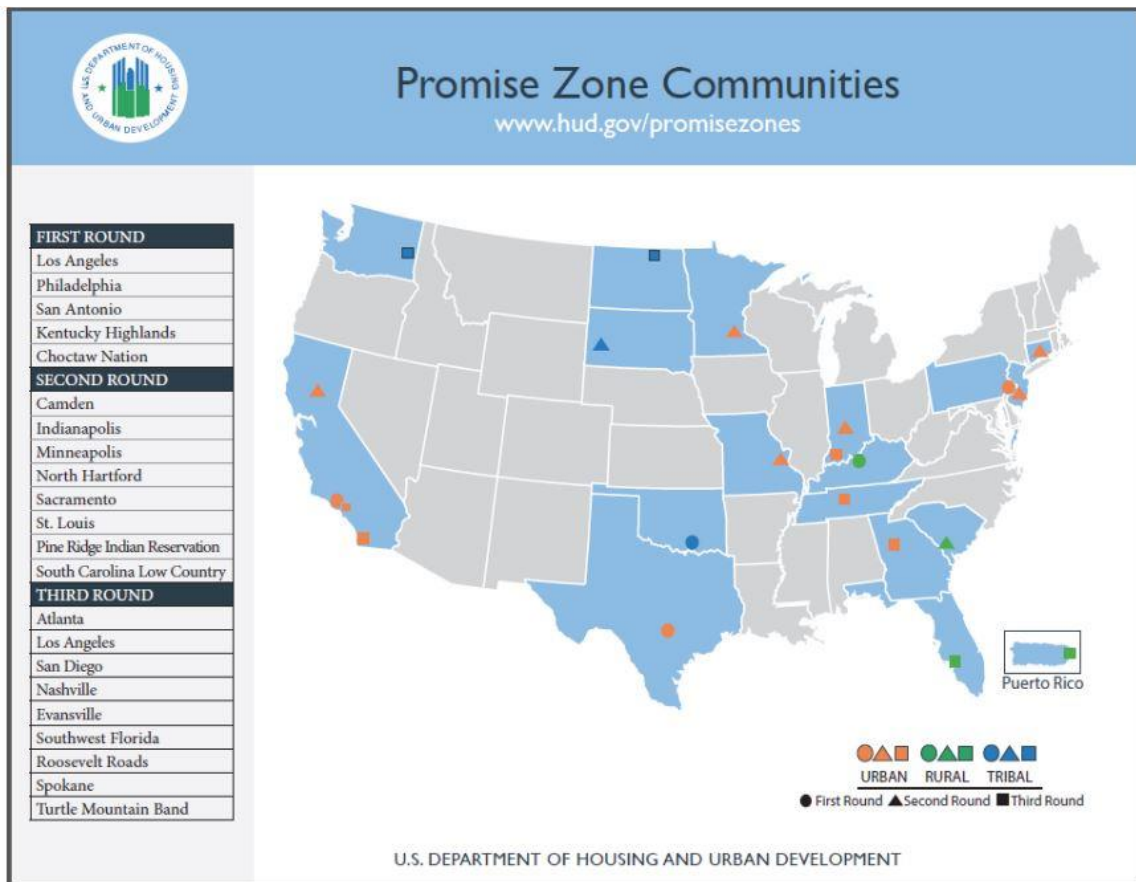


Figure 1. U.S. Promise Zone communities, 2014-2016. From U.S. Department of Housing and Urban Development. Retrieved from https://www.hud.gov/program_offices/comm_planning/economicdevelopment/programs/pz

The Promise Zone includes areas just east and north of the downtown area, but excludes the downtown area (HUD, 2016a). Figure 2 illustrates the locations of the census tracts that comprise the Promise Zone. These are the city's oldest, most economically-disadvantaged, and most racially and ethnically diverse neighborhoods. They account for over 18% of the city's total population (HUD, 2016a). A local consultant compiled the city's application for the Promise Zone designation, with data to support the area's eligibility based on its status as the city's highest poverty and crime

census tracts). The application includes statistics that show the Promise Zone neighborhoods are characterized by concentrated poverty (average over 39%), including poor non-White in census tract 37.02 (51-60%), high unemployment (almost 13%), elevated levels of crimes such as larceny, disorderly conduct, aggravated assault, vandalism, gang and drug activity, blight and urban decay, as well as high levels of adverse childhood experiences. The child poverty rate exceeds 50% in five of the census tracts, with the proportion of children who qualify for free/reduced lunch ranging from 82%-98%. Schools have high rates of suspension and expulsions, with mental health issues identified as one of the top four health issues in the area.

For purposes of studying the condition of rental housing in the Promise Zone, the most current data were found in the city's housing needs assessment that was performed prior to the date when the city received the Promise Zone designation (Bowen, 2014) and the Census Tract Data analysis (Bowen, 2016). The housing needs assessment (Bowen, 2014) identifies five geographic submarkets:

- North
- East
- Near East
- Central
- West

These submarkets are illustrated in Figure 3. The Promise Zone central submarket contains ten of the twelve Promise Zone census tracts. The remaining two are contained

in adjacent submarkets - one in the Near East submarket and one in the West submarket. This study leveraged information from the city's housing needs assessment (Bowen, 2014) and the Census Tract Data Analysis (Bowen, 2016) to answer the research questions on the prevalence of substandard housing in the city's Promise Zone.

The Promise Zone strategic plan serves to guide the coordination and implementation of actions directed towards the six strategic goals outlined by the U.S. Department of Housing and Urban Development for all Promise Zones, (HUD, 2016a):

- Increase jobs.
- Expand economic development.
- Improve educational opportunities.
- Reduce violent crime.
- Promote health and access to health care.
- Provide access to quality affordable housing.

The Promise Zone grant application outlines the organization of the Promise Zone governing committee (A nonprofit developer of affordable housing served as lead agency on the grant application, and the city's department of metropolitan development lead the implementation committee. Work groups of civic and nonprofit leaders, business persons, and academics, formed around each of the six strategic goals. Together, these work groups collaborate as the implementation team for the project. While each group focuses mainly on its own goals, all six groups convene together periodically to share information with each other and update the entire group on accomplishments, obstacles, and issues

that have arisen.

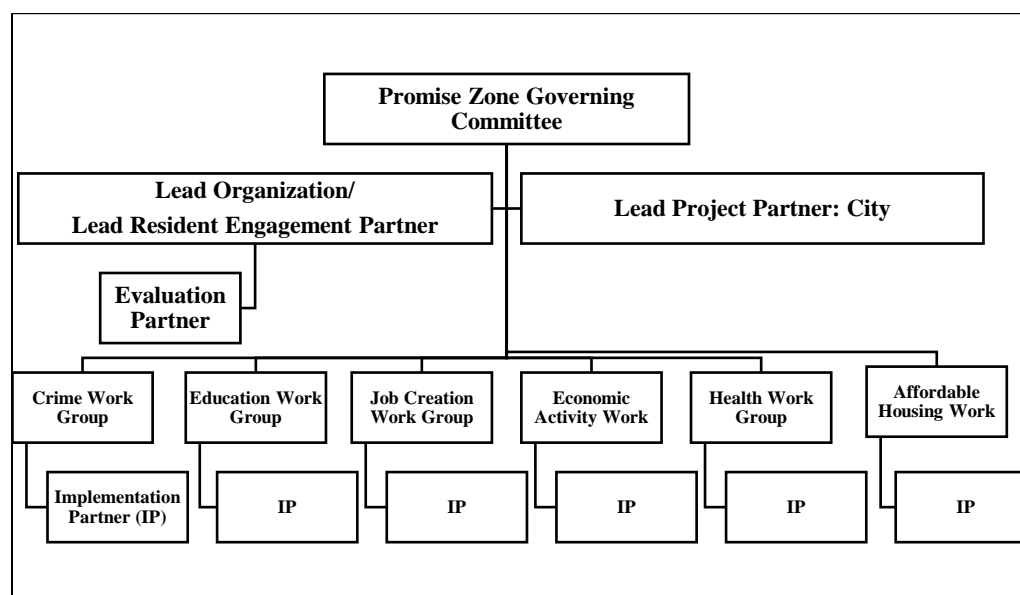


Figure 2. Promise Zone Organization

The housing work group has mobilized local nonprofit housing advocates, the city's department of metropolitan development, developers, social agencies, and academic institutions to become change agents. The group formalized its organization and meets monthly. The group is working with an urban planning consultant to plan and coordinate their efforts. The monthly meetings are open to community agencies and civic leaders.

Substandard Housing in the Promise Zone

Many factors affect the quality of rental housing in the Promise Zone, but troublesome trends in the overall housing finance and investment arena may be having an impact in the city. Building on the work of Wyly et al. (2010), Fields and Uffer (2016) described the current trend of financialization of state-supported affordable housing on

residential real estate and the impact on “tenants, neighborhoods, and urban space” (p. 1486). Palley (2007) stated that financialization is a process “whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes.” (p. 2). Palley observed that financialization has impacted the U.S. economy, and notes that the United States “seems to be most developed” but the financialization process “appears to have infected all industrialized economies” (p. 3). Palley’s observation draws on earlier work by Jayadev & Epstein (2007), and Power, Epstein, & Abrena (2003). In his discussion, Palley (2007) defined the “principal impacts” of financialization and notes its potential to increase the risk of “debt deflation and prolonged recession” (p. 2):

- Elevates the significance of the financial sector relative to the real sector.
- Transfers income from the real sector to the financial sector.
- Contributes to increased income inequality and wage stagnation.

Fields and Uffer (2016) noted the financialization process was boosted following the 2008 financial crisis, as states and cities increasingly financialized affordable rental housing by turning “responsibility for affordable rental housing over to the private market (p. 1488). Consequently, Fields and Uffer noted that governments began to “transfer public loans to private loans; demolish or privatize public or social housing; reduce supply-side subsidies in favour of housing allowances...and deregulate rents” (p. 1488).

The investment process is usually driven by investors’ desire to maximize the financial return on their investments. This focus frequently translates to raising rent and

cutting costs, which can negatively impact tenants (Fields & Uffer, 2016). Fields and Uffer (2016) described these cost-cutting measures as typically “cutting back on services, repairs, and maintenance” (p. 1489). The impact on tenants with low to moderate incomes is increasingly dilapidated housing and higher rent (Fields & Uffer, 2016). As local real estate investors gradually add to the extent of their property holdings, the increased size of the total investment package attracts larger investors, who are frequently located outside of the community. Fields and Uffer noted these out-of-town investors can present challenges to city governments to hold them “socially, legally, and politically accountable at the local level” (p. 1489).

Indicators of poor housing quality in the Promise Zone are reflected in signs of neighborhood deterioration and instability. The Housing Needs Assessment (Bowen, 2016, p. III-7) lists several of those key indicators:

- A high vacancy rate, which is an important indicator that a neighborhood has a “disproportionate share of abandoned, uninhabitable, or undesirable housing units;” four census tracts have vacancy rates near or well above 25%.
- Not only do these tracts have the highest vacancy rates, they also have the *fastest-increasing* vacancy rates.
- The Promise Zone contains three of the four census tracts with the lowest rate of home ownership, the highest rates of home sales, and the lowest median home sale prices, indicative of a “volatile and unstable area”.

The central submarket is the location with the highest proportion of rental housing that is government-subsidized and built with Low-Income Housing Tax Credits (LIHTC) (p. III-4). LIHTCs were established by the Tax Reform Act of 1986, and authorize state and local allocating agencies, such as housing finance authorities, development authorities, or housing agencies, to issue “tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households” as incentives for private developers to build and maintain rental housing that is affordable for low-income tenants (U.S. Department of Housing and Urban Development, 2016b).

Developers who build rental housing through the LIHTC program have a 30-year obligation to provide a percentage of the units to tenants whose income is at or below 50% or 60% of the area’s median income (AMI), not to exceed 30% of their income (National Housing Law Project, n.d.). Owners of LIHTC properties may not deny prospective tenants who rely on HCVs to afford their rent if there is no other legitimate reason to deny their application.

Property values and the condition of Promise Zone neighborhoods are further degraded by the preponderance of blighted properties in the area. During the application process for the blight elimination program, local officials identified nearly 1,800 properties in the city that had deteriorated into the category of *blighted*. To qualify as *blighted*, a house must score a minimum of 82 points on a 104-point matrix that reflects habitability, structural damage, location, the presence of hazards such as lead-based paint, mold, or asbestos, and public safety. Most of these properties are currently targeted for demolition

as funds become available. The vacant lots are then placed into the city's newly-established land bank, awaiting purchase by private or non-profit developers. In 2016, the city demolished over 170 blighted properties. Further insight into the scope of the problem is reflected in the age of the city's housing, illustrated in Table 2.

Table 2

Age of the City's Housing Stock

Year Built	Percent of Total Stock
2000-2010	5.9%
1990-1999	6.7%
1980-1989	11.9%
1970-1979	16.6%
1960-1969	16.0%
1940-1959	20.7%
<i>1939 and older</i>	<i>22.1%</i>

Records show that close to 43% of the city's housing was built prior to 1940, long before modern building standards were enacted. Many were constructed during lean decades such as the Great Depression of the 1930's, when money and resources to build houses were extremely limited. These were often constructed with substandard materials, which accelerated decay. Over three-fourths of the city's housing was built prior to 1980, an indicator of possible contamination by lead-based paint, an environmental toxin associated with numerous health problems. Lead-based paint was commonly used in both interior and exterior household walls, as well as plumbing pipes, prior to 1978 (Rosner & Markowitz, 2016). Consumer use of lead-based was outlawed in 1978, following the Federal Lead Poisoning Prevention Act of 1971 (Leadlawsuits.com, 2014).

A turning point in the deterioration of older housing in the central part of the city

occurred when the population began to shift toward the suburbs on the east and north edges in the 1950s. The city's economic status, which had flourished as a result of the city's strong contribution to building materials for the WWII effort in the 1940's, was shaken by the end of major manufacturing that had been related to war materials, and tens of thousands of high wage/low skilled labor jobs evaporated seemingly overnight. As a result, many houses in the central portion of the city were simply abandoned or became used as rental properties. Some of them were bought by families with low incomes who were unable to afford necessary maintenance and repairs over time.

Other indicators of substandard housing in the city include the high level of complaints to which local officials must respond, and the multitude of absentee landlords. For those seeking an affordable dwelling in decent condition in the Promise Zone neighborhoods, all these factors merge and conspire to limit desirable choices.

Problem Statement

A significant gap exists between standards established at the national, state, and local levels for habitable housing and the actual condition of much rental housing in spite of the standards and local code enforcement mechanisms. The problem is not confined to this one city, but is a pervasive problem across the United States (National Center for Healthy Housing, 2016).

The poor condition of rental housing has a long history. Prior to the 1970s, common law favored property owners under a principle of *caveat emptor/lessee* (let the buyer beware) and held tenants responsible for maintaining a dwelling in habitable

condition (Desmond & Bell, 2015). This changed in 1970 following a momentous court case in which a poor Black family sued their landlord for the egregious condition of their housing (Desmond & Bell, 2015). Though at first unsuccessful, the lower court decision was overturned as the appeals court recognized the implied warranty of habitability established in an earlier legal case, meaning that landlords have a duty to comply with housing code regulations (Schoshinski, 1966). In 1977, the American Law Institute approved and firmly established the property owner's responsibility for the habitability of a dwelling (Desmond & Bell, 2015). Today the warranty of habitability is recognized as law by the District of Columbia and all states except Arkansas (Desmond & Bell, 2015).

The presence of housing quality standards, the warranty of habitability, and local code enforcement do not always translate into habitable housing, especially for lower-income tenants. When these measures fail, poor quality housing is often one of the few alternatives for lower-income tenants. Substantive research on the enforcement of housing quality standards and habitability is sparse, leaving a gap in knowledge about why these measures have yet to solve the persistent problem of substandard housing.

A better understanding of the underlying factors that inhibit the achievement of good quality, habitable housing that fulfills the standards can serve as a basis for shaping and enforcing local policies and processes related to the persistent substandard condition of rental housing, especially for lower income families. While the standards and enforcement apply to both rental and owner-occupied housing, this study focuses on rental housing in the Promise Zone of one mid-sized U.S. city.

Purpose of the Study

The purpose of this qualitative, exploratory case study is to investigate the reasons why the gap between existing housing quality standards and the poor condition of substandard rental housing persists despite housing habitability standards and local code enforcement mechanisms. The goal was to identify potential policy actions that might help mitigate the problem.

By seeking greater insight into the drivers of persistent substandard housing and identifying potential interventions, the research can advance positive social change by supporting policy makers, housing advocates, code enforcement officials, urban planners, and funding agencies as they seek to improve the quality of rental housing and the communities in which it is located.

Research Questions

Research Question 1: What key factors contribute to the persistent gap between existing standards for habitable housing and code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

Research Question 2: What factors affect the city's ability to enforce its municipal housing codes?

Research Question 3: What existing factors or processes offer the greatest potential for policy makers to bridge the gap between existing housing standards, code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

Theoretical Framework

This study utilized RCT and PCT as the theoretical framework to examine factors that influence the behavior of renters, owners of rental property, city enforcement officials, and housing non-profit leaders who are engaged in the rental housing market and its condition. This study focused on the status of stakeholders in the city's housing market in 2017, though the principles espoused by these theories are timeless and universally applicable to the study of individual decision-making.

These two theories share a common focus on self-interest of stakeholders that is intricately woven into the fabric of economic and political behavior, influencing the behavior of markets, including the substandard housing market. RCT was born of the field of economics as a mechanism for trying to understand and predict how human beings make economic choices (Green, 2002; Zafirovski, 2012), while PCT was born of the field of political science as a mechanism for understanding how decisions are made in the political arena (Shaw, 2002). Zafirovski (2012) describes the basis of RCT as the “continuous pursuit of material self-interest as the defining element of economic rationality,” even if it coincides with a disregard for the interests of others (p. 5). Shughart (2008) and Shaw (2002) describe the application of PCT to analyze decision-making in the political arena. PCT borrows the tenets of RCT used to “analyze people's actions in the marketplace and applies them to people's actions in collective decision making” (Shaw, 2002, p. 1). Shaw (2002) further denoted that PCT theorists, like economists who analyze decision-making in the marketplace, believe that political

players make decisions based on their own best interests.

RCT formed the framework for examining the behavior of investors, property owners, and tenants as they balance the conflicting motivations of maximizing their respective *utility*— the former of maximizing their financial gain against the cost of the legal and ethical responsibility to provide habitable properties for the benefit of tenants, and the latter of gaining the most from the property in which they live against their responsibility to take proper care of the property. PCT was applied to gain insight into the corresponding behavior in the political arena, in an effort to better understand potential influences of powerful interest groups on the formulation and enforcement of legislation that affects the condition of rental housing. The analysis can be valuable in the process of shaping recommendations directed towards improving housing policy and local code enforcement mechanisms. A more in-depth discussion of the theoretical framework is presented in Chapter 2.

Nature of the Study

The study was a qualitative, exploratory case study, an approach recommended by Patton (2015) for exploring a topic about which there is limited research. Though substantial research exists about the health, social, and economic impact of substandard housing, far less is known about the specific reasons for the persistent gap between established standards and the actual condition of housing.

Dudovskiy (2016) observed that exploratory research “tends to tackle new problems on which little or no previous research has been done” and is typically

approached with unstructured interviews as the research instrument (p. 1). Rudestam and Newton (2015) argued that qualitative research methods are valuable because they set the researcher free to “be more spontaneous and flexible in exploring phenomena in their natural environment” (p. 32). In qualitative research, the empirical and logical “scientific approach” may be too limiting to explore realities that are “socially constituted...and, therefore can show up differently indifferent cultures” (Rudestam & Newton, 2016, p. 38). The in-depth, exploratory interviews with subject matter experts that form the core of the research leveraged the “alternative perspectives” of those whose work centers around the issue of substandard housing (Rudestam & Newton, 2016, p. 38).

Rudestam and Newton (2015) argued that qualitative research does not aim to test theories as quantitative research does. On the contrary, Rudestam and Newton claimed that qualitative research is more likely to give birth to new theories that emerge as the research progresses (p. 50). This does not mean that theory or theoretical frameworks are unimportant for qualitative research. Indeed, they may serve to guide and act as the “researcher’s [mental] map of the territory being investigated” (Rudestam & Newton, 2015, p. 50).

Patton (2015) further denoted the importance of considering research questions within the context in which they occur. Patton cautions that the researcher must take care to avoid over-simplification, because even the context of an apparently straightforward question can be multi-layered and “dynamic, changing over time” (p.9). What one discovers during the process of undertaking an “in-depth and detailed” study may

[hopefully] reveal new and unexpected knowledge that can contribute to potential solutions (Patton, 2015, p. 22). This study undertook such an in-depth and detailed exploration of the research problem through the various viewpoints of the subject matter experts whose work centers on substandard housing issues daily.

The participants in the study were a panel of subject matter experts with the experience and insight to help understand the factors that contribute to the problem. Several avenues were used to identify and contact these persons. The Promise Zone housing advocates group served as the primary means to identify and contact housing advocates and community leaders who are working closely with housing issues in the Promise Zone. The housing advocate organization also provided the means to contact the local landlord association and identify members who were willing to participate. My plan also included interviewing attorneys from the local legal aid organization who work with low-income populations on legal issues surrounding housing. The city does not have a renters' association, but a local housing advocate organization served as the vehicle to assemble a group of tenants. Interviews were conducted in focus groups wherever possible, and individually when only one individual with specific expertise was available.

Assumptions

This study relied on three main assumptions. The first assumption is there are several reasons for communities to have a vested interest in having decent, affordable rental properties available to its citizens. One of those reasons is that good quality housing helps stabilize the local workforce. For example, a study of the Milwaukee

housing market by Desmond and Gershenson (2016) found housing instability to be a greater influence on employees' job performance than their innate abilities (p. 60). Desmond and Gershenson (2016) also note this problem disproportionately affects minority populations, especially Blacks (p. 60). A second reason is that poor quality housing affects cities through the health impact on families and preventable costs to the local medical care system. Beck, et al. (2012) provide the example of a large government-subsidized housing complex in Cincinnati that was beset with problems known to be associated with adverse health outcomes, such as pest infestation, mold, non-working ventilation systems, the presence of lead-based paint, and multiple housing code violations that had long been ignored. Screening of low-income children from this complex at Cincinnati Children's Hospital Medical Centers identified significantly higher ($p < .01$) levels of asthma (36%), developmental delay and behavioral disorders (33%), and elevated blood lead levels (9%) than their general pediatric populations (Beck et al., 2012, p. 831).

The second assumption is that it is possible to bridge the gap between housing quality standards for habitability and the actual condition of substandard rental housing. The common themes among standards published by various housing agencies are no less than what middle class families often take for granted and what modern public health standards recommend – safe, clean, free from pest infestations, working bathrooms and kitchens, good sanitation and waste disposal, working electricity and plumbing, and safe neighborhoods (U.S. Centers for Disease Control & Prevention, 2006).

The third assumption is there may be structural, legal, behavioral, or environmental factors standing in the way of bridging the gap between the housing quality standards and the condition of substandard rental property. The study's purpose was to identify those factors, examine the reasons why they exist and persist, and elicit feedback from subject matter experts about the root causes and potential solutions.

Scope and Limitations

The boundaries of the study were confined to the city's Promise Zone. Detailed data for 10 of the 12 census tracts that comprise the Promise Zone are available in the city's 2014 housing needs assessment (Bowen, 2014) and the Census Tract Data Analysis (Bowen, 2016), so those data were integrated into the main focus of the discussion.

Specific data on the magnitude of the overall substandard housing problem are not available, as the city maintains no comprehensive list of such housing. Compiling such a list of substandard properties would be very difficult to do and would quickly become outdated, as properties are continuously being razed, rehabilitated and deteriorating from acceptable status to substandard status (K. Coures, personal communication, April 19, 2017). The data must be inferred from recent reports on housing needs and census tract characteristics conducted by Bowen Research Institute (2014, 2016). Additional data can be deduced by examining the land bank's records, which identifies and demolishes blighted and abandoned properties. The Promise Zone contains the city's highest percentage of these properties.

While several theories were considered, RCT and PCT were chosen because they

both focus on motivations for individual and political decision-making. Ultimately, the decisions on how to maintain rental properties, whether and how to enforce municipal codes, and how to formulate laws, all rest in the hands of individuals who are in control of making decisions in the multi-faceted process of providing rental housing.

Design Weaknesses

Patton (2015) notes that qualitative research occurs within a world of “ambiguities” with “purposeful strategies instead of methodological rules...” (p. 311). Patton advises there are no “cook book” instructions guiding the researcher step by step through the process (p. 311). These ambiguities present a challenge to both design and analysis, making qualitative research most fitting for researchers with a “high tolerance for ambiguity” (Patton, 2015, p. 311). While ambiguities are an innate weakness of qualitative research, they are also the stimulus that leads to deeper insight into problems that are not well understood.

A second design weakness of qualitative research is the potential for researcher bias, because the nature of qualitative research includes the researcher as the “instrument of inquiry” (Patton, 2015, p. 1). As such, the researcher necessarily brings to the study a personal point of view, a lifetime of experiences and knowledge, education, skills, interpersonal relationship skills, and sensitivity to others, that influence how she perceives what she is researching (Creswell, 2013, p. 42). I acknowledge this potential bias and disclose that I have been rental property owner, renter, and homeowner at different times in my life. In my prior role as program officer with a grant-making

foundation, I engaged with city leaders, community leaders, and nonprofit leaders to develop and evaluate projects that benefit the citizens of the city. In my current role as public health faculty at a university, I teach students about social determinants of health and their impact on human health, the health care system, and communities. Public health's primary focus is prevention, which is especially relevant to housing, as poor quality housing is at the root of many health, social, and economic ills.

By its nature, the qualitative researcher seeks to make meaning from what is not easily measured. For that reason, qualitative research is not designed to be replicated in the way quantitative research is. Rather, Patton (2015) argues the quality of qualitative research is achieved through building “credibility as an analog to internal validity, transferability as an analog to external validity, dependability as an analog to reliability, and confirmability as an analog to objectivity” (p. 684).

As Creswell (2013) describes the process, qualitative research explores problems as if they were an “intricate fabric composed of minute threads, many colors, different textures, and various blends of materials ...not explained easily or simply” (p. 14). These problems are frequently complex and occur within larger social, political, economic, and environmental systems. In trying to make sense of the substandard housing issue, Patton (2015) notes it is important to examine the complex set of dynamics that interact within the context surrounding it (p. 8).

Substandard housing has a long-standing place in the city's economic and social history. The Promise Zone designation has introduced a new dynamic into the system, a

new energy, and a new sense of purpose to advocates who would change the circumstances of people who struggle to afford decent, affordable housing and escape the downward social and economic spiral brought about by the lack of safe, habitable, affordable housing.

Methodological Weaknesses

An inherent methodological weakness in qualitative, exploratory studies is the issue of determining the appropriate sample subjects and sample size that yields the insight the researcher seeks. Patton (2015) notes this difficulty and states “there are no rules for sample size in qualitative inquiry” (p. 311). He further explains the choice of sample size is influenced by what the researcher seeks to know, particularly whether the researcher seeks breadth or depth of knowledge about the problem. This study seeks depth of understanding, and uses a panel of key informants who have the first-hand experience and knowledge to “shed light on the inquiry issues” (Patton, 2015, p. 268).

A major challenge was to recognize when enough data were collected. Fusch and Ness (2015) note that insufficient sample size adversely affects the quality and validity of a study. While the qualitative researcher cannot establish validity, she can and must establish credibility, dependability transferability, and trustworthiness (Patton, 2015). In qualitative research, the goal of data gathering is to reach data saturation, which Fusch and Ness (2015) describe as:

- When there is enough information to replicate the study.
- When the ability to obtain additional new information has been attained.

- When further coding is no longer feasible.

While some authors believe a small number of interviews can be sufficient depending on the size of the population, Fusch and Ness (2015) note that a greater concern is making sure to obtain both thick (quantity) and rich (quality) data (p. 1409). In this study, the goal is to focus heavily on the rich data, which Fusch and Ness (2015) describe as “many-layered, intricate, detailed, nuanced, and more” (p. 1409). The sample included the key local people that represent viewpoints and influences relative to the substandard housing issue in the city. Interviews were audio-recorded with the respondents’ permission, then transcribed and coded as soon as they were completed. The progress toward data saturation was monitored throughout the process. The study acknowledges this limitation.

Procedural challenges of the study include the feasible number of interviews, the amount of time required for arranging and conducting interviews, as well as the time and expense of transcribing, coding, and analyzing said interviews.

Significance

This study builds on prior research on substandard rental housing and adds to the understanding of why a significant gap exists between the existing standards for habitable housing and the actual condition of many dwellings that are rented to low-income and moderate income persons. Wherever possible, input was incorporated regarding the adverse impact of substandard housing on health, the stability of families and communities, the education of children, as well as neighborhoods and cities (Beck, et al,

2012, Deluca, et al., 2013, Desmond, 2015, Greenberg, et al., 2016, Hernandez, 2014).

While the focus of this study is limited to one city, the knowledge gained about factors and processes that stymie the availability of habitable housing may benefit other communities. Deepening the understanding of the root causes of this persistent problem and identifying possible solutions can help policy makers drive social change and improve the quality of rental housing available to people of low to moderate income.

Key Concepts

Throughout the study, certain terminology is utilized consistently. For clarification and consistency, these terms are defined as follows:

Housing quality standards: Codified or recommended requirements at the federal, state, and local levels of government for housing that is safe, clean, free from pest infestations, with working bathrooms and kitchens, good sanitation and waste disposal, working electricity and plumbing, and safe neighborhoods (U.S. Centers for Disease Control & Prevention, 2006). HUD (2017) housing quality standards address specific criteria related to:

- Sanitary facilities.
- Food preparation and refuse disposal.
- Space and security.
- Thermal environment.
- Illumination and electricity.
- Structure and materials.

- Interior air quality.
- Water supply.
- Lead-based paint.
- Access.
- Site and neighborhood.
- Sanitary condition.
- Smoke detectors.

Investor: An individual or business entity that invests money to purchase property with the expectation of receiving a positive financial return from it.

Municipal code enforcement: Municipalities' mechanism for enforcing regulations pertaining to quality and safety of residential dwellings, such as structural standards for electrical and plumbing, health standards related to the presence of rodents and insects, fire standards for smoke alarms and fire extinguishers, and safety standards related to the presence of lead paint or asbestos (PolicyLink, 2002).

Property owner: An individual or business entity that owns real estate. The owner may manage the property or hire another entity to manage the property for them.

Social determinants of health (SDOH): The conditions in which “people live, learn, work, and play” (U.S. Centers for Disease Control & Prevention, 2017). SDOH include circumstances such as race and ethnicity, income, education, and occupation. Housing is a critically important SDOH that has significant impact on other SDOH.

Substandard housing: Housing that is poorly maintained to the point it “increases the risk for injury and illness” and affects the health people who live in it (U.S. Centers for Disease Control and Prevention, 2012). Characteristics of substandard housing include, but are not limited to, structural defects such as leaking roofs or plumbing, lack of working kitchen and bathrooms, the presence of toxic substances such as lead paint, asbestos, or mold, as well as pest infestations such as cockroaches, bedbugs, or rodents.

Tenant: An individual or family who rents a residential dwelling from the property owner.

Summary

Substandard rental housing plays an integral role in population health, family social and economic stability, the quality of neighborhoods, the success of children’s education, and a community’s social and economic status. In Chapter 1 of this study, I introduced the problem of substandard rental housing and the study’s purpose of identifying reasons for the significant gap between existing housing quality standards and the poor condition of rental housing in the Promise Zone of a mid-sized U.S. city. In Chapter 1, I also outlined the research questions and the theoretical framework that guided the study.

To create the in-depth background for understanding the issue and the research questions it raises, I began Chapter 2 by explaining the theoretical framework I used to guide the study, examined the current, relevant literature related to substandard rental housing, housing quality standards, and factors that influence the gap between them.

Because substandard housing is a longstanding, widespread problem, I included some historical background in Chapter 2 about the development of substandard housing in the United States., and discussed the social and economic principles that combine to result in its creation, regardless of place or time.

In Chapter 3, I presented the qualitative, exploratory case study research methodology that I utilized to gain insight into the reasons why a gap between housing quality standards and the poor condition of substandard rental housing persists. I described the panel of subject matter experts who participated, a description of the semi-structured interview guide, the framework for the individual and focus group interviews, and the methods used for analysis.

In Chapter 4, I described and analyzed the interviews, stories, and experiences of the team of subject matter. I identified common themes and patterns discussed those deemed most relevant to overcoming the gap between standards for habitable housing and the condition of substandard rental housing.

In Chapter 5, I concluded the study with a discussion of the findings, including their implications and recommendations for public policy.

Chapter 2: Literature Review

Introduction

The significant gap that exists between established housing quality standards and the substandard condition of rental housing remains an ongoing dilemma for city governments, legislators, housing agencies, property owners, and the many for whom this housing is one of the few alternatives in which to live (Cooper-McCann, 2016; Hock, 2012; Turner et al., 2014). Developing an effective and comprehensive plan to assure decent, safe, affordable housing for all is a multi-faceted challenge, fraught with political and economic impediments that must be addressed and overcome if change is to be sustainable. A deeper understanding of the complex and interrelated root causes can strengthen housing advocates' efforts to educate stakeholders as they work to break the cycle of substandard housing.

Grasping the full extent and impact of substandard rental housing on society is difficult because of the ways various U.S. agencies define and collect data on substandard housing. Data analysis and comparisons are further complicated by studies that do not differentiate between rental and owner-occupied housing, which represent somewhat different sets of stakeholders. Even though the data paint a less than perfect picture, common threads emerge that enable a basis for studying the issue.

One of the essential threads that emerged from the research is that low-income families and racial and ethnic minorities, especially women, are disproportionately affected by the lack of affordable, decent, safe housing (Hernandez, 2016; Hock, 2012;

Owens, 2015; Rosner & Markowitz, 2016). Transition from substandard housing into safer, more decent housing is a central issue of escaping the cycle of poverty, which Hernandez (2016) described as a “point of flux and frustration that affects a fundamental aspect of family life” (p. 922). Ensuring that families have at least basic, safe, decent housing can provide a platform from which to address other problems and potentially enable them to rise out of poverty.

The literature provided much evidence that identifies substandard housing as a key social determinant of health that adversely affects the health, social, and economic stability of families, neighborhoods, and communities (Beck et al., 2012; CDC, 2017; Coley, et al., 2013a; Desmond, 2015; Health Impact Project, 2016; Hernandez, 2016; Hood, 2005; National Center for Healthy Housing, 2016; Rosner & Markowitz, 2016).

The most vulnerable population of all is young children, whose physical and mental health and development bear the greatest risk of life-long harm. (Beck et al., 2012; Rosner & Markowitz, 2016). Housing-related issues can harm children in ways that last a lifetime, such as neurological impairment and decreased IQ that can result from exposure to lead-based paint that is often present in older, substandard housing (Rosner & Markowitz, 2016).

Federal efforts to address the problem of substandard rental housing on a national basis have met with mixed results. Among the early efforts was the federally-sponsored urban renewal program of the 1950s and 1960s, which sought to clean up slum areas in major metropolitan areas. The destruction of the slums placed hardships on residents who

were displaced, broke up important social networks, and destroyed small businesses owned by people who lived in the neighborhoods (Hock, 2012; Zipp, 2012). Another effort, the HCV program, originated from the Section 8 of the Housing Act of 1937 (42 U.S.C. § 1437f) and was created to help low-income families afford market rate rents in better neighborhoods (U.S. Department of Housing and Urban Development, 2001). From its inception to the present day, the program has been beset with structural problems and insufficient funding, serving less than one fourth of the persons who qualify (Seicshnaydre, 2016; Walter, Yanmei, & Atherwood, 2015).

A research design based on a blend of RCT and PCT formed the framework for the study. RCT was applied to examine the rationales of stakeholders in the rental housing market as they balance conflicting goals of maximizing their respective utility versus the cost of ensuring the habitability of rental housing. PCT was applied to garner insight into the formulation and enforcement of housing quality standards and municipal codes. In this context, PCT contends that political actors tend to act in their own self-interest and the interest of those constituent groups who possess sufficient influence, power, and dollars to support their re-election campaigns versus the common good (Shughart, 2008). Typically these constituent groups are small, organized, and financially well-endowed, such as real estate investors or large property owners (Shughart, 2008). PCT was applied to search for potential biases in housing standards and municipal code enforcement processes that stymie efforts to bridge the gap between housing quality standards and the condition of rental housing.

I began Chapter 2 with a discussion of the origins, relevance, and applications of RCT and PCT, and how they guided the study towards an understanding of issues related to substandard rental housing. I examined the current literature relevant to substandard rental housing. Opening with a brief history of substandard housing in the United States, I described the underlying social and economic forces that create and sustain the problem of substandard housing. I discussed the principles that perpetuate substandard housing and must be resolved to mitigate the root causes of the problem. I built the discussion on the historical foundation to extract and summarize major themes that emerged from the literature, and concluded with a summary of substandard housing's impact, the costs of dealing with it, and the risks of not dealing with it.

Literature Search Strategy

The literature review primarily relied on articles from the following three databases: Sage Journal (formerly Sage Premier), LegalTrac, and ProQuest. Google Scholar was used to locate additional scholarly articles, current news articles, as well as government and research institution reports. Library materials were found mostly in the Walden University library and the University of Southern Indiana library. The reference lists in the articles revealed additional relevant publications that did not emerge from the keyword searches.

For literature related to substandard housing, I searched for variations of terms such as substandard housing, affordable housing, rental housing, substandard rental housing, landlord, tenant, landlord tenant relationship, bad tenant, eviction, negligent

landlord, negligent property owners, and slumlord.

For literature related to RCT and PCT, the search included variations of terms such as RCT, PCT, choice theory, housing theory, urban theory, and planning theory. Because the literature on these topics is plentiful, finding information was not difficult. To maintain focus and a current perspective, mostly peer-reviewed articles from the past five years were included. Due to the nature of theory, however, several very influential and relevant articles that were written prior to that boundary are included in the discussion of theory.

For topics related to housing quality standards and municipal code enforcement, keyword searches included variations of terms such as housing law, HUD housing maintenance requirements, substandard housing, housing quality standards, municipal code enforcement, housing code enforcement, zoning and substandard housing, scholarly articles for housing code enforcement, municipal code enforcement, and state code enforcement. The literature search on this topic revealed a limited amount of current peer-reviewed literature related to municipal housing code enforcement, although literature from about 1960-1990 was more plentiful. The decline in new scholarly publications after 1960-1990 appears to occur at roughly the same time as government housing strategies shifted from publicly-sponsored building of affordable housing to privatization and subsidization of affordable housing. Key concepts were gleaned from the sources that were available. The study sought to contribute new knowledge to this limited area of the current literature.

Theoretical Foundation

The study utilizes a blend of RCT and PCT as a framework to guide the inquiry. These two theories complement each other in examining the individual and political motivations and behavior of players in the substandard housing market. To better understand the interaction between these theories, the origins and assumptions, as well as criticisms of each theory, are presented here.

Historical Origin of Rational Choice Theory

While the precise origin of RCT is unclear (Oppenheimer, 2008), its basic tenets appear to have emerged in the eighteenth century, an era known as The Enlightenment, or age of reason, in the western European countries and the United States (Zafirovski, 2012). The Enlightenment was a time of fundamental shift away from the superstitious, religious thinking of the middle ages and towards belief in the rational, scientific thinking method of gaining knowledge that scientists espouse today. Garrard (2006) regarded this period as a “‘great leap forward’ in many ways, leading to an unprecedented expansion of scientific discovery and application, political reform, social liberation, and individual empowerment” (p. 664). Early in the Enlightenment, the English philosopher Thomas Hobbes established the foundation for RCT with his book *Leviathan*, in which he “‘tried to explain the basic functioning of political institutions via individuals’ choices” (Oppenheimer, 2008, p. 2). Hobbes’ work was developed furthered by many great thinkers who followed him, which included Frances Hutcheson, David Hume, Adam Smith, and John Stuart Mill. Their collective endeavors gave birth to the theory that has

evolved to be known as RCT (Oppenheimer, 2008).

The crux of RCT is that individuals determine what choices are available to them and then select the choice that gives them the best return, or utility, according to their own preference (Herrnstein, 1990). Herrnstein (1990) further posited that utility is not observable, but must be inferred from the choices individuals make. Zafirovski (2012) noted this “consistent pursuit of material self-interests as the defining element of economic rationality” forms the premise of RCT (p. 5)

Adam Smith was one of the first, but not the only one, to recognize that the theory of material self-interest could apply to social functioning as well as economic functioning (Zafirovski, 2012). Smith (1776) contended in his *Wealth of Nations*, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" (p. 18). Zafirovski (2012) notes that Smith was also among the first to postulate the idea that human choices are not always “rational” (p. 5). Zafirovski viewed the “single-minded pursuit of self-interest...and disregard of other actors’ interests to be an ‘irrational,’ unreasonable act of choice” (p. 5). Zafirovski noted society’s disapproval and anger for those who value their own preferences and disregard the needs of others, “condemning such behavior as ‘glaring impropriety,’ ‘gross insolence and injustice,’ and ‘mischief’ that others have suffered” (p. 5). Sen labels those who continuously behave in this purely economic self-interest as “rational fools” or “foolish rationalists,” especially when their conduct causes harm to others (Zafirovski, 2012, p. 5).

Despite its imperfections, RCT is widely-used and influential in the social sciences today. Ostrom (1998) described how the theory adds value by helping “us understand humans as self-interested, short-term maximizers” (p. 2). Ostrom noted RCT’s success in “predicting marginal behavior in competitive situations in which selective pressures screen out those who do not maximize external values, such as profits in a competitive market or the probability of electoral success” (p. 2).

Assumptions to the Application of Rational Choice Theory

Lovett (2006) outlined three core assumptions that underlie the comprehension of RCT:

- The *discrete purposeful actor assumption*, in which living, rational beings [human or otherwise] are able to make choices purposefully; these beings are able to perceive multiple options and purposely select the option they perceive to be most advantageous for themselves;
- Rational beings are always capable of behaving purposefully, but at least some of the time they may choose to do otherwise;
- Purposeful choices might sometimes be influenced or limited by external factors, as long as these factors allow the individual choices at least some of the time (p. 240).

An additional layer of complexity and uncertainty enters into the predictive model when one considers how the way a person thinks and feels internally about the choices with which they are presented may differ from the way their decisions are viewed by

outsiders who are not privy to their thinking process. The utility assigned to the choices by the chooser might not be recognized or understood by another. The outsider cannot assume the chooser has complete knowledge about all the available choices, or how those choices are perceived in the chooser's psyche. Internal decision-making processes may be influenced by the chooser's mood, memories, desires, needs, values, intellectual capabilities, personal attributes, or the manner in which the choices were presented to them by others. Ultimately, decision-making, or utility, is based on whatever motivates individuals, and that is not always apparent to others. An example can be found in the nonprofit housing development arena, where profit maximization cannot be assumed to provide maximum utility compared to other motivations, as it may with real estate developers. Rather, the nonprofit developer may assign greater utility to goals such as supporting the dignity and independence of the potential purchaser, or improving the long-term quality of neighborhoods and communities, over their personal financial return on investment.

Historical Origins of Public Choice Theory

PCT emerged as a unique theory in the 1950s from the efforts of its originators Kenneth Arrow, Duncan Black, James Buchanan, Gordon Tullock, Anthony Downs, William Niskanen, Mancur Olson, and William Riker (Shughart, 2008). One of its greatest proponents, James Buchanan, plainly stated that PCT is about "politics without romance (Shughart, 2008, p. 1). Shughart (2008) believed "public choice replaced the wishful thinking that presumes participants in the political sphere aspire to promote the

common good” (p. 1). Shughart (2008) notes Buchanan’s skepticism that elected officials act as “benevolent public servants who faithfully carry out the ‘will of the people.’” (p. 1). On the contrary, Shughart contends they do not “rise above their own parochial concerns” and are just as often driven by their own self-interests as any other players in the political, social, or economic arena (p. 1). Likewise, Buchanan believes the voters who elect these officials also “vote their pocketbooks, supporting candidates...they think will make them personally better off” (Shughart, 2008, p. 1). Bureaucrats, who are appointed, not elected, are no less susceptible to this influence, as they endeavor to strengthen their careers, garner larger budgets for their agencies, and increase their influence. Shughart (2008) notes that PCT “recognizes that men are not angels and focuses on the importance of the institutional rules under which people pursue their own objectives” (p. 6).

Assumptions to the Application of Public Choice Theory

PCT shares the basic assumption of RCT that individuals are motivated primarily by their own self-interest. Like RCT, PCT assigns the locus of decision-making to individuals rather than groups. Unlike RCT, PCT is concerned specifically with decision-making processes in the *political arena*. Shaw (2002) describes a number of underlying assumptions that apply particularly to PCT:

- Voters, politicians, lobbyists, and bureaucrats in the political arena might share some concern for others, but their dominant motive in any action is self-interest

- Voters are generally ignorant on political issues, as they lack incentive to seek out the “background knowledge and analytic skill needed to understand the issues” When legislators make decisions, they are spending tax dollars, not their own; tax payers must pay whether they want the legislation or not (Shaw, para. 5)
- Incentives for efficient management of the public good are weak, as good decisions serve up no personal savings to the policy-maker nor do they return any portion of the dollars they save for the voters
- Powerful interest groups provide incentives to politicians to listen and support their issues, while less powerful, less organized groups can provide little incentive for the same considerations.

Shaw (2002) contends that some RCT economists have asserted that government action can “rein in ‘market failures,’” but PCT theorists point out there are also many “government failures” (p. 5). In both the marketplace and government, there are many reasons why interventions fail to achieve their desired goals.

Criticisms of Rational Choice and Public Choice Theories

Herrnstein (1990) describes how RCT has come “close to serving as the fundamental principle of the behavioral sciences” with a widespread following among researchers from many disciplines, even though it does not always account for real behavior (p. 356). She acknowledges its normative usefulness while also recognizing its shortcomings in accounting for behavior.

Herrnstein (1990) notes that utility must be inferred from the choices people make, because utility “cannot be directly observed” (p. 356). RCT, then, provides a framework for “inferring utility” by assuming that people are maximizing their own self-interest within certain limitations when they make choices. That nature of the interest is self-defined by each actor. Supporters of RCT believe the framework accounts for behavior that would normally happen in the absence of disruptions that changed the course of the outcomes. What the theory does not do is account for the occasions in which people appear to behave against their own self-interest. Yet, Herrnstein (1990) asserts that RCT persists, with theorists “invoking whatever source of utility is needed to rationalize the observed behavior” (p. 356). To this end, Herrnstein (1990) posits:

as a descriptive theory, RCT survives the counterevidence by placing essentially no limit of implausibility or inconsistency on its inferred utilities and also by appealing to the undeniable fact that organisms may calculate incorrectly, be ignorant, forget, have limited time horizons, and so on (p. 357).

Lovett (2006) argued that a key limitation of RCT is the assumption that human beings always behave rationally, when there is much evidence to the contrary. His caveat is to be mindful of the “role RCT plays in developing explanations of social phenomena,” as it has often proved useful in explaining social occurrences “arising from the general pursuit of self-interest” (p. 238). Often is not always, hence the need to consider carefully how much credence the theory provides to the analysis of the problem at hand.

Hodgson (2012) notes the ambiguity associated with terms such as “rationality” and consistent behavior that are essential elements of RCT (p. 94) . He questions how to define personal self-interest, which may carry different connotations to different people. Another limitation that Hodgson (2012) observes is the theory’s failure to consider the “historically and geographically specific features of socio-economic systems” that limit the generalizability of the findings (p. 104). He argues these features might contribute to “how people interpret their situation or identify the ‘best goal’” and do not “acknowledge that different interpretations of situations and hence different goals are often possible” (Hodgson, 2012, p. 95). Hodgson (2012) also recognizes the influence of “framing effects” when choices are presented to people in different forms (p. 96). Those who may have a vested self-interest in a getting a person to make a specific choice may describe the options in such a way as to appeal to what the chooser values.

Hodgson (2012) also notes that researchers often do not, or cannot, fully understand the circumstances under which an individual choice may be made. Lacking that knowledge, he notes that “any conceivable fact about behavior...can be fitted into the theory, ” leaving the reader at a loss to refute the explanation (Hodgson, 2012, p. 102). Hodgson posits that RCT can offer “explanatory value in specific circumstances” without fully accounting for behavior in every instance (p. 103).

Machan (1987) notes that critics of PCT consider the same factors as RCT theorists do when analyzing the activities of public administrators. PCT theorists acknowledge that the narrow view on utility maximization does not always deliver the

best explanation for behavior (Eskridge, 1988; Machan, 1987). In PCT, it is necessary to consider the political ideologies that motivate politicians and bureaucrats. That is, one must ask to which political party's ideologies do they subscribe, and does the political party have an interest in the issue? Are they more conservative or more liberal? Do they possess a libertarian or socialist viewpoint, or something else? Do they have a genuine commitment to the issue in question or do they have some sort of self-interested motive in supporting it? Considering these influences is vital to gaining a better understanding of political actors' decision-making.

According to Shaw (2002), doubts surrounding the "supposedly benign nature of government" sometimes cause PCT to be perceived as more "conservative or libertarian, as opposed to more 'liberal' (that is interventionist) wings such as Keynesian economics" (p. 4). Shaw (2002) only partly agrees with this point of view. Rather, she observes the rise of PCT indicates "dissatisfaction with the implicit assumption, held by Keynesians, among others, that government effectively corrects market failures", and notes that governments can have failures, too (p. 4). Machan (1987) also notes that the originator of PCT, James Buchanan, found the "pure economic explanation of human behavior insufficient" (para. 22).

RCT, in particular, has been applied to help understand individual choices within the complex dynamics surrounding housing choices, with a noteworthy example on the topic of movement in and out of public housing. Freeman (1998) prefaced his study by placing it in the context of the American ethos of self-sufficiency for able-bodied adults

and criticism for “long-term dependency on any type of assistance” (p. 324). Freeman (1998) also challenges the accuracy of prevailing assumptions behind policy efforts to reduce dependency on public housing assistance and promote self-sufficiency among residents, such as its perceived role in fostering tenants’ dependence and unwillingness to help themselves to obtain housing on the private market. By examining data from the PSID (Panel Study of Income Dynamics), a national survey that has followed the status of over 50,000 individuals since 1969, Freeman dispelled some of that assumption by discovering that long-term dependence on public housing was relatively rare. He notes that only about ten percent of residents remained in public housing for more than ten years (Freeman, 1998, p. 334). The vast majority (33%) used public housing for only one year; 62% moved out by the end of their third year (Freeman, 1998, p. 334).

If one believes, as RCT postulates, that individuals seek to maximize their own utility, then one might also conclude that people seek out the best housing they can afford. That conclusion might indicate that public housing was the less-than-optimal choice for people who moved after the first year. Their best interests were perhaps better served by obtaining housing to satisfy their self-defined “utility,” be that improved quality of housing or the ability to be free of public assistance.

By introducing rational choice into the equation, Freeman (1998) also discovered that cultural and demographic variables appeared to affect housing decisions only indirectly, perhaps in ways that influenced the acquisition of skills and income that enable people to have more choice. His observation about the data is that it reflected how

people's choices appeared to be influenced "significantly by local housing market and economic conditions," for example whether or not there are better housing alternatives, or whether they experienced an increase in income (Freeman, 1998, p. 347). Ultimately, the data suggest that choice of housing depends chiefly on external factors, such as desirable alternatives and an individual's ability to afford them (Freeman, 1998).

Housing policy analysis is dominated by many perspectives. Lund (2015) purports that the role of politics in determining housing policy has been relatively neglected. In Lund's view, PCT lends the greatest relevance to the study of housing policy, as it emphasizes the political process of "those with power placing the relatively powerless into accommodation" (p. 3). Lund (2015) particularly notes Maclellan's observation that the power players are not only politicians, but those who "plan, produce, finance, allocate, and maintain dwellings" (p. 3). Lund (2015) also notes that these players may collude to influence legislation that favors their own interests, and provides the example of a collaboration of interest groups that "may act together against unorganized groups (e.g. landowners, private landlords, mortgage suppliers, existing home owners uniting against potential first time buyers to boost house prices" (p. 4). A key tenet of PCT is that individuals lack incentive to become informed about issues and vote, believing their individual votes will make no difference (Lund, 2015, p.5; Shaw, 2002, p. 2; Shughart, 2008, p. 3). Such collective beliefs, if acted upon by many people who do not vote, ease the way for the organized interests to achieve their own goals.

Legal scholars have found PCT of some, but limited, usefulness for statutory

interpretation (Eskridge, 1988). Eskridge (1998) notes that PCT's focus on political self-interest seems to indicate the legislature would enact "too few laws that serve truly public ends, and too many laws that serve private ends" (p. 277). Eskridge (1998) suggests that enforcement of such laws would result in a "Madisonian nightmare...that undermines our faith in the archeological approach to statutory interpretation" as "government's powers spread beyond the original grant offered by the Constitution and the Madisonian system of checks and balances" begins to erode (p. 280). Though Eskridge (1998) views PCT as failing to support a "general theory of statutory interpretation," he notes its value in suggesting "useful lines of inquiry" (p. 277).

Substandard Housing in the U.S. Today

The scope of substandard housing has been analyzed by the National Center for Healthy Housing (NCHH). In 2013, the NCHH published a comprehensive report on the quality of housing in the U.S. *The State of Healthy Housing* report (National Center for Healthy Housing, 2013a) is the first to utilize U.S. Census Bureau data from the American Housing Survey to examine two key national indicators of healthy housing. The report notes that evidence indicates "deficiencies in any one of these areas can and do lead to health deficits and safety issues" (p. 1). The first indicator is defined as "Healthy Housing" and represents the nation's first measure that compares "20 housing conditions that are linked with health problems with national averages for those conditions... it includes variables such as the presence of rats and mice, the presence of interior and exterior leaks, and electrical and heating problems" (p. 1). The second

indicator is defined as “Basic Housing Quality,” which assesses “structural problems such as inadequate plumbing or kitchen facilities, crumbling foundations, and damaged roofs” (National Center for Healthy Housing, 2013b, p. 1). The report indicates the extensive scope of the problem, noting that approximately 35 million (40%) of U.S. homes have “one or more health and safety hazards” (p. 1). The report includes both renter and owner-occupied housing.

Common threads throughout the literature on the condition of substandard housing include poor maintenance, infestation with rodents and insects, the presence of toxic chemicals such as lead and asbestos, and mold from leaking roofs and plumbing (Beck, et al., 2012; Rosner & Markowitz, 2015; Hernandez, 2016). Neighborhoods where such housing exists are typically areas of longstanding, concentrated poverty, crime, environmental pollutants, old housing, poorly-performing schools, and racial and ethnic minorities (Rosner & Markowitz, 2016; Karp, 2014; Hock, 2012). Market conditions, such as those described by Smith (2008c) can lead to the creation of more substandard properties, often during times of economic recession or in the aftermath of periods of subprime lending by large financial institutions.

History of Substandard Housing in the U.S.

The Roots of Substandard Housing

The first low-income housing in the country that was to become the United States of America was built in Boston around 1662 as an “almshouse” (Smith, 2008a, para. 4). This concept of housing originated in England around the tenth century as charitable

housing for the poor, the idea eventually spreading to other European countries and later to America where the buildings became known as poorhouses (Smith, 2006). Smith (2008a) describes the migration in the mid-1830's of these poorhouses from locations in the city to the less desirable peripheries, where they could be easily managed and those who lived in them separated from the rest of the population. The ensuing developments followed a foreseeable pattern. As these poorhouses grew larger and became concentrations of poverty and undesirable behaviors, the cost of operating and maintaining them also grew and became a strain on the resources of the private charities that supported them. In 1854, with his veto of proposed legislation meant to provide an ongoing subsidy, President Franklin Pierce portrayed a negative view that the politics of such legislation would, over time, "make the Federal Government the great almoner of public charity throughout the United States" (Smith, 2008a, para. 14).

In the period around 1880-1900, large industrial cities such as New York, Chicago, and Boston grew rapidly, driven by flourishing industries and new waves of immigrants (Library of Congress, n.d.). During this time, nearly 40% of the U.S. rural population migrated to cities, further fueling the demand for inexpensive housing (Library of congress, n.d.). In response to the need, property owners increasingly divided large single-family homes into smaller apartments that were often "cramped, poorly lit and lacked indoor plumbing and proper ventilation" (History.com, n.d., para. 1). These buildings became the first tenements, or slums, in the United States. In addition to existing tenements, new ones were built, nearly 80,000 by the year 1900 in New York

City alone (History.com, n.d.). Historians note that these buildings were typically narrow and close together with poor ventilation, often built with “cheap materials and construction shortcuts,” and sometimes consisted of just additional rooms built on top or in back of existing buildings (History.com, n.d., para. 3). During this period, nearly 2.3 million people in New York City, or fully two-thirds of the city’s population, lived in these tenements (History.com, n.d.). Conditions in other large, industrial cities were much the same.

Years passed and social reform efforts directed at providing decent, affordable housing came and went, with reformers’ common belief that it was possible that “affordable housing could be created and operated without any charitable or subsidy element” (Smith, 2008b, para. 2). Ultimately, reformers’ efforts succumbed to straightforward economic reality – that the U.S. housing market operates as a business that must generate sufficient income to cover its expenses, or it will fail without the support of subsidies (Smith, 2008b).

The social and economic conditions of the late 1880s were fertile ground for the development of substandard housing. Smith (2008c) discusses how those conditions create a market in which such housing is “economically rational” to private investors and will inevitably materialize anywhere and anytime that certain social and economic conditions occur (para. 4). Figure 3 illustrates the predictable cycle that occurs when those conditions occur, and property investors’ strategies to leverage those conditions for profit (Smith, 2008c).

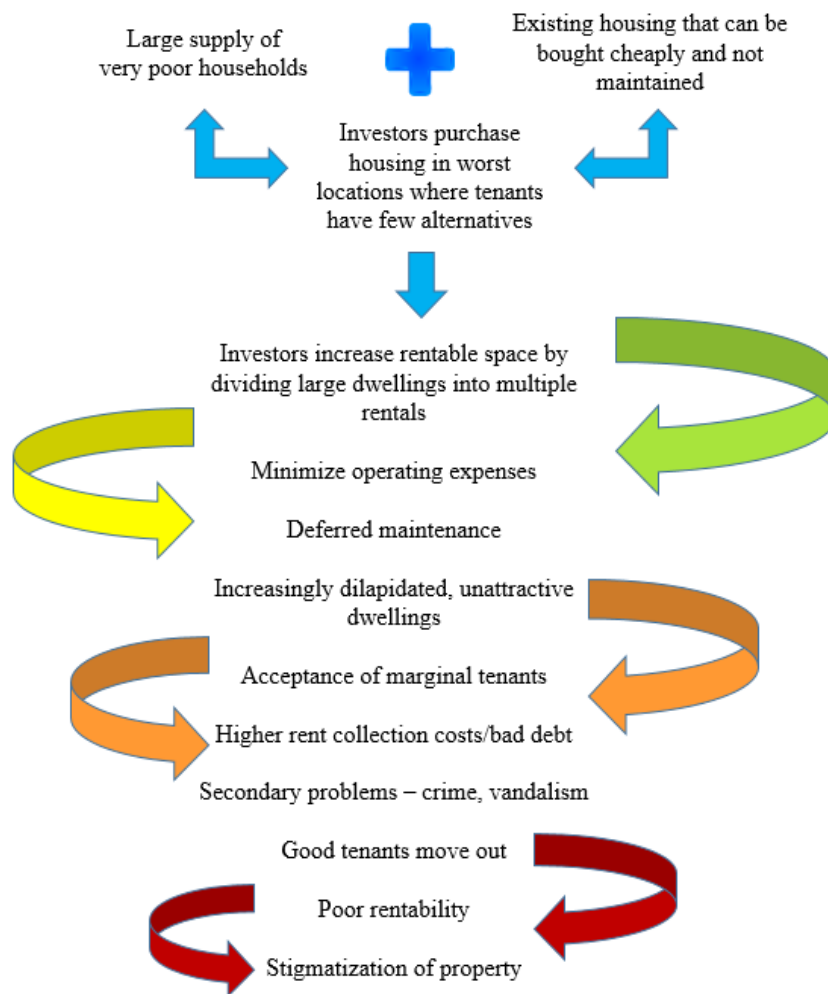


Figure 3. Downward spiral from good to substandard housing. Adapted from Smith, 2008.

Building standards, housing quality standards, and code enforcement mechanisms have come into being since that time, but the principles and conditions that drive down the quality of housing remain constant regardless of time or place.

National Efforts to Mitigate Substandard Housing

Throughout the twentieth century, the U.S. government put forth numerous nation-wide efforts to mitigate substandard housing. The first substantive housing legislation was the National Housing Act of 1934, driven by the conditions created by the Great Depression of the early 1930s (The Fair Housing Center of Greater Boston, 2010). This legislation created the Federal Housing Administration (FHA) (The Fair Housing Center of Greater Boston, 2010), which created the financial mortgaging system that is still in place today and regulates mortgage terms and interest rates. Early in its tenure, The FHA established the foundation for racial segregation that persists today by refusing to provide mortgage insurance for properties in Black neighborhoods. While this practice is no longer legal, the decades of wealth-building lost to Black families who were unable to purchase homes may continue to affect their economic status today.

The second major piece of national housing legislation was the Wagner-Steagall Housing Act of 1937, in which Franklin D. Roosevelt carried out his support for decent housing when he was elected president in 1932 (FDR Presidential Library & Museum, 2016). While FHA helped those who were able to purchase homes, there was still a need to provide decent housing for poorer citizens and the many Blacks who were relegated to living in slums (FDR Presidential Library & Museum, para. 1). The Wagner-Steagall Housing Act established the United States Housing Authority (USHA) and allocated “\$500 million in loans for low-cost housing projects across the country,” loaning up to 90% of the cost of projects, at low interest rates, for a term of 60 years (FDR Presidential

Library & Museum, 2016, para. 8). This act was the nation's initial foray into large-scale public housing development.

In the wake of WWII, the controversial Housing Act of 1949 sought to provide a “decent home and a suitable living environment” for every American (Lang & Sohmer, 2000, p. 291). It financed slum clearance, increased FHA mortgage insurance, obligated the federal government to build over 800,000 new units of public housing, and granted mortgages for purchase or repair of homes in rural areas (Lang & Sohmer, 2000). This act's efforts at slum clearance set in motion forces that grew into the urban renewal projects of the 1960s, which cleared massive areas of slums in urban areas (Zipp, 2012). Zipp (2012) notes how political interests of city planners and financial interests of the real estate industry may have hijacked the energy behind housing reform to put “public subsidy to work for private capital” (p. 366). Urban renewal ceased in the 1970s, to be replaced with HCV program, which provides rental subsidies for low-income families to acquire housing on the private market. Wang (2016) notes that the HCV program has grown to be the “largest demand-side rental housing subsidy in the country,” serving more than 2.2 million families (p. 2).

The Impact of Substandard Housing

The literature revealed that researchers on the topic of substandard housing approach the topic from various frames of reference, including theoretical, social, economic, and civic, as well as both population and individual health. Each foray into any of these approaches, as it progresses, discovers itself inextricably interwoven with the

others, like threads in a fabric. Pulling one of those threads can affect the whole, sometimes in unexpected ways, as players in the housing market have discovered.

The research on substandard housing overlaps significantly with research on affordable housing. Often, narrowing the focus can be difficult, as the description “affordable” appears to have progressively transformed to mean “low-income,” a status often associated with substandard condition of housing. Further affecting the concept of “affordable” housing is the rising income inequality in the U.S. that began in the 1970s, (Alichi, 2016, para. 1). At a macroeconomic level, as an increasing share of the population slips into lower-income status, those who once aspired to own a home become unable to do so or must delay their purchase, so must rely on rental property. As the ensuing demand for rental properties increases, rents rise in response, and those without the means to demand a clean, safe, well-maintained dwelling may be forced to accept substandard accommodations because few alternatives exist.

Housing as a Social Determinant of Health

Substandard housing is commonly recognized in the literature as a significant “social determinant of health (SDOH),” which CDC (2017, para. 2) describes as those circumstances in which “people live, learn, work, and play.” Schneider (2017) delineated SDOH that include socioeconomic status, education, occupation, family, cultural, or racial/ethnic status. Tyler (2012) contended that “mounting evidence points to the role of social conditions in health outcomes” (p. 212) This position is corroborated by evidence reported on the CDC web site that shows “differences in health are striking in

communities with poor SDOH such as unstable housing, low income, unsafe neighborhoods, or substandard education” (<https://www.cdc.gov/socialdeterminants/>). Communities with these characteristics are often home to low-income racial and ethnic minorities. Without improvements, these communities may function as hubs that perpetuate the cycle of concentrated poverty, poor physical and mental health, crime, and the potential for turbulent social unrest.

Numerous authors noted that poor quality housing is particularly detrimental to children’s health and development, as it affects them during the formative years of growth and development when they are most vulnerable to exposures that can produce lifelong consequences (Beck, 2012; Cheng, 2015; Rosner & Markowitz, 2016). In the largest and most comprehensive study of housing and children’s health and well-being in the U. S., Coley, Leventhal, Lynch, and Kull (2013b) analyzed longitudinal data on over 2,400 low-income children and adolescents from infancy to age 21, who resided in Boston, Chicago, and San Antonio from 1995 to 2006. The authors (Coley, et al., 2013b) believe the study to be the first of its kind to consider “multiple aspects of housing simultaneously to assess their unique roles, and to place housing within the broader contexts of families’ lives” (p. 1). Four aspects of housing were studied –quality, stability, type (owned or rented), and cost. Findings indicate a strong predictive relationship between substandard housing and children’s well-being throughout their childhoods (Coley, et al., 2013b). Specifically, the study revealed:

- A strong association exists between the physical characteristics of housing and children's cognitive, socio-emotional, and behavioral development.
- Young children are the most susceptible to environment contaminants such as lead, mold, and pest infestations, that can lead to chronic conditions such as impaired cognitive and neurological development, asthma, depression, obesity, and diabetes.
- High levels of parental stress adversely impact family functioning.
- Family income determines the ability to obtain decent quality housing.
- Frequent moves result in family social and economic instability, as well as disruption in children's education and peer relationships.

Two health problems, in particular, stand out in the literature regarding the myriad housing-related health problems that affect children. The first problem is related to the widespread presence of lead in older homes. Lead is an environmental neurotoxin that was used in paint, plumbing fixtures, solder and other building materials prior to 1978, when its use by consumers was outlawed (Rosner & Markowitz, 2016). Dust from lead paint can be inhaled, lead from old pipes can leech into drinking water and be consumed, and small children may ingest it if they chew on old, lead-painted woodwork. Its presence in children's blood is associated with lifelong health conditions such as severe neurological damage, impaired cognitive development, attention deficit disorder, coma, convulsions, death, and behavioral difficulties (Beck, et al., 2012; Coley, et al., 2013a; Korfmacher & Hanley, 2013; Rosner & Markowitz, p. 324).

Rosner and Markowitz (2016) also assert that the high cost of abatement contributes to the persistence of lead in older homes, resulting in an ongoing dilemma for city officials who must balance the need to enforce municipal housing codes versus the concern that property owners could abandon properties rather than pay the costs of abatement.

The second notable problem is asthma, which can be triggered by inhalation of environmental allergens such as dust, mold, rodent or insect feces, or by environmental stressors such as social isolation and violence (Beck, 2012; Coley, et al., 2013a; Hood, 2005; Tilburg, 2017). Children are more vulnerable to asthma exacerbations than adults because their smaller stature presents a much shorter path for allergens to travel from the nose to the linings of the bronchial tubes and lungs where they produce irritation. Evidence indicates these asthma triggers are associated with poor housing quality, and may also contribute to health disparities where people lack political, social, and economic means to improve their housing (Beck, et al., 2012; Cheng, et al., 2015; Northridge, et al., 2010; Rosofsky, et al., 2016). Northridge, et al., (2010) note the body of existing research that points to the fact that “differences in the built environment across neighborhoods can result in community-level disparities in children’s health” (p. 211). In their cross-sectional study of over 5,250 school children in New York City, Northridge et al. (2010) examined the association of asthma with the type and characteristics of housing in which children lived. The study drew on prior research on public housing that noted it is “characterized by extremes of poverty and environmental triggers that exacerbate

asthma...poor ventilation...less likely to have air conditioning... as well as cockroaches and tobacco smoke” (Northridge, et al., 2010, p. 220). Findings revealed a “high prevalence of asthma in public housing [more than any other type of housing], which is consistent with a prior study conducted in a New York City public housing population” (Northridge, et al., 2010, p. 220). Even after adjusting the analysis for “individual and neighborhood socioeconomic status factors as well as presence of indoor triggers,” Northridge, et al. (2010) found the “odds of current asthma remains higher in public than private housing” (p. 220). A question not yet answered by the study is the difference between the condition and environment of public vs. private housing, and how this contributes to asthma.

National-level data presented a high-level view of the effects of substandard housing. Data collected annually by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute (countyhealthrankings.org) denoted the critical importance of social and economic influences on health outcomes. Comparison of data from counties across the U.S. revealed that, among other characteristics, healthy counties have “fewer housing problems than their less healthy counterparts...poorer families and individuals often live in inadequate housing in neighborhoods that may not have access to healthy food, employment options, and quality schools” (Housing Assistance Council, 2016, para. 4).

Housing, poverty, and health are inextricably linked. Many regions of the U.S., like the Promise Zone, are burdened with deeply embedded, persistent poverty that has

continued for many decades. The literature presented many examples of how substandard housing can be a significant barrier to escaping poverty, as poor people spend all of their time and energy struggling to obtain basic needs such as food and shelter (Darrah & DeLuca, 2014; Desmond & Perkins, 2016; Hernandez, 2016).

Government

The various problems surrounding substandard housing can combine to create significant headaches for city government. Financially, the hard costs of doing nothing about it are reflected in a city's operating costs by the high number of complaints to code enforcement officials that must be investigated and handled. Abandoned properties often become magnets for vandalism or other criminal activities. City officials estimated the total hard costs to address these properties in 2014 exceeded 71% of the budget for code enforcement operations. In addition, abandoned properties yield no property taxes, accrue liens for code enforcement, sewer charges and water bills, legal fees, mowing, trash removal, legal fees, and upkeep. Dilapidated or abandoned structures impact the value and condition of adjacent properties (Tang, 2013), gradually leading to the deterioration of entire neighborhoods and frustration for cities who are trying to redevelop those areas in positive ways (Van Hoffman, Belsky, & Lee, 2006).

Multi-layered government and urban infrastructure environments may serve to perpetuate the downward spiral of housing from good to substandard condition. White, Sepe, and Mascalone (2014) discussed the importance of the "social contract" between "government and its citizens" (p. 21). A key element of this contract is the government's

willingness and ability to provide a “livable urban environment” for its citizens (White, Sepe, & Mascalone, 2014, p. 21). Where government fails to fulfill this duty, the result is often made visible through “urban decay,” the “long-lasting aspects of unrelenting physical disorder such as boarded-up and abandoned buildings and public spaces...broken playgrounds, and poor (or no) access to clean water and basic sanitation” (White, et al., 2014, p. 21). A prominent current example of this failure is the ongoing crisis with the water system in Flint Michigan, which began in April, 2014, and to date is not resolved (Franz, 2017). Franz (2017) notes that city officials who wanted to cut costs switched the city to a new source of water, the polluted Flint River. They also skipped the cost of adding corrosion inhibitors to the water, resulting in irreversible damage to the water system’s old iron pipes and causing the lead levels in Flint’s water supply to rise to dangerous levels (Franz, 2017).

White et al. (2014) drew on the Broken Windows Theory (BWT) to illustrate that even “*minor signs of social and physical disorder...may induce additional disorder, including serious crime*” (p. 28) Under the BWT, “physical signs of disorder provide the tipping point triggering a vicious cycle of increased disorder and illegality” (White, et al., 2014, p. 30). Under BTW, these minor signs of disorder include “noise, littering, and trash in vacant lots,” that can advance to more profound disorder such as “major deterioration of buildings, public spaces, roads, and water/sanitation systems” (White, et al., 2014), p. 30). The resulting conditions mirror those described by Smith (2008a) in his description of the downward spiral of housing that declines into substandard, or slum,

status. Tang (2013) observed the widespread problem of property owners who set fire to their properties in order to “liquidate their devalued properties in order to secure an insurance payout” and rid themselves of a burden (p. 53). Such destroyed properties represent a public health hazard and a safety danger to people who venture near them or into them seeking to salvage what they can. When this happens, the city may be forced to shoulder the costs of demolition of property that owners are unable or refuse to demolish.

Much research emerged on how housing and communities influence and are influenced by each other. In their review of this research, Van Hoffman, Belsky, and Lee (2006) identified five key elements of how local housing markets shape the character and condition of communities, and contribute to the substandard quality of housing in particular areas:

- Residential segregation by race and income.
- Neighborhood change leading especially to urban decline and distressed neighborhoods.
- Uneven quality of public services across jurisdictions.
- Uneven access to opportunities by community.
- Socioeconomic distress associated with distressed neighborhoods of concentrated poverty.

Although a plethora of public policies and programs have been implemented to try and overcome these issues, Von Hoffman, Belsky, and Lee (2006) noted the shortage

of efforts to evaluate the “individual and collective impacts of these policies” (p. ii)

Their conclusions noted the need for further research on:

- People living in low-income and racially segregated communities.
- The effects of housing market outcomes such as concentrated poverty, property abandonment and deterioration, and racial segregation on individuals and communities.
- The efficacy of the many interventions that have been used to try and blunt these impacts.

Continued research on these topics is crucial to addressing critically important domestic issues facing the U.S. today (Von Hoffman, Belsky, & Lee, 2006).

Families

The impact of substandard housing on families’ physical and mental health, economic and social stability, and overall well-being was widely recognized in the literature (Beck, et al., 2012; U.S. Centers for Disease Control and Prevention, 2017; National Center for Healthy Housing, 2016; Tyler, 2012). One of the ironies is that people’s efforts to help themselves out of poverty and into better housing are often thwarted by the very programs designed to assist them. Hernandez (2016), for example, pointed out the paradox that acquiring skills for better employment may actually worsen the economic and housing situation for individuals and their families. She cited the 1996 Personal Responsibility and Work Reconciliation Act, which provided job training for low-income individuals to move from welfare to employment (Hernandez, 2016). The

training often provided participants with skills that qualified them for low wage jobs that included few or no benefits. Instead of helping people become self-supporting, the program provided just enough income to disqualify many of them from programs such as child care, housing subsidies, and food stamps, upon which they relied to survive, without providing sufficient income to enable them to provide those things for themselves. Hernandez (2016) asserted that policies and programs such as this may indicate lack of insight on the part of those who formulate them to anticipate the “unintended consequences of their approach” and may serve to help perpetuate the cycle of poverty (p. 922).

Hernandez (2016) examined coping strategies that poor families use to survive, and described the many-layered decision-making process they face in maintaining shelter, protecting themselves from harm, and covering household expenses. Strategies she described include such actions as doubling up with another person or family, sharing resources, or sharing housing costs among multiple family members (Hernandez, 2016). In their efforts to keep themselves safe in unsafe neighborhoods, families often utilize tactics that can ultimately impact their health, such as:

- Being constantly aware of their environment and alert to potential dangers.
- Carefully scrutinizing and managing social connections.
- Enforcing curfews on family members to avoid danger at night.
- Secluding themselves in the home.

Constant vigilance and concern for personal and family safety contribute to elevated levels of stress, while seclusion in an unhealthy, unsafe house increases the potential for accidental injury and exposure to environmental hazards such as rodent and insect feces, mold, or lead-based paint. Some of these exposures contribute to lifelong conditions such as delayed neurological development or respiratory conditions, or exacerbations of conditions that contribute to excessive use of hospital emergency room services.

Health Care System

Costs related to substandard housing accrue to the health care system in the form of preventable health conditions that require medical treatment. These costs stem from preventable injuries and conditions or from exposure to environmental toxins. One of the most promising health care settings to identify such problems and serve as a vehicle for screening, prevention, and initiation of remediation is the primary care setting. At Cincinnati Children's Hospital Medical Centers, whose primary care clinics serve over 2,000 low-income families each year, resident physicians were trained to screen patients and families for six critically important social determinants of health, one of which was poor housing (Beck, Klein, Schaffzin, Tallent, Gillam, & Kahn, 2012). During the first year of this screening, a pattern of cases was identified in 14 units of a 19-building complex that was owned by an out-of-town developer (Beck, et al., p. 831). Among the 45 children who lived in these units, 36% suffered with asthma, 33% had developmental delay or behavioral disorder, and 9% had an elevated lead level, all far above the general

clinic population at a statistically significant level of $p < .01$ (Beck, et al., p. 831). All of the children were African-American and the cost of their medical care was paid by Medicaid (Beck, et al., 2012, p. 834). This building complex contained 677 federally-subsidized apartment units and had multiple outstanding orders from the Cincinnati health and building departments for health and housing code violations that went unheeded (Beck, et al., 2012). Resolution of the problems came only with legal intervention, in collaboration with a newly-formed tenant association and legal representation. The neglect of the buildings was so extensive that the property owner was forced to “install new roofs, ceilings, and drywall; establish integrated pest management; replace sewage systems; refurbish air conditioning and ventilation systems; replace hallway lights; and repair playground equipment” (Beck, et al., 2012, p. 834). Several of the apartments were in such extremely poor condition the families living in them had to be moved to another unit (Beck, et al., 2012).

While many studies have documented the intersection of poor housing and poor health, other studies have identified positive impacts on care providers and the health care system when people are able to obtain habitable, affordable housing. One such study was able to pinpoint considerable cost savings to residents, health care providers, and health insurers. In one of the first studies of its kind, Wright, Li, Vartanian, and Weller (2016) examined Medicaid claims data and survey data on over 1.8 million lives, 18 major health insurers, and five different geographic regions that ranged from major metropolitan areas (Atlanta, Denver, Pittsburgh), small communities in Michigan, and

one entire state (Rhode Island). The research team examined the data through the lens of four U.S. national health care reform measures outlined by the Affordable Care Act: better connection to primary care; reduced emergency room visits; improved access to high quality care; and lower costs (Wright, et al., 2016). Key findings indicated significant cost savings and increased satisfaction with health care after people moved into habitable, affordable housing (Wight, et al., 2016):

- The cost to Medicaid for these people experienced an overall 12% decrease.
- The use of primary care visits experienced a 20% increase, while emergency room use experienced an 18% decrease.
- Over 40% of residents reported an improvement in their ability to access care and receive satisfaction with the quality of their care.
- The overall decrease in expenditures was about \$115 per member per month.

When factors such as these are taken into consideration, the investment in decent, habitable, housing that people can afford can often be shown to provide a positive, meaningful return on investment (ROI). While investors seek positive ROIs on properties, including only the property owners' revenues and operating expenses in the equation may not reflect the overall ROI on the property, as part of the expenses related to substandard housing often accrue to the city or to the [already poor] families who live in them. Thus, taxpayers eventually end up shouldering expenses for which a property owner has not assumed responsibility.

Factors that Influence the Prevalence of Substandard Rental Housing

Housing Quality Standards

While minimum standards for the maintenance of residential housing are formulated at every level of government, only some of them are codified; others are take the form of recommendations. All levels of standards appear to include common core of requirements, but how these requirements are articulated and the housing to which they apply can differ somewhat at each level of government and each enforcement agency.

Federal housing quality standards. The federal government codifies building standards for housing that is built or financed with federal dollars, but does not regulate the ensuing maintenance of that housing unless the property owner receives federal dollars for rental subsidies, such as those provided under the HCV program (U.S. Department of Housing and Urban Development, 2001b). The HCV provides subsidies for tenants to obtain rental housing in the private market (National Center for Healthy Housing, 2009). For rental housing that was not built or subsidized by federal money, there are no *codified* federal minimum criteria to establish what constitutes habitable housing, nor is there a federal landlord/tenant law. In the absence of national codified standards for sanitation, property maintenance, and land/tenant relationships for housing not constructed or paid for with federal dollars, there are recommendations (National Center for Health Housing, 2013). A number of states and localities have adopted these recommendations. Locally, municipal housing codes set the enforceable quality standards for habitable housing, and do not differentiate between owner-occupied property or rental

property. Property owners are not the only entities bound by the HUD standards for federally-financed housing. According to the Legal Information Institute (2016), mortgage holders of these properties and local public housing authorities are also required to uphold the standards.

The Legal Information Institute (2016) states that federal standards require the site of the housing, as well as the building, to be “free of health and safety hazards and be in good repair” (para. 2). This includes “fencing, retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage, and walkways,” as well as “abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazard” (Legal Information Institute, 2016, para. 2).

The most widely-used voluntary national recommendations are those sanctioned and endorsed by the Uniform Law Commission (ULC), also known as the National Conference of Commissioners on Uniform State Laws (National Conference of Commissioners on Uniform State Laws, 2015). The members of the commission consist of attorneys, judges, law professors, legislators, and legislative staff, who are appointed by state governments and the District of Columbia to promote uniformity in state laws where appropriate and realistic. The ULC developed the Uniform Residential Landlord and Tenant Act (URLTA) in 1972, and updated it in 2015 (Revised Uniform Residential Landlord and Tenant Act, 2015). Because standards for maintenance of housing are

articulated differently by the various agencies, the ULC deemed it necessary for the revised act to include “minimum standards of maintenance” (Revised Uniform Residential Landlord and Tenant Act A, 2015, p. 28). These standards are not intended to be exhaustive and may be subject to some interpretation, as the meanings of various terms are defined somewhat differently by different agencies. The act acknowledges the potential need for more clarification of such terms in the future.

A key provision of the RURLTA is the landlord’s “nonwaivable” duty to “maintain premises in a habitable condition” (p. 25). While a property owner and tenant may agree for the tenant to perform certain maintenance or repairs, such an agreement cannot “shift the landlord’s duties...to the tenant” (Revised Uniform Residential Landlord and Tenant Act, 2015, p. 27). Such an agreement may also not shift the landlord’s obligation to correct code violations to the tenant.

The RURLTA also spells out duties for tenants. These duties include the tenant’s obligation to “keep the dwelling unit in a safe or sanitary condition” and to use the property only for the agreed-upon purposes, usually for residential use (p. 46). The act also makes the tenant responsible for damage and disturbances caused by the tenant, the tenant’s family, and guests. Certain landlord obligations, such as maintenance of plumbing, cannot be shifted to the tenant.

State housing standards. In the state where the city is located, state housing law requires rental units to be in compliance with all health and housing codes and, if provided, appliances must be in safe and working condition. According to the state’s civil

rights commission, this includes safety measures such as locks on all outside doors, including those that open onto shared areas, as well as weatherproofing and structural safety of buildings.

Local housing codes. The city has a local property maintenance code that spells out responsibilities of property owners as well as tenants. The stated purpose of that code is to the protection of public health, safety and welfare in all residential and commercial buildings. The code establishes minimum requirements and standards for properties.

The local municipal housing code outlines basic maintenance requirements for property owners and the renters' obligation to keep the property in good condition and free of trash. The code also spells out the time frame in which repairs and code violations must be remedied, as well as fines and other penalties for failure to comply.

Code enforcement. Housing codes are regulations pertaining to quality and safety standards for residential dwellings. PolicyLink (2002) describes codes as tools to articulate and enforce standards related to buildings (structural, electrical plumbing, etc.), health (rodents and insects, cleanliness), fire (alarms, fire extinguishers, etc.), and safety (lead paint, asbestos, etc.). Enforcement of the codes may be comprehensive, as when a city's policy requires dwellings to be inspected on a periodic basis, or when tenants move, or other standard city officials put in place. Enforcement may also be related to complaints filed by tenants. If property owners fail to maintain dwellings according to code, tenants may complain to the city's code enforcement officials, who may proceed to inspect the property and possibly issue a citation to the owner requiring remediation of

the problem.

Desmond and Bell (2015) ask the essential question, “does code enforcement help or harm the poor?” (p. 21). The answer is uncertain, because substantive studies and outcome data on the tangible impact of code enforcement have yet to emerge. Without a definitive answer, the noted legal scholar Ackerman (Desmond & Bell, 2015) noted that lawmakers and city officials tend to “oscillate wildly” between lax or vigorous enforcement (p. 21). Desmond and Bell (2015) relate Ackerman’s advocacy for “proactive enforcement throughout the city and against sporadic, reactive enforcement based on complaints,” arguing that holding all property owners to the same standards would not lead to rent increases (p. 22). Others, particularly Neil Komesar, disagreed. A heated legal debate, now known as the “Ackerman-Komesar Debate” ensued, with legal scholars entrenching themselves on either side of it (Desmond & Bell, 2015, p. 23). To date, the debate has never been settled, as no empirical studies that might provide tangible answers have yet occurred.

Municipal Research and Services Center (MRSC), a nonprofit organization that provides legal and policy guidance to local governments in Washington state, explained that most municipal code enforcement, as well as zoning violations and animal control, is handled on a per-complaint basis because most municipalities simply lack adequate resources to perform proactive enforcement (MRSC, 2015). MRSC (2015) notes that code “nuisances” are created by human beings whose circumstances must be considered before taking definitive action. The individuals may have mental problems, few financial

resources, or simply be stubborn (MRSC, para. 2) The latter are typically responsive to a citation, while other cases may require more remediation. Absent an immediate danger, municipalities handle these complaints as they are able. Code enforcement applies to both owner-occupied and rental properties, as well as vacant or abandoned properties.

Property Investment Strategies

In the United States, investors own a significant portion of housing in most low- and middle-income neighborhoods. Immergluck (2013) describes historical demographic and economic trends that contributed to the shift from home ownership to rental property since the 1970s, beginning with the loss of population from the Midwest and Northeast as industries restructured and relocated elsewhere. A period of property speculation and schemes to flip properties stemmed from the Federal Housing Administration (FHA) 235 loan program, which provided subsidies to lenders for providing mortgages to borrowers with poor credit (Immergluck, 2013). The FHA 235 program was discontinued in 1987 (Federal Housing Administration, 2015). The 1990's followed with a period of subprime lending, which resulted in a large number of foreclosed and/or vacant properties and their accompanying social problems (Immergluck, 2013; Walker & Mallach, 2012). The greatest loss of home ownership began in 2007, after yet another surge of subprime lending, resulting in the massive foreclosure crisis of 2008, when many homeowners lost their homes and were forced into the rental market (Walker & Mallach, 2012). These displaced moderate-income former homeowners further increased demand in the growing rental market (Immergluck, 2013).

While investors can help stabilize a neighborhood if they properly maintain and rehabilitate properties, Walker and Mallach (2012) noted there are also investors “whose decisions about property repair and tenant selection can harm community well-being” (p. 1). These investors can further destabilize neighborhoods that are already on the decline (Walker & Mallach, 2012).

Walker and Mallach (2012) described investor incentives and behaviors. In areas that are profitable, investors are motivated to maintain property and do background checks on potential tenants to ensure they rent to desirable tenants. If they fail to do these things, they face pressure from tenants and the community, and are likely to respond to complaints in order to preserve their reputation and their properties’ market value. In areas where profit is less or possibly undependable, there is less incentive to maintain properties and do background checks on potential tenants. These investors are more likely to rent to undesirable tenants, fail to pay property taxes or mortgage payments, or abandon properties when the cash flow becomes negative.

Immergluck (2013) applied Mallach’s *Typology of Private Investor Strategies* for his study of investors’ behavior in distressed neighborhoods in Atlanta, GA, following the 2008 foreclosure crisis. Mallach described four categories of investors: flippers, rehabbers, milkers, and holders. Immergluck further defined flippers into two categories: predatory flippers and flippers. He also differentiated between investors who plan to hold properties for 2-5 years (short-term holders) and those who plan to hold properties for 5-10 years or more (medium-long-term holders). See Figure 4 for an overview of these investor strategies.

	CATEGORY	PRINCIPAL INVESTMENT GOAL	SECONDARY INVESTMENT GOAL	STRATEGY	TIME HORIZON
BUY TO SELL	PREDATORY FLIPPER	Appreciation	None	Buy properties in poor condition and try to flip to buyers (often other investors) in as-is or similar condition often using unethical or illegal practices; unsuccessful flippers may abandon properties.	Less than 1 year
	FLIPPER	Appreciation	None	Buy properties in fair to good condition and flip to buyers with profit based on market information or access.	Less than 1 year
	REHABBER	Appreciation	None	Buy properties in poor condition, rehabilitate them and sell them in good condition.	Less than 1 year
BUY TO RENT	MILKER	Cash flow	None	Buy properties in poor condition for very low prices and rent them out as-is with minimal maintenance, often to problem tenants. Likely to abandon if cash-on-cash return declines.	3 years or longer
	SHORT TERM HOLDER	Appreciation	Cash flow	Buy properties to rent out for short period for cash flow and resell	2 to 5 years
	MEDIUM-LONG TERM HOLDER	Cash flow	Expectation of modest or greater appreciation	Buy properties to rent out for more extended period for cash flow and resell	5-10 years

Figure 4. Mallach's Typology of Private Investor Strategies. Adapted by Immergluck. Used with permission.

The most problematic investors are found in the predatory flipper and milker categories, because their goal is short-term profit for themselves with little to no regard for neighborhoods or the people to whom they rent (Immergluck, 2013). These investors buy distressed properties at low prices to flip or milk with “no intention of maintaining them” (Walker & Mallach, 2012, para. 3), perhaps to make superficial repairs and cover up defects and sell to an unwitting purchaser. If cash flow on a property goes negative, they are likely to simply abandon it, further degrading the neighborhood.

Because rental property is often one of the few options for people in low-income

neighborhoods, communities that must deal with this type of property owner behavior are challenged to rectify the problem. Walker and Mallach (2012) describe factors that complicate potential interventions:

- Ownership of rental housing tends to be dispersed; in low-income neighborhoods, “most rental units [40-50%] are in small buildings”.
- Owners tend to own a small number of rental units.
- Owners who purchase and rent out single-family houses usually have lower incomes and fewer resources than owners in higher-income areas.
- Good data are usually lacking on “the volume of investor purchases, patterns of property ownership, and assessments of property condition”.
- Some investors purchase single-family homes and divide them into multiple dwellings.

These factors merge to create difficulties for city officials to manage “large numbers of rental properties owned typically by small-scale investors with presumably limited resources” (Walker and Mallach, 2012, para. 4).

Tenants

While some property owners are responsible for perpetuating substandard housing, some tenants bear equally as much responsibility. The literature search on this topic produced mostly materials from legal resources and news media. The dearth of peer-reviewed literature on problem tenants presents opportunities for future research.

Irresponsible tenants can cost property owners large sums of money related to property damage, unpaid rent, eviction, or other legal proceedings. Legal Templates (2016) offers one way of describing the basic types of problem tenants

- Non-payer: requires the owner to spend extra time trying to collect the rent, who writes bad checks for the rent, or who might simply skip out and never pay the rent at all.
- Tardy payer: one step up from the non-payer, this person consistently pays the rent late, often just in time to avoid eviction.
- Rule Breaker: this tenant violates the conditions of the lease, such as having pets in a “no pets” unit, subletting to another person(s), admitting unauthorized roommates, or conducting illegal activities on the premises.
- Destroyer: whether intentional or unintentional, this tenant damages the unit, which results in high costs for repair and replacement of its contents.

Recounts of experiences with undesirable tenants were abundant. Romana (2016) described the frustration and expense certain property owners experienced in dealing with what they described as the “tenant from hell” (para. 2). In the example, massive amounts of garbage at the unit led to notices from the city demanding clean-up and removal. When the property owners gained access to the dwelling, they found it ruined from extensive amounts of dog feces, large rats, and frozen pipes that had burst during the cold winter, ruining the hardwood floors. Meanwhile, the tenants had moved and left behind \$12,000 in unpaid rent, of which the owners recovered only about \$400. Experiences such as

those described by Romana are not uncommon. Hiebert (2002) described rentals where illegal drugs and prostitution activities occurred day and night. Hiebert (2002) noted that such properties can “ruin a neighborhood,” and poor responses or inaction from property owners, city government, or law enforcement can lead to neighbors taking drastic, and sometimes dangerous, actions to remedy the problems themselves (para 1).

Tenants who are involved in the use and dealing of illegal drugs, or other criminal activities, present a very expensive headache to property owners. A particular nuisance is the manufacture of methamphetamine in a dwelling. Methamphetamine is a highly addictive synthetic drug that is easily made at home by combining toxic and volatile ingredients (Narconon, 2017). The process of making methamphetamine is highly dangerous, potentially resulting in explosions or house fires (Narconon, 2017). When a house is found to have been used for the manufacture of methamphetamine, it must be de-contaminated by professionally-trained contractors. For example, the Kentucky Department of Environmental Protections requires remediation by contractors who are certified by the Environmental and Public Protection Cabinet (Kentucky Department for Environmental Protection, 2012). If the property owner cannot recover the cost of clean-up from the tenants or their homeowners’ insurance company, then he or she is fully responsible for remediation before the property can be rented again (Kentucky Department for Environmental Protection, 2012). Few insurance companies cover the cost of meth clean-up, so many property owners simply abandon or demolish properties if

they cannot afford the remediation. A review of news articles reported the cost of remediation ranged from \$5,000 to \$40,000 depending on the size of the dwelling.

Tenants, or potential tenants, can file costly lawsuits if they believe a property owner has discriminated against them. A tenant's disability related to alcohol or drug addiction is one area of potential risk. Federal law bans discrimination against persons on the basis of disability, which includes protections for persons addicted to alcohol and drugs (Leshnower, 2017). However, federal law does not protect "tenants who are current illegal drug abusers and tenants who have been convicted of the illegal manufacture or distribution of drugs" in the past (Leshnower, 2017, para. 3). To reduce the risk of a tenant successfully mounting charges of discrimination, property owners must act with caution and apply the applicant screening process equally to all prospective tenants (Leshnower, 2017).

Race and Ethnicity

Poor housing is inextricably linked with poverty (Boston College, 2013; Coley et al., 2013a; Hood, 2005; Northridge et al., 2010), and poverty is likewise linked to race and ethnicity (Schneider, 2017). Schneider (2017) noted the critical impact of social determinants of health on people's circumstances, the most important of which is socioeconomic status, a social determinant that includes income, occupation, and education. In 2013, over 27 percent of Blacks lived in poverty, compared to 9.6 percent of non-Hispanic Whites (Schneider, 2017). On average, Blacks have less education and

higher unemployment than Whites (Schneider, 2017). This affects the types of housing and neighborhoods in which Blacks can afford to live.

The type of housing and neighborhood in which people can afford to live, and the standard of upkeep they can demand from a property owner, are dependent on what people can afford to pay. The disparity in socioeconomic status among Blacks and Whites tends to concentrate Blacks in older, cheaper, and poorer quality housing. When individuals and families are in housing where they lack “privacy, security, stability, and control,” the impact on physical and mental health can be harmful (Robert Wood Johnson Foundation (2008b, para. 1).

Poverty has long been associated with civil reluctance to deal with serious housing issues, especially those that would be costly to mitigate. A classic example of this is the widespread presence of toxic lead-based paint in slums and older housing, which persists to this day (Rosner & Markowitz, 2016). Rosner and Markowitz (2016) note that “racism was an intrinsic part of the argument for ignoring the huge number of children whose lives were being destroyed by lead in their homes” (p. 325). Even when they understood the danger, “poor tenants were unaware of their rights to a safe home...or were afraid they might be evicted if they filed a complaint” (Rosner & Markowitz, 2016, p. 324).

Low-income families have a very difficult time escaping poor housing and neighborhoods in which other resources such as schools, grocery stores, transportation, and city services might also be lacking or poor quality. In the United States, the HCV

program, which emerged from Section 8 of the Housing Act of 1937, was established in 1974 to provide rental subsidies to low-income families to obtain better housing in better neighborhoods (U.S. Department of Housing and Urban Development, 2001a). The program is fraught with inadequacies, and has funding available to assist only about one fourth of the people who need assistance (Seicshnaydre, 2016; Walter, Yanmei, & Atherwood, 2015). In some cities and states, finding a new home does not mean a housing voucher will enable the holder to obtain a lease, as local laws may permit property owners to “discriminate against potential tenants on the grounds of their ‘source of income’” (Tighe, Hatch, & Mead, 2017, p. 3).

Finance and Foreclosures

Historically, mortgage lenders provided loans to people who had acceptable credit histories, down payments, and income sufficient to afford a mortgage payment in their budgets. People who lacked sufficient financial resources to obtain a mortgage typically rented their dwelling. Programs that offered mortgages to borrowers with poor credit, such as the HUD 235 Mortgage Program that was discontinued in 1987, helped many people purchase homes, but many of them ultimately could not afford the necessary upkeep and repairs. Consequently, they had to sell their homes or face foreclosure and lose them.

The single most serious problem when owners default on mortgage payments is foreclosure, in which they lose the home and the lender takes the home into their possession. Foreclosed properties in the city as of May, 2017 were concentrated in or

near the Promise Zone. The HUD.com web site lists the locations of 80 actual foreclosures and 59 houses entering the foreclosure process, showing the main concentration in the central and near east submarkets (U.S. Department of Housing and Urban Development, 2017). There were also 36 sheriff sales and 25 bankruptcies.

The foreclosure crisis that began in the U.S. in 2007-2008 created the social and economic conditions described in Smith's (2008c) downward spiral of housing. With large numbers of foreclosed homes on the market, investors could buy them cheaply from banks or distressed homeowners, either singly or in bundles. The "milkers" and "predatory flippers" described in Mallach's typology of landlord types enjoyed ample opportunity to obtain properties, make money, then either sell or abandon them when cash flow fell below expectations.

Urban Planning and Zoning

Sometimes urban planning and zoning can contribute, either intentionally or unintentionally, to conditions that lead to substandard housing. The original purpose of zoning was the improvement of public health through the control of infectious diseases in the nineteenth century era of industrialization (Wilson, Hutson, & Mujahid, 2008). In 1916, New York City was first to establish the separation of residential and other land uses in order to protect people's health and reduce exposure to harmful byproducts of business and manufacturing (Wilson, et al., 2008). Wilson, et al. (2008) note that zoning ordinances were later codified by the U.S. Supreme Court as the "proper exercise of the

state's police power because they protect the health and safety of the community" (p. 211).

As public health conquered the major problems of infectious disease with improved sanitation, safer food processing and handling laws, and the advent of antibiotics (Schneider, 2017), the foci of zoning and urban planning diverged (Wilson, et al., 2008). While public health has shifted towards addressing problems related to chronic diseases, urban planning has shifted more towards urban "aesthetics, economics, and the property rights of the privileged" (Wilson, et al., 2008, p. 212). As courts usually side with municipalities' and their right to plan and zone for the communities' best interests, Wilson, et al. (2008) believe that certain urban entities may covertly employ zoning tactics to "exclude undesirable populations (e.g., people of color, poor people, immigrants) and undesirable industries," asserting that:

...this encourages municipalities to develop and implement planning and zoning regulations and standards that benefit advantaged populations and ignore the needs and concerns of disadvantaged populations. As a result, discriminatory planning and exclusionary zoning contribute to unequal development...limiting access...to affordable housing, public transportation, good school systems, and economic infrastructure...this results in segregated communities along the lines of race and class..." (p. 212).

The legacy of this type of discrimination is clearly visible in the city, including the Promise Zone, but the distribution of the racial/economic inequity is more complex than meets the eye. The lower-income Black population is mostly concentrated in the near east census tracts, while the census tracts directly to the east of those are more a blend of poor Blacks, Whites, and Hispanics (Bowen, 2014, p. IV-6). The census tracts to the north of downtown are mostly lower-income Whites (Bowen, 2014, p. IV-6). One can drive through these neighborhoods, particularly those north of downtown, and see the derelict remains of manufacturing facilities long abandoned, as well as shabby convenience stores, fast food restaurants, and other businesses that appear to have received commercial zoning with little consideration for adjacent residential areas.

Yet, significant assets remain that support the promise of the Promise Zone. There are beautiful historic churches and homes scattered throughout the area, an arts district taking root in the near east area, a new building for an inter-institutional medical and health professions school rising in the downtown area, a new downtown hotel and conference center, a public library system that has won national awards, a new elementary school in the north census tracts, a 509-bed tertiary care hospital and trauma center that are part of a 6-hospital system, and a multi-specialty primary care clinic. In addition, each of these neighborhoods has its own distinct personality and its own set of neighborhood champions who are working with the Promise Zone Implementation team to improve conditions throughout the entire area.

Summary and Conclusions

This literature review on substandard housing revealed three main themes. First, poor quality housing is a long-standing problem that sends ripples of damaging, interconnected consequences throughout families, communities, and local economies. It affects individuals and families in regard to health and well-being, family and financial stability, and the ability to raise and educate their children. Costs for local code enforcement, crime, fire department runs, maintenance, and legal fees accrue to city budgets, eating away at resources that could be spent more productively. Housing in very poor condition negatively affects adjacent property values and degrades neighborhoods, making them undesirable places to live. When this happens, rentals often go to high-risk tenants whose behavior further degrades the neighborhood. Substandard housing affects workforce stability, thereby eroding local income taxes and sometimes the loss of property tax revenue when property owners cannot pay.

Second, many dedicated reformers have directed their energy and efforts toward building permanently affordable, good quality rental properties. While initially successful, their efforts often fell short due to the inability to financially sustain these developments over the long term. The result is that projects have more often than not been overtaken by private interests, resulting in higher rents for the tenants.

Third, comprehensive standards for good quality, habitable housing have been established at the federal, state, and local levels. While organized and articulated differently, commonalities among all levels address the safety, cleanliness, and vermin-

free habitability of housing. In spite of these standards and the ability of localities to enforce them, poor quality housing remains a persistent problem. While a great deal is known about the problem itself and its impact, this study seeks to contribute to the gap in the literature on why these existing interventions currently fail to have a substantial impact on improving the poor condition of housing.

In all the literature, Immergluck (2012; 2013) and Desmond (2015; 2016) offered the greatest insight into the workings of property owner decision-making and behavior, upon which the status of housing ultimately depends. The principles these two authors put forth are universally applicable. Immergluck's (2012) in-depth study of investors during the mortgage crisis of 2007-2008 identified the types of properties at risk and the types of investors that are attracted to them. By examining investment strategies of different investor types, Immergluck (2012) pinpointed two categories of investors that have the greatest negative impact on housing, the "milkers" and "predatory flippers." The strategies of these two types of investors commonly entail unethical and less-than-honest business practices. Desmond's (2015; 2016) comprehensive studies on substandard housing, its history, and legal ramifications provide important background information to understand how the local impacts of substandard housing affect the nation as a whole.

In Chapter 3, I outline the research methodology and processes I used in exploring underlying reasons for the persistent gap between the housing quality standards and the condition of rental housing in the city's Promise Zone.

Chapter 3: Research Methodology

Introduction

A significant gap exists between federal, state, and local housing quality standards and the actual condition of substandard rental housing. This housing is one of the few alternatives available to lower-income families, and its unsafe and unhealthy condition creates adverse consequences for families who must live there, as well as the rest of the community. The problem is long-standing and persists in spite of housing quality standards and local code enforcement mechanisms.

The purpose of this qualitative, exploratory case study was to gain a greater understanding of factors that stand in the way of resolving the problem, and ascertain potential policy interventions that could contribute to its resolution. With this study, I sought to identify factors that lie at the root of the substandard housing issue in one city's Promise Zone, understand their nature, and ferret out points in their processes where failures or weaknesses might be corrected.

The study took place in the community and had no conflict of interest or bias related to my workplace. The interviewees had no personal or work relationship with me, and I have no influence over them or their work. Interviews were conducted in locations convenient and confidential for me and the participants. These locations included the local public library's private study rooms, conference rooms at the participants' offices, participants' private offices, and the community partner's meeting room. The participants chose the locations and I accommodated them.

In this chapter, I outlined the research methodology for the study, beginning with the research design and rationale, the research questions, and definitions of frequently-used terminology. I then provided a brief explanation of the study's theoretical underpinnings, followed by an explanation of my role as the researcher. The methodology section outlined the data sources, process of participant selection, the locations in which the interviews were conducted, data collection procedures, and data analysis. I also addressed issues of trustworthiness and measures taken to ensure compliance with all ethical considerations.

Research Design and Rationale

Research Questions

Research Question 1: What key factors contribute to the persistent gap between existing standards for habitable housing and code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

Research Question 2: What factors affect the city's ability to enforce its municipal housing codes?

Research Question 3: What existing factors or processes offer the greatest potential for policy makers to bridge the gap between existing housing standards, code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

Theoretical Underpinnings

Patton (2015) noted the importance of theoretical guidance for distinguishing the difference between the abstract and the tangible, or observed. Two theories, RCT and PCT, were applied as the lens through which to observe the players' behaviors, try to understand their motivations, and make sense of what is observed as well as the relationships among the variables. Sunday (n.d.) described how theory serves to guide research and organize facts; he provided the "analogy of bricks lying around haphazardly in the brickyard: 'facts' of different shapes and sizes have no meaning unless they are drawn together in a theoretical ...framework" (p. 4). Theory was applied to challenge the study's assumptions in comparison to what is really happening.

The premise of the study was that substandard housing is undesirable and those who live in it do so because they have no better affordable alternatives. The theoretical basis that underlies this premise is that all parties tangential to the issue seek to maximize their own self-defined utility, in keeping with principles of RCT and PCT, be they property owners seeking to maximize financial gain, city officials charged with enforcing housing codes, or tenants seeking to find the best housing they can afford to fill their needs. For purposes of this study, a key consideration of the theories was that of "rational egoism," or the "consistent pursuit of material self-interest as the defining element of economic rationality" in which any of the players may prefer their own interests above others regardless of the harm to others that results (Zafirovski, 2012, p. 5).

Role of the Researcher

For this research, I served as observer and interviewer. I used data from three basic sources: (a) government reports and data that supply the background, history, and current context of the problem; and (b) face-to-face in-depth interviews with subject matters experts who possess the knowledge and experiences to provide insight into the ongoing barriers to remediation of the substandard housing problem; and (c) photographic evidence that illustrated the condition of houses and neighborhoods in the Promise Zone.

The participants were community members whom I met at the Promise Zone housing work group's (H.O.U.S.E.) monthly meetings. I introduced myself as doctoral candidate interested in the problem of substandard housing, and as public health faculty at a local university. None of the participants are students in my classes, nor or are ever likely to be, so I have no influence or power over them.

Methodology

This study utilized the qualitative, exploratory tradition, an approach that Yin (2011) notes is important for studying "events within their real-world context," and about which knowledge is not extensive. Yin (2011) further notes the value of using the inductive process in qualitative research to "let the data lead to the emergence of concepts," which was central to this methodology (p.100). From the concepts that emerged from each interview or focus group, I sought the broad themes and analyzed

them to break down the complexities of the issue, seek out patterns among them, and search for evidence of common phenomena, as recommended by Creswell (2013).

Though the fieldwork was carefully planned before beginning, the research design remained flexible so it could be adapted to leverage any newly-discovered knowledge that emerged from the interviews. Data were gathered from a panel of subject matter experts (SMEs) that included city officials, nonprofit housing advocates, property owners, renters, and attorneys, each of whom had long-term experience with substandard housing issues. Though each SME possesses a unique frame of reference, their many roles and responsibilities frequently intersect and interact, providing each SME insight into the complex dynamics of the political, social, and economic forces that affect housing in the city.

Government Reports

Official research and reports contracted exclusively for the city in the two years prior to the Promise Zone designation were instrumental to this study (Bowen, 2015). These reports provided the most detailed, current data available at this point in time. Data in the reports were derived from U.S. Census Bureau data, the city's geospatial information system (GIS) mapping, the Federal Financial Institutions Examination Council, the county assessor, and the county treasurer. Additional sources that informed the city's reports included other federal and state agencies, city departments, local nonprofits, real estate companies, foundations, consultants, and local educational

institutions. These sources served to provide background and contextual information to complement the interviews.

Interviews

The main data source for this study was semi structured, face-to-face, in-depth interviews with SMEs. Patton (2015) asserted that such interviews, consisting of open-ended questions, enable the participant to respond freely, yielding “in-depth responses about people’s experiences, perceptions, opinions, feelings, and knowledge” (p. 14). This interview format also enables the interviewer to carefully elicit more in-depth answers or follow up on new points of interest that emerge from the conversation (Zorn, n.d.). The interview guide mirrored the research questions. I conducted all the interviews.

Photographic Evidence

Photographs included in this study were obtained from studies published by the city’s department of metropolitan development and from local news media. All photographs of housing were taken in the Promise Zone neighborhoods and illustrate the type and condition of housing that currently exists there. The photographs show, at least on the exteriors, the crowded and poor condition of the housing. From the interviews with housing advocates, city officials, and renters, I inferred that the interiors and structural conditions of the housing may be just as bad or even worse than the exteriors.

Participants

In the city, there are various legal, civic, and business entities whose roles intersect with substandard housing from various, different frames of reference. From

these, I identified a group of key informants who possess the experience to provide insight into factors that affect the persistence of poor-quality housing. These participants represented officials from the city, local housing advocates working in the Promise Zone to rehabilitate or build new housing, attorneys from the local legal aid organization, real estate investors, renters, and investigative news reporters.

The sample size in this study was based on “informational considerations” (Patton, 2015, p. 300). Patton asserts that “sampling to the point of redundancy” in qualitative research is ideal, which basically means the data gathering process reaches a point where it produces no new data (Patton, 2015, p. 300). Reaching this point implies that “data collection and analysis are going hand in hand,” and decisions about further data collection are being made based on what has been learned (Patton, p. 300).

Table 3

Selected Participants

Participants	Number	Roles
Policymakers, Enforcers	6	Appointed Officials and Attorneys
Persons Affected by Policy	8	Renters
Policy Influencers	8	Property Owners
Policy Influencers	6	Nonprofit Housing Advocates
Total Recruited	28	

Interview Locations

For the convenience and comfort of the participants, who have very busy schedules, I offered to conduct the interviews at a location of their choice where the interviews could be conducted in confidentiality. The possibilities included private

offices or conference rooms at the participants' work places, study rooms at the local public library, or other convenient location the participants requested.

Sampling

My approach to sampling was a practical, purposive sampling method, described by Creswell (2013) as essential for qualitative research. Purposive sampling means the researcher chooses participants based on the insight and knowledge they possess about the problem and are willing to share (Creswell, p. 156). The sampling strategy utilized maximum variation sampling from the group of subject matter experts, in order to obtain the widest possible perspective on the problem (Creswell, p. 157). The research plan and sampling strategy remained flexible to take advantage of additional expertise that might be identified through the interview process.

Protocol

Yin (2011) described the dilemma that qualitative researchers face in deciding whether or not to have a research protocol. In making this decision, the researcher needs to be self-aware of the "values, expectations, and perspective" she brings into the interviews, and balance those against the need to "capture real life as others live and see it, not as researchers hypothesize or expect it to be" (Yin, 2011, p. 102). Yin (2011) believes a having a framework can help "to reduce unwanted variability in collecting the data" and contribute to the credibility and dependability of a study (p. 36). At the same time, Yin (2011) also asserts that the researcher must "assume an open-minded attitude...that avoids steering interviewees as much as possible" (p. 102).

This study included both individual and focus group interviews. For individual interviews, I personally invited the participants, thoroughly explaining the purpose and goals of the study, as well as how the interviews would be conducted. I requested permission to audio-record the interviews and explained all the terms of informed consent. Individual interviews were used with persons who are the only ones in their position. Focus groups were used for small groups of people who share the same frame of reference, for example property owners and renters. I recruited the focus groups with assistance from members of the H.O.U.S.E. group and local housing advocates. I prepared a written invitation that I shared with the leader of the H.O.U.S.E. group, and arranged to be a guest at one of their regular monthly meetings. I explained the purpose of the study, how it will be used, why it is important, and invited them to participate. I asked their permission to audio-record the group discussion and advised them the discussion would be held confidential. I asked their permission to follow up if the analysis indicated a need for further information. Being present with the participants provided the opportunity to answer questions they had and build rapport. By inviting volunteers from a large group, I hoped to accomplish what Patton (2015) recommends, which is having persons who are “homogeneous in background but not attitude,” as this provided a fertile setting for generating discussions and interactions that boost the quality of the data (p. 478).

Intra-coder reliability was established by using a standardized set of open-ended questions with each type of interview (van den Hoonaard, n.d.). I developed the interview

questions, which mirrored the research questions. See Appendix B for the interview guide. Patton (2015) notes that “standardization is considered the foundation of validity and reliability in traditional social science interviewing” (p. 461). I designed the questions to be conversation starters, rather than directly-answerable questions. While participants were asked to respond with their own thoughts, different probing questions arose depending on the direction each conversation took. The questions served to gently re-direct the interview back to the topic when the conversation digressed from the research question (Patton, 2015, p. 467-468).

Open-ended, non-leading probing questions were used to be “situationally responsive,” and follow the lead-in to greater understanding when useful information surfaced from the interviews (Patton 2015, p. 461). Without pre-supposing an answer, these questions followed the format of “Can you tell me more about...,” or “Can you provide an example of...,” or “What did you mean when you said...”

The questions and protocol were included with the invitation to participate in the study, allowing the participants to know beforehand the purpose and nature of the study so they would feel comfortable in deciding whether to participate. I explained to them (a) my role as a student doing research, and not a critic of any point of view explored by the study, (b) participation in the study was voluntary, (c) participants could elect to skip any topic about which they were uncomfortable discussing, (d) participants could elect to end the conversation at any point by indicating they wished to stop, (e) their responses would be held confidential, and (f) participants could clarify any questions or concerns they had

before or during the interview. At the conclusion of the interview, I encouraged them to add any thoughts that were not covered by the questions, and requested permission to contact them if further follow-up was needed. There were no planned follow-up interviews, but the research design was flexible so those could be arranged if the need emerged from the conversations.

Interviews lasted approximately 60 minutes. I acknowledged the time the interviews were expected to take, but offered to remain if there was more they wanted to discuss.

Data Collection Procedures

Data must be accurate if the study is to be trustworthy and credible. Yin (2011) cautions against letting the researcher's "mental framework bias the data collection" by allowing the framework to provide direction in searching for "contrary as well as supporting evidence" (p. 104)

For this study, I used a semi-structured interview guide as the catalyst to begin the conversations on specific aspects of the topic. See Appendix B for the interview questions. I asked probing and/or follow-up questions as important points emerged, but spent most of the time listening instead of talking. Interviews were digitally audio-recorded, and supplemented with field notes of observations and nonverbal cues. Each interview lasted approximately 60 minutes, but time was given if the participants indicated they had more to say. The interview questions were provided to the participants prior to the interview so they could feel at ease with the topics.

I used DragonSpeak transcription software to transcribe data from the first recorded interview, but it worked poorly. I transcribed the remainder of the interviews manually. All transcriptions were manually checked for accuracy. I offered each participant a copy of their transcribed interview so they could check for accuracy. I then proceeded to the data analysis phase.

Data Analysis

The original plan was to import the data into Nvivo 11 Pro for data management and analysis. However, Nvivo 11 Pro was not available, so I coded the data manually. I approached the data from an inductive stance using methods recommended by Saldaña (2015), allowing ideas to emerge from the data while making preliminary notes about anticipated codes that might be used in the final analysis (Yin, 2011). The data were organized into codes, or “meaningful segments” that were named (Creswell, 2013, p. 180). I combined these codes into larger categories (themes), using thematic analysis following protocols put forth by Braun and Clarke (2006). Data were presented in the format that best fit, using tables, charts, and graphs as indicated. If data emerged that did not fit the initial codes, I created new codes for them. Outlying responses or responses that conflicted with other data were examined for accuracy, clarified with the participant where necessary, and re-considered to ascertain whether they were relevant to the research questions. If relevant, they were addressed in the discussion.

Yin (2011) noted the importance of comparing the initial codes and discovering how they relate to each other, then moving to progressively higher conceptual levels by

“recognizing the categories within which the Level 1 codes may fall” (p. 188). This led to the identification of the broad themes that emerged from the data.

Issues of Trustworthiness

Patton (2015) asserted that the “trustworthiness and authenticity” of qualitative research is established when the researcher is “balanced, fair, and conscientious in taking account of multiple perspectives, multiple interests, multiple experiences, and diverse constructions of realities” (p. 725). Patton (2015) further noted that “qualitative rigor has to do with the quality of the observations made by an inquirer” (p. 725). To ensure rigor, I strived to maintain neutrality and “present each side of the case” as I planned and executed the data collection process (Patton, 2015, p. 725). As an essential step to establish quality, I carefully documented the “analytical process that generated the findings,” including the sources of all supporting documents, the identification and selection of participants, the means used to contact each participant, and how and where the interviews were conducted. Interviews were audio-recorded and their content was verified by the participants to ensure their accuracy (Patton, 2015, p. 672).

The trustworthiness of qualitative data is increased by utilizing a systematic process of “triangulation of information and sampling information-rich, trustworthy, and knowledgeable sources” (Patton, 2015, p. 672). This was accomplished by interviewing SMEs who were connected to the topic of substandard housing from different points of view, including civic, nonprofit, private market, renters, legal participants. The process required spending a considerable amount of time in the field, close to the participants, to

generate the “detailed thick description” that were used for in-depth exploration of the problem (Creswell, 2013, p. 250). The issues identified through the interviews were triangulated with the information contained in the reports on housing and blight produced for the city. Throughout the process of conducting the interviews, I kept a journal in which to note details and observations about participants and the interview environment before they were forgotten. The journal proved to be valuable reference for keeping track of details, contacts, appointments, notes, and when follow-up calls were needed to make sure the interviews got scheduled.

Yin (2011) recommended three objectives for building “trustworthiness and credibility of your research” (p. 314). These were incorporated in the study processes (Yin, 2011, p. 19). The objectives are:

- Transparency – meaning to “describe and document the qualitative research procedures so other people can review and try to understand them” .
- Be methodic – meaning to follow an “orderly set of research procedures and ...avoiding unexplained bias or deliberate distortion.” Be careful to cross-check the study’s procedures and data, while allowing plenty of “room for discovery and allowance for unanticipated events”.
- Adherence to evidence – as much as possible, use the actual words of the participants, placing them in the context in which they were expressed. Base conclusions on the evidence, and consider conflicting data from different sources to ensure the data “have been collected and analyzed fairly”.

Ethical Procedures

Prior to beginning the study, formal approval from the Walden University Institutional Review Board was obtained to assure the protection of all human subjects who participated in the interviews, and to validate that benefits of the research outweigh any possible risks to the participants. I invited the individuals I had identified to participate in the study, in person, either individually or in groups, thoroughly explaining the goals, the purpose and content of the interviews, how the information would be recorded and used, and with whom the information would be shared. I shared the interview guide questions with the participants and answered any questions or concerns they had before the interviews begin.

Before proceeding, I obtained formal, written consent from the participants. As part of the informed consent procedure, I disclosed to the participants that participation was completely voluntary, they could withdraw at any time, and they could skip any question they did not wish to answer.

To keep focus groups manageable, I included no more than six individuals in each group. Since I drew the focus groups from a larger population, there was some degree of anonymity, but the groups were small and complete anonymity could not be guaranteed. For participants who were the only individual in their position, anonymity was more difficult. To address this issue, I combined individuals into related groups and assigned multiple identification numbers to each one, and used those numbers to identify their responses in the discussion. I included only interview responses the participants agreed to

share. To protect the data, I stored them on a private, password-protected computer that is secured in my office. Only I have the password and access to the data. The data will be retained on my computer for five years after the completion of the study and then it will be destroyed.

Summary

This chapter described the methodology that was utilized to conduct this qualitative, exploratory case study that examined factors that contribute to the persistence of substandard housing in the Promise Zone of a mid-sized U.S. city. Data came primarily from three sources: 1) government data and reports, 2) semi-structured, open-ended interviews with subject matters experts who are involved in various aspects of housing in the Promise Zone, and 3) photographic evidence to illustrate the condition of the housing that exists in the city's Promise Zone.. Interviews were audio-recorded and transcribed verbatim, then coded and analyzed manually. The study sought insight into reasons why the city, like many other communities, has been unable to resolve the disconnect between housing quality standards set by federal, state, and local governments and the actual condition of rental housing, in spite of enforcement mechanisms that are in place. In the next chapter, I described the results of the study.

Chapter 4: Results

Everyone's in the bag on this whether they think they are or not, whether they live out in a suburb or they live in the city. We're all paying for what's going on.

~ Participant #50136

Introduction

In Chapter 4, I summarized the finding from this study. The purpose of this study was to investigate and better understand the reasons why the gap between existing housing quality standards and the substandard condition of housing in the Promise Zone of a mid-sized U.S. city persists despite housing habitability standards and code enforcement mechanisms. The ultimate goal was to identify potential policy actions that could help mitigate the problem. In Chapter 4, I framed the setting in the city's Promise Zone neighborhoods, the stakeholders involved in the Promise Zone's housing, and explains the processes of data collection, coding, and data analysis. These three research questions provided the basis of the study:

Research Question 1: What key factors contribute to the persistent gap between existing standards for habitable housing and code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

Research Question 2: What factors affect the city's ability to enforce its municipal housing codes?

Research Question 3: What existing factors or processes offer the greatest potential for policy makers to bridge the gap between existing housing standards, code

enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

In this chapter, I reviewed the research setting, the demographics of the selected participants, the data collection and analysis processes, and an overview of the themes identified by the analysis. I followed with a thorough discussion and interpretation of the findings. I concluded the chapter with recommendations for research and practice.

Research Setting

I selected the case study approach as the most appropriate tool to gain focused insight into the study's research problem. The data presented in this study emerged from individual and focus group interviews, photographs from the Promise Zone neighborhoods, and by government studies that were commissioned by the city within the past two years. The reports were provided by city officials and some of them are available on the city's web site.

During the study period, no changes occurred in any of the organizations that participated, including the city government. There were no political changes or elections of new officials that might influence the interpretation of the study results. No new housing, neighborhood development initiatives, or major changes in funding or grants occurred, though several housing advocate organizations had submitted grant applications that remained pending at the time of the data analysis.

Demographics

Participants were purposefully recruited because they either lived in rented housing in the Promise Zone or were otherwise actively involved in some way with the housing problems in the focus area. They were chosen to represent key experiences and points of view related to the continuing failure of existing processes and mechanisms to ensure that the Promise Zone's housing is habitable for all who live there. Participants included Promise Zone renters, city officials, attorneys, housing advocates, property owners, and investigative reporters. A total of 23 participants took part in the interviews. Participant roles, but not names were used in the data analysis. Each participant was assigned multiple identification numbers to enhance the security of their personal identities. The list of names and corresponding identification numbers is secured on my password-protected computer.

Table 4

Participant Roles

Participants	Number	Roles
Policymakers, Enforcers	6	Appointed Officials and Attorneys
Persons Affected by Policy	6	Renters
Policy Influencers	5	Property Owners
Policy Influencers	6	Nonprofit Housing Advocates
Total Participants	23	

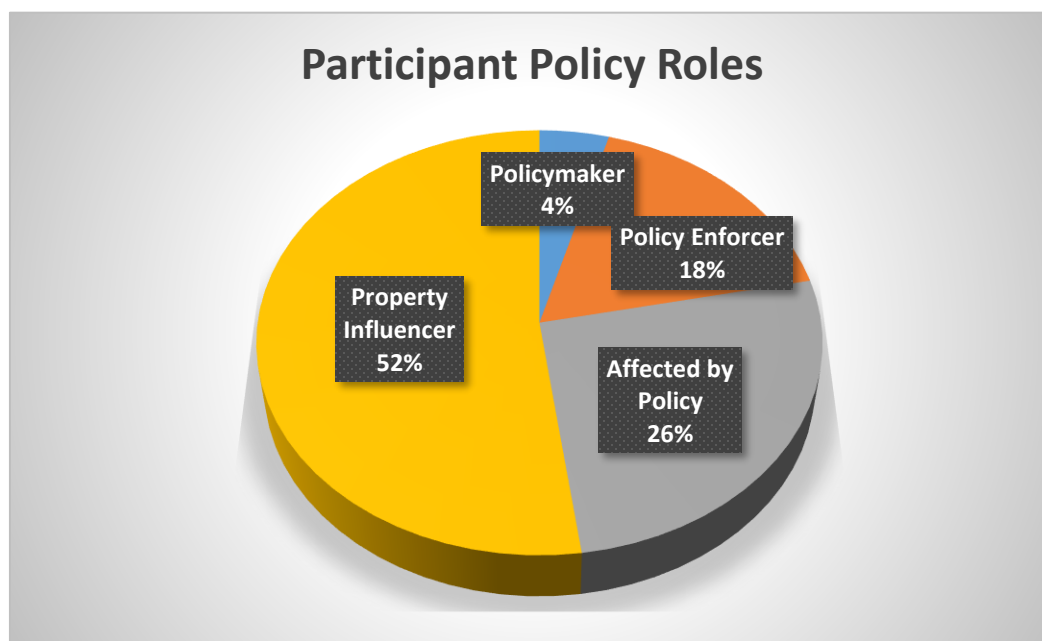


Figure 5. Participant policy roles.

Data Collection

To examine the policy issues surrounding the research questions, I purposefully sought input from key stakeholders whose actions and decisions affect the quality of housing available in the Promise Zone, or whose personal lives are affected by living in poor quality rental housing. To gain a comprehensive understanding of the issue from all major points of view, I selected policy influencers, policy makers and enforcers, and individuals directly affected by policy.

Interviews

At the beginning of each interview, I sought to put the participants at ease by thanking them for their time and willingness to participate. As the interviews progressed, I paid close attention to participants' body language and facial expressions, as such cues

can belie the participants' comfort with the conversation and willingness to share freely. I made sure all interviews took place in private locations where participants could feel at ease and the conversations could not be overheard by persons who were not involved.

As all the interviewees had busy schedules, I accommodated their preferences and met them where they wanted to meet. Several participants elected to meet in the study rooms at the local public library. The city officials chose to meet in their private offices, the property owners preferred their office conference room, and the renters met in a meeting room at the community partner's offices.

All participants seemed eager to participate in the discussions. Overall, they were very interested in learning more about the study and the possible difference it might make in the city. Their conversations were rich in detail and experiences; as a whole they expressed their thoughts and feelings freely. With the renters, it took about ten minutes to build trust and rapport; I perceived that they were not accustomed to having someone willing to listen to their issues. However, with patience, eye contact, encouragement, and personal recognition by name, even the quieter ones began to speak up. Each interview lasted approximately one hour.

I designed the interviews with semi-structured, open-ended questions that followed a printed interview guide. In each guide, I addressed the same three study research questions, but worded the questions to fit the intended audience. Participants were free to respond with their own thoughts; I only offered probing questions if

additional detail or experiences were needed. After I covered each topic, I offered all participants the option to add any other thoughts they thought were important.

I recorded all interviews using a Phillips Voice Tracer audio recorder, plus an Evistr digital recorder for backup in case of battery failure. For the first recorded interview, I used DragonSpeak speech-to-text transcription software to transcribe it, but it worked poorly and making corrections to its output required more time than manual transcription. I transcribed the remainder of the recordings manually.

Data Analysis

I transcribed all interviews into Microsoft Word, then examined them closely for key ideas, which I manually highlighted. I used an open coding process to create the first round of codes “from the actual language of the participant” (Saldana, 2016), a process known as In Vivo coding. This set the stage to support the data-driven approach to analysis espoused by Braun and Clark (2006), and ensured the codes were directly linked to the data instead of adapting the codes to fit into a pre-existing coding framework. This was essential to the process, as I did not want pre-conceived ideas to influence the objective interpretation of the actual results. A number of codes I had anticipated did emerge during the analysis, but not all of them. During this stage of analysis, I re-examined codes for their connections to the research questions to ensure their relevance. As a result, some were revised, some combined, others discarded.

I then loaded the codes and descriptors into Microsoft Excel. During the next stage of analysis, I organized the codes into categories according to their influence on or

consequences of poor-quality housing and housing policy. From these categories, six over-arching, interconnected, interactive themes materialized. These themes illustrate how the Promise Zone is experiencing the consequences of historical events and policy decisions that were made, or not made, over the past one hundred years. The policies that are currently in place as federal, state, and county laws interact with circumstances created by history to generate an endless supply of poor quality rental housing and low-income populations. These themes are presented on page 113.

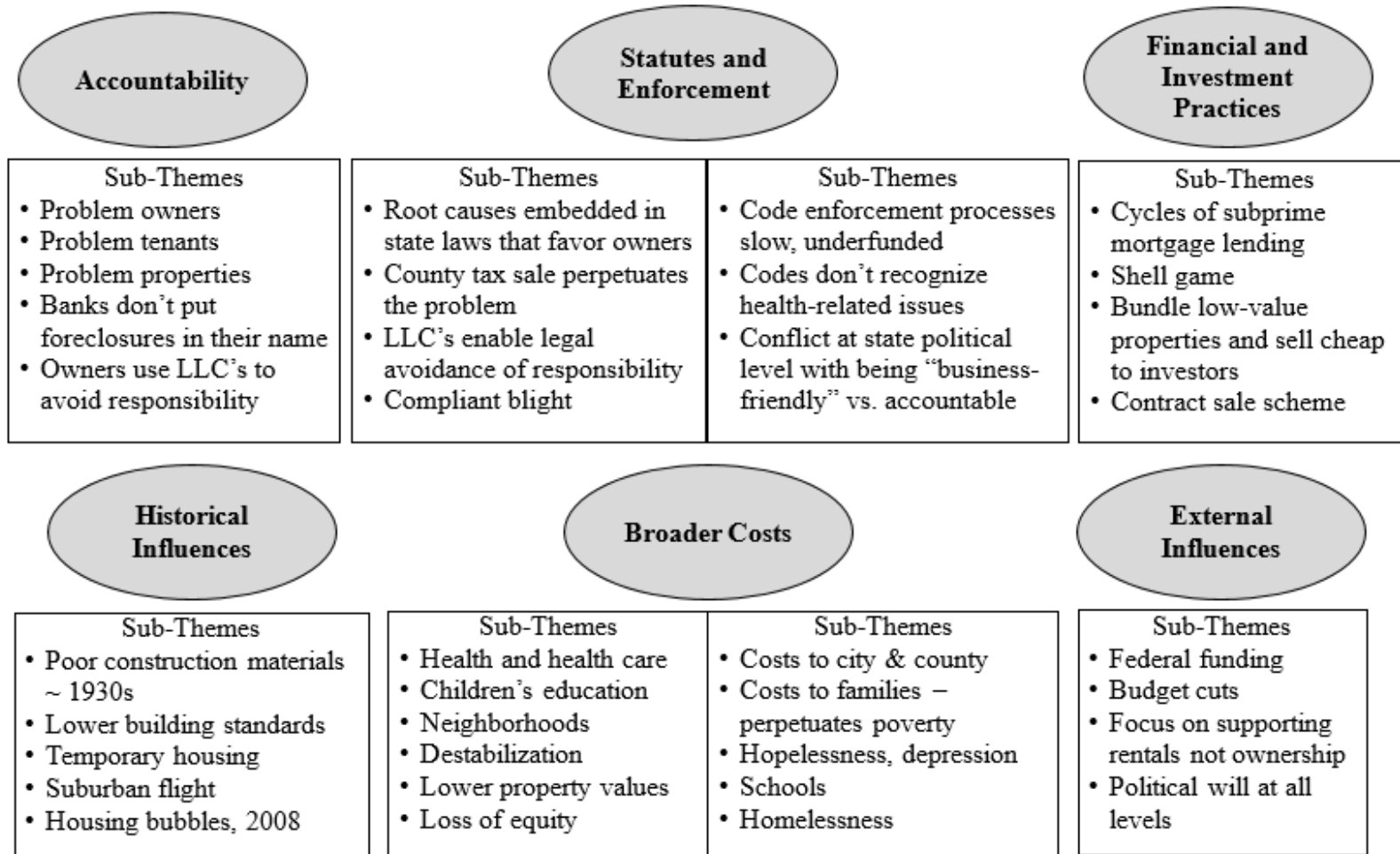


Figure 6. Themes emerging from research.

In the analysis of the interviews, I discovered no information from this study that would be discrepant with information found in the literature or data gathered from other sources. On the contrary, the themes that emerged from the interviews confirmed what was learned from other sources and provided additional information that illustrates weaknesses in the formulation of current policies and enforcement. Whether those weaknesses are unintentional, poorly-informed, resource-constrained, or purposeful, is an inquiry beyond the scope of this study.

Table 5

Linking Substandard Housing Factors with Theories

Housing Factors	RCT	PCT
Housing Quality Standards <ul style="list-style-type: none"> • Federal • State • Local 		Inconsistency at different levels; enforceable municipal codes \neq habitability standards
Code Enforcement		Inadequate funding, staffing; antiquated laws
Property Investment Strategies	Investors buy cheap, minimize investment, rent or sell high	Foreclosure and civil processes enable unethical investors
Tenants	Seeking decent, affordable housing	Lack influence, not organized; civil processes enable destructive tenants
Property Owners	Maximize revenue, minimize expenses	Strong influence, organized; Fair Housing Law
Race and Ethnicity		Minority populations, low income, systemic discrimination
Finance and Foreclosures		Banking and finance laws set by federal government; county tax sale
Urban Planning & Zoning		Conflict between residential and commercial uses

Evidence of Trustworthiness

To ensure the trustworthiness of the study, data were extracted from the participants' own words. Study participants were also asked to review the results to confirm accuracy and meaning, a process known as member checking, a qualitative means to add validity to qualitative research (Creswell, 2013). I then triangulated the data with published data to add external validity and broaden the understanding of themes that had emerged from the literature.

Throughout the research process, I kept a clear record of each step, providing an audit trail for all data collection and future research (Creswell, 2007). I created separate folders for each individual or focus group, into which I placed documentation of all contact information, the means of contacting the participants, the location, date, and time of each interview, and all the signed consent forms. Electronic copies of all government documents, published reports, peer-reviewed articles, audio recordings of interviews, transcripts of interviews, and the Microsoft Excel spreadsheet containing the coded data were stored on my computer and backed up to a secure off-site server.

I maintained consistency throughout data collection by using the same interview protocol for all participants. To minimize researcher bias, I limited verbal guidance to only what was necessary to keep the conversations on track with the research questions. I minimized researcher bias by listening to participants and transcribing interviews verbatim. Supplemental documents and photographs were utilized to illustrate, further develop, or place the participants' information into context to help triangulate and

increase the validity of the research.

The nature of the case study approach dictates that its conclusions are applicable to the site of the study. In this case, the findings about the city's Promise Zone might not be directly transferable to other cases. However, because key elements of the problem are rooted in state and county laws and processes, one might anticipate similar findings in other cities that are experiencing the same problems, or in other states whose housing and property-related laws are similar in nature to the state where the city is located. The literature provides voluminous corroboration to illustrate the problem is not limited to one area, but is pervasive across the United States as well as many other developed countries.

Study Results

The findings of the study reveal the mechanisms of a complex, multi-layered system of statutes, processes, and human interactions that conspire to ensure a never-ending supply of poor quality housing. This housing is one of the few, sometimes only, alternative for vulnerable renters, who cope with a constant shortage of truly habitable, affordable housing. The discovery process was not unlike peeling away layers of an onion, each layer revealing new information, new connections, and new questions related to the study's topic. The interviews provided specific data on how the poor quality housing is generated and the reasons why it is so difficult to overcome.

Any discussion surrounding the results of the study must be preceded by a discussion of the subtle dissonances between what I originally asked and what I learned.

This requires, first, a clarification of certain terms that are commonly used interchangeably, but whose meanings differ in significant ways, both in their widely-held assumptions and their implications for all the stakeholders - those persons who struggle to rent truly habitable housing they can afford, the owners and managers of rental property, policy makers, those officials charged with enforcing policies, investors and financiers, and taxpayers. These terms will be expanded in the discussion. To clarify:

1. The term *substandard* means below standard. In this discussion, *substandard* was used in reference to structures that do not meet the standards, in this case the local municipal codes. Meeting the code does not always equal being habitable or livable.
2. The term *affordable* appears frequently in the literature in reference to housing that is built with a public subsidy or for which the tenant receives a subsidy to pay the rent. In this discussion, the term also includes housing that is modestly-priced enough that a person with an annual income of at least \$32,000, that is working full-time (40 hours/week) at \$15.17/hour in the state where the city is located could afford it (National Low Income Housing Coalition, 2017a).
3. Conditions that individuals perceive as *clean*, *decent* or *sanitary* are quite different among persons raised in environments that would be considered middle class, where clothes and dishes are routinely washed, trash is bagged and disposed via local trash collection services, floors are mopped, persons

living in the home bathe and brush their teeth frequently, and grass is kept mowed, in contrast to persons raised in environments where these practices are not regularly done.

4. There is a difference between a *problem* tenant and a tenant who is simply *vulnerable*. For purposes of this discussion, the *problem* tenant is one that destroys property, does not pay rent, does not understand or abide by their responsibility to clean, mow, follow the rules, or otherwise take good care of a property. A *vulnerable* tenant is one who has low income and difficulty affording basic shelter and necessities, but will take good care of the property and not allow family or guests to cause damage. This group includes persons who may be living on a fixed income due to being disabled or elderly, or a person working full-time at a low-wage job and struggling to afford shelter, food, child care, medical care, or other necessities. Vulnerable tenants might or might not be problem tenants.
5. Two terms used to describe housing, *blighted* and *substandard*, are applied in very different ways. The city defines *blighted* housing as housing that achieves a score of at least 82 on the 104-point matrix of blighted characteristics. They are expected to be vacant or abandoned with no one living in them. *Substandard* is housing that fails to meet municipal housing codes even though it is occupied. In theory, the two are different; in practice, in this city, *blighted* housing is often occupied by someone.

6. For purposes of this discussion, housing that is considered to be truly habitable is housing that meets all local municipal codes, is clean and vermin-free, and it must be possible for the majority of people to afford living there, including the cost of utilities. In multi-unit dwellings, this applies to both public and private spaces in and on the premises of the building. This standard also applies to both market-rate and subsidized housing.

The discussion of findings addressed the themes that are relevant to each research question within the context of the question. The findings corroborated the background information provided by the government resources, which also provided photographs that illustrate the type of housing found in the Promise Zone. The findings also lent insight into some of the root causes that enable those responsible for the development of substandard housing and its persistence in the city's Promise Zone and surrounding neighborhoods.

Summary of Findings for Research Question 1

The findings of research question 1 reveal existing factors that contribute to the gap between housing habitability standards, municipal code enforcement, and the actual condition of rental housing in the Promise Zone. Five broad themes emerged from the data. These themes are linked to RCT and PCT in Table 5.

Table 6

Linking Themes to Theories for Research Question 1

Research Question 1	RCT	PCT
Statutes and Enforcement		Statutes based on public pressure; public conflict between right to housing and adequate resources
Accountability	Tenants fear retribution for filing a complaint	Lack of mechanism to hold owners and tenants accountable; rent-to-own schemes; lack of rental inspection program; shell game
Historical Influences		Building practices; WWII; Great Depression; population decline; suburban flight
External Influences		Government budget and funding priorities; trade policies; financialization of rental property; economy; city's low-wage status
Broader Costs		Property values; development; homelessness; intergenerational poverty; ability to age in place; poor health; health care system

Statutes and enforcement. One participant posited that the gap between standards, code enforcement, and the condition of housing begins with state property laws (participant #60617). This participant described the laws as outdated and heavily weighted in favor of property owners. He remarked that “it is nauseating how protected the rights of these owners are”. He described the county tax sale process, which is used to dispose of properties that are foreclosed because of unpaid property taxes, as “regressive” and “perpetuates blight”. The process he has observed is that many properties fail to sell at the tax sale and, until 2016, were sold at a county auction. At the auction, these houses were often bought by investors who made minimal repairs to meet the municipal codes,

creating what he described as “compliant blight”. Although the properties technically met the codes, “they’re still bad properties...[they] move tenants in them who are destructive many times, and maybe live there without utilities, which is illegal. But that’s what happens” (participant #60617). The tenants who rent these property often have issues such as poor credit, a history of evictions, or have recently been released from jail. This participant and several others described this type of investor as “people who don’t care about the neighborhood, who only care about their own profit, and then they rake some more profit off them by putting people in them that don’t maintain them”.

Two participants described how the county tax sale perpetuates the problem. During the 18 months the property taxes are going unpaid, and for the year after the county takes title to the property, tenants are often living there. One participant explained what happens: “the original owner hasn’t owned it for so long, but the person living there has been paying rent all along to that original owner” (participant #10028). This participant described what happens when code inspectors knock on the door. A tenant often answers and “we notify them ‘hey, within 2 weeks the utilities are going to be disconnected from this property and we’re going to board it up and you need to vacate’ and they tell us, ‘Well, we just paid our rent to so-and-so...’”. Then we have to tell that person, “Well, that person hasn’t owned this property for six months, that the county’s owned it” (participant #60617). The tenant has no choice but to vacate and find a different place to live.

The cycle is continuous, as illustrated in Figure 11, and repeats itself. One participant noted, “I know of properties that have been sold by the county auction in excess of three to five times. And that’s borderline criminal” (participant #26004).

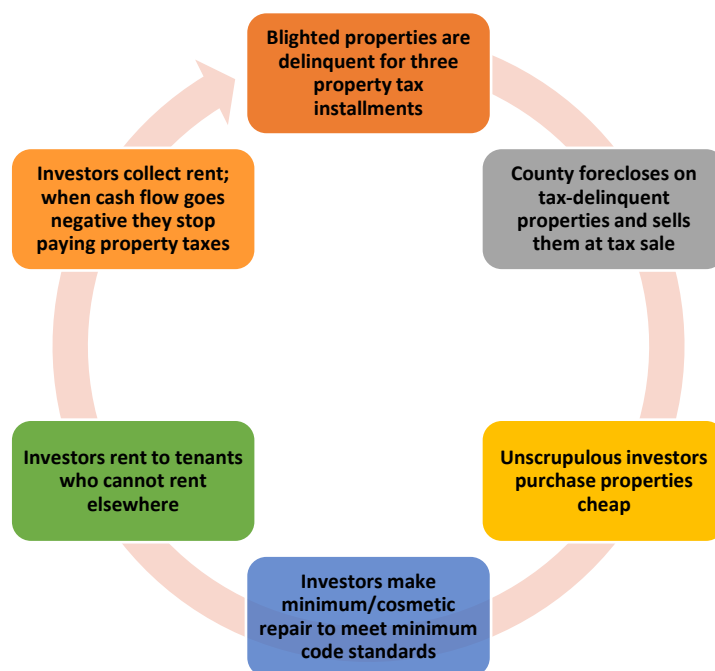


Figure 7. Property tax sale cycle.

When the cost to own these properties exceeds the profit to be made, the law allows investors to free themselves of responsibility by ceasing to pay property taxes. Once the owner stops paying property taxes, 18 months will pass before the county forecloses. During that time, the owner may continue to rent the property or allow it to deteriorate further. One participant described how government promotes the perfectly legal process: “I’ve stood at the treasurer’s office...and listened to staff say ‘If you don’t want the house, stop paying taxes’”. In this way, owners learn to “work the system...that is good advice. There’s nothing illegal about it” (participant #50549).

Another legal tool, rooted in state law nearly everywhere is the creation of Limited Liability Companies (LLC's). LLC's are formed and governed by state law (Legalzoom.com, 2017). They afford protection to business owners by shielding their personal assets from the LLC's debts and lawsuits (Legalzoom.com, para. 2). In addition to protecting an owner's assets, an LLC can help shield an owner's identity, creating obstacles to collecting debts or delivering code enforcement violation notices (participants #10011, #10028, and #10036). The owner's identity is masked because, in the state where the city is located, the ownership of record is the registered agent. The agent is often an attorney or financial representative who is not the owner and cannot be held responsible for the LLC's financial obligations. Their role is only to forward the notices of code violations to the owner.

Legal maneuvers by individual property owners or managers can place tenants at an unfair disadvantage. The city has no standard lease agreement or requirements that are required to be part of a lease, so owners can craft their own leases. Some owners write these poorly, or write them "completely in favor of the landlord with no tenant rights whatsoever...the lease agreement that most people are getting into...repairs that need to happen or have to be done are the responsibility of the tenant, that's a big one..." (participant #20242). Such leases are in direct violation of the warranty of habitability, which is recognized as law by all states except Arkansas (Desmond & Bell, 2015). Unfortunately, tenants typically do not know or understand that.

One other legal structure that has begun to have a positive impact on the poor

quality housing problem in the city is the creation of a land bank by the county in 2016. With the creation of the land bank, the county discontinued the tax auction. Instead, properties that fail to sell at tax sale are now offered to the land bank with all liens expunged. The land bank reimburses the county for the administrative expenses, evaluates the condition of the properties, and ends up demolishing the unsalvageable properties at their own expense. The few that can be rehabilitated are offered to local nonprofits or developers who complete the work and offer the property for sale. Owners must rehabilitate the property to meet the municipal property codes before they receive the deed. The main disadvantage of the land bank is that it benefits only a designated portion of the city, which happens to include most of the Promise Zone. The rest of the city is excluded from this benefit.

Accountability. As a rule, participants acknowledged there are good landlords and bad landlords, as well as good tenants and bad tenants, and acknowledged that problem landlords and tenants are a small proportion of the whole, perhaps 10%, but they are “nearly 100% of the problem” (participant #50175). This participant described how the problem investors operate, “...They’ve taken the courses you may have seen if you stay up late enough at night...’Old man Jones can inform you how to make a lot of money...He’s going to tell you how to work the...system...and it’s perfectly legal” (participant #26004).

Problem owners. Problem owners include both local owners and out-of-town owners who typically employ local property managers. Participants noted the

commonalities among these owners - a reluctance to spend any money on properties, a lack of concern for tenants or neighborhoods, a focus on profit over anything else, and a willingness to rent dilapidated houses to vulnerable and problem tenants who are unable to rent elsewhere. These owners often “don't run a background check, don't run a credit check, require no income, just a hand full of cash” (participant #20252). If the tenants damage the property, the owner may refuse to fix it because it is expected the tenant will tear it up again. If tenants are unable to keep up with the rent, the owner will evict them and rent the property to another desperate person.

The owners are able to continue this process because the demand for rental properties in any condition is high, relative to the severe shortage of habitable, affordable rental housing. One housing advocate organization estimates a 2,000-unit gap between the actual need and what is available in the community (participant #20210).

It is common practice in in the city for problem owners to never visit their properties or otherwise tend to them (participant #50549). For example, in July, 2016, a young disabled teen girl, wheel-chair bound and dependent on daily medication to control seizures, disappeared from her home during the night. In April, 2017, her remains were accidentally discovered in a vacant house in the Promise Zone area by scavengers

looking for items to sell. One participant, who was very familiar with the case, noted “It’s not a coincidence that [child’s name] was hidden in a vacant house. How in God’s name



Figure 8. Vacant house in Promise Zone where a child's remains were discovered.

can you have the body of a child in your home for a year...and you not know it?...Because....you never go there!” (participant #10011).

According to a participant who has met many of the problem owners in person, "we're not talking about indigent people...we're talking about people who have enough money to own more than one property... Owners live in nice houses, never live in the neighborhood of their investment properties” (participant #26004).

Another participant, who has had face-to-face contact with several of these problem owners observes that, in his experience, many of the problem owners are “bullies” (participant #26004). This participant described an incident in which a neighbor

asked the owner to trim a bush that was hanging into his yard, and “he pulled out a firearm...and these neighbors learn to stay away from him. Because they live there...if you mess with him now he's not going to cut the grass for three years... .”

Although the problem owners represent a small proportion of all the owners, they are often able influence the level of accountability to which city leadership holds them.

One participant noted these owners are

very loud...you know, people who live in substandard housing typically are not donors to political campaigns. People who invest in real estate are...if I'm running for office, I might not need the Promise Zone vote...that's the reality of the world. (participant #26004)

This participant further described the tactic the owners employ, “they know people. They are smart enough to call their county council member and say ‘I need you to get the building commissioner to lay off me’ and everybody falls in line.”

Another common tactic that contributes to the poor condition of substandard housing is the *rent-to-own* scheme. The owners who perpetrate this scheme advertise that for “no money down, or \$500 down, you can get into this house. You can pay me \$500 a month” and the majority of the time they realize they can’t get the repairs, they walk away from it and they lose that money (participant #10036).

Often, these so-called *sales* include no written sales agreement; the owner keeps the property in his own name, and *buyers* often have no idea how much money they still owe on the property (participants #60628 and #10036).

The lower-income and lower-education status of many Promise Zone residents makes them especially vulnerable to practices such as the “rent-to-own” schemes and landlords who craft unfair leases. In some cases, a family might end up obtaining a mortgage and owning a home that is worth less than what they owe. One participant described a situation that happened recently in the Promise Zone, “they got some type of appraiser to appraise this place for...\$40,000, even though there was already a raze order out on it...but the house was worth probably zero...” (participant #30052). Even after the raze order was executed, the empty lot held little value because “it was one of those 25’lots, you have to have a 50’ lot [to meet building codes in 2017] (participant #30052). Such narrow lots are common throughout the Promise Zone where temporary housing for industrial workers was constructed during WWII. The temporary houses built on them are known locally as “shotgun houses” due to the long, narrow shape of them through which people could walk straight from the front to the back, much like a bullet travels through a shotgun barrel.



Figure 9. Shotgun houses in the Promise Zone

Problem tenants. For this discussion, problem tenants are considered to be those who intentionally or carelessly damage property, allow their family or visitors to damage the property, fail to keep the property clean and sanitary, and/or fail to pay the rent. These tenants frequently end up being evicted. During the interview with property owners, the group emphasized that they don't ever *want* to evict a tenant. Evictions cost the owner money in lost rent, court costs, cleaning and repair of the dwelling, and the overhead involved in having the rental agent find and screen a new tenant. The eviction also may take more than a month to finalize. One participant estimated the average overall cost of an eviction at approximately \$2,500-\$3,000. In cases of severe damage, he noted that "you can drop \$5,000+ in a worst case scenario..." (participant #60226). As a group, the property owners agreed the perfect tenant is one who takes good care of the property, pays the rent, and stays for a long time.

The renters' focus group also had plenty say about these problem tenants, especially when they had to live in the same apartment buildings with them. One participant remarked, "we've got *nasty* people!" (participant #40073). Another participant described problem tenants, "they don't want nuthin' and never gonna have nuthin', and they won't follow rules. They think rules don't apply to them..." (participant #40112). Another participant agreed, "every day somebody's getting evicted because they can't follow the rules" (participant #30371). Another attributed the behavior of these tenants to "poor upbringing" and remarked that "even as an adult my momma'd still smack me if I did something stupid – that's your housing! And it's not just yours, it's your kids' housing, and if you're not putting them first..." (participant #40073). As a whole, the renters seemed aware of the problems owners face with the problem tenants. One of them remarked, "A lot of landlords don't want to fix up because people get in there... you get a nice place and they tear it up...break out the windows, smoking and you ain't supposed to be smoking..."(participant #30383).

One participant noted that a "small percentage of people ruin it for a lot of people...the problems are the very few, but they're almost 100% of the problem...it just comes down to personal responsibility" (participant #10120). Sometimes the damage is intentional, such as when a tenant "gets even" with the landlord when they are getting evicted; for some tenants, "the damage they do is just their way of life" (participant #10144).

The damage a problem tenant does can include damage to the structure or mechanicals. Even after evictions are final and problem tenants have moved out, they sometimes return to inflict additional damage. Recouping the cost of repairs is usually difficult or impossible. The charges must be made in small claims court, which incurs additional costs. If a judgment is made against the tenant, they often simply don't pay.

Another tactic of problem tenants is to damage or break things and make it appear as if there was a code violation by the owner (participant #60201). They then call the code enforcement officials and file a complaint, delaying an eviction or attempting to get out of owing rent for the period of time the violation occurred. These actions also place an additional, unnecessary workload on the code enforcement staff.

Local property owners have taken several steps to protect themselves from this type of tenant. First, they analyzed their eviction records to determine which tenants presented the greatest risk. A key factor that emerged was that the majority of the problems were occurring at the lower rents. One owner noted, "these problems seem to go away when we get away from these rent prices, so there's not as much incentive to deal with those" (participant #10120). Following that discovery, several property management companies revised their criteria for applicants to qualify for their housing. One owner explained, "we don't want to put people in a financial position to fail" (participant #60201). He noted the new criteria were followed by an 80% decrease in evictions.

The owners experienced many problems with housing voucher holders, which led

many of them to stop accepting the vouchers. In this group of tenants, “there is a higher proportion of people who will mess your places up and you can’t get money from them because they don’t have money...” (participant #10120). The behavior of these problem tenants have resulted in more difficulties for voucher holders, who find it increasingly difficult to find an owner who will accept vouchers.

The second step the owners and property managers have taken is to form an association in partnership with the city. The stated purpose of the association is to improve rental property, help local landlords deal with rental problems, establish a partnership with the city to help solve housing issues, and educate their members to educate them on new laws and other issues of concern (POMA, 2017). The organizations web site offers services such as listings of the most recent eviction filings, links to local and neighboring counties’ sex offender lists, newsworthy items, and a database of problem tenants that members may access. Other information to screen potential problem tenants is available through public resources such as the state’s criminal web sites and local public court records that list court judgments and the amount of damages tenants were ordered to pay. While these resources help with screening applicants, there are cases where no information is available. One participant noted, “there's always that new tenant...that's how it's discovered...”(participant #60242). That participant described the trajectory that often happens with these tenants,

you’re going to live in a nice house once, then you’re going to live in a crappier house. If you keep this up, eventually you’re going to live in a

disgusting house because that's the only person that will rent to you (participant #60242).

Whatever criteria a company establishes to screen potential tenants must be applied equally to all applicants because of Fair Housing Laws. One participant noted that can work for or against tenants, especially those receiving housing subsidy vouchers (participant #10166). Unfortunately, he explained,

there are some we really want to rent to, but we can't because of fair housing laws...as soon as we say we think they're good, we're going to ...give them a shot, then we have to lease to anyone else who fits those criteria (participant #10166).

In this regard, an unintended consequence of the Fair Housing Law is that some low-income renters who would take good care of a property and pay the rent have a very difficult time finding good owners that will accept them.

Vulnerable tenants. Those tenants who are vulnerable include people who are elderly or disabled with a small disability or Social Security check as their only income, or others working full-time at low-wage jobs that leave them unable to afford better housing. These are tenants from whom some property owners might want to accept HCVs, but they decline because making an exception for them would violate the fair housing laws if they did not accept *all* voucher holders.

For tenants who might benefit from obtaining housing vouchers, the process to do so in the city is currently closed. One participant complained, "that list hasn't been open

since like 2014... but every day people are getting on disability and not being able to afford their homes, so they're having to look for houses without any kind of subsidy" (participant #40109).

Vulnerable tenants face little choice in housing they can afford. One participant complained that

you're going to find a slumlord where you're going to pay maybe... a lot less but you'll get a lot less. But that's what you can afford, so that's where you go... they're not very nice, but you deal with what you're handed (participant #30371).

Her remarks coincided with input from many other participants that described the desperation some housing-seekers experience. These tenants often qualify for the Supplemental Nutrition Assistance Program, commonly known as food stamps, but "it's not enough to feed your family no matter how you look at it...no matter how many stamps you get, you're not going to be able to pay your electric bill with it" (participant #40073). The cost of utilities represents a significant barrier to obtaining housing, as very few owners include utilities with the rent, and many housing-seekers are unable to get utilities in their name because of bad credit or unpaid utility bills.

Even when families find affordable or subsidized rental housing, restrictions on who can live there can sometimes represent difficulties. One participant lamented, "our whole family cannot be together where we're at...my oldest son...once he turned 18 they took him off the lease...he lives with my mother" (participant #30371). Sometimes these

families cannot enjoy family traditions that many people take for granted, "...not even Christmas, or Thanksgiving, or... We go to my sister's for everything. It's supposed to be at my house, my family events should be at my house and my boys should be with me..." (participant #40073).

Problem properties. The litany of problems that tenants experienced in these properties is extensive. Most commonly reported are infestations of cockroaches, rodents, and bedbugs, as well as serious issues with mold, flooding, trash, poor insulation or no insulation at all, structural and mechanical problems, leaking roofs, unsafe neighborhoods, and landlords who perform little or no maintenance and evict the tenant on a "trumped up reason" if they report problems to code enforcement (participant #50159). One participant remarked that "we just don't have enough housing and whatever's out there gets rented regardless of the shape it's in" (participant #50183).

Specific complaints from the focus group of Promise Zone renters included high-crime neighborhoods, poor maintenance of dwellings (e.g. one maintenance staff shared among multiple apartment complexes), part-time property management, poor management, infestations of rodents and insects, filth, and dangerous structural issues. One participant noted, "Well, like bugs and stuff. That's all we've encountered here since we've started house hunting...but you see evidence of bugs and furry things..." (participant #40073). That same participant reported that "we just looked at one that there was no floor in the bathroom. And the guy says 'well, just step around on the boards'".

Some of these properties are considered blighted by the city and, as one participant noted, “Nobody *should* be living in them. No one is *legally* living in them. Let’s put it that way” (participant #26004), but many of them are occupied. A multitude of these properties are those that are delinquent on property taxes, didn’t sell at the tax sale, or sold and are being rented to tenants who have no other options. The largest proportion of the properties are situated in the near east and near north neighborhoods, which include the Promise Zone. They tend to be smaller, lower-value, wooden structures that are over 100 years old and have not been maintained over the years. The neighborhoods where the largest proportion of these properties are situated are also home to the highest percentage of minority and low-income residents in the city.

One problem property, in particular, was noted in multiple interviews. The property is a 300-unit complex, one of the few in the city that still includes utilities in the rent and accepts HCVs. The first participant who mentioned this property stated “it’s a terrible place to live and you *must not* go there...you’re not safe” (participant #10011). Another described the property “It’s a high-crime area, about a third of the units are in such bad shape they can’t be rented...there’s lots of drug activity...it’s terrible, but the housing authority has 100 voucher holders that live there” (participant #60617). That participant noted further, “the day we were there, there was a sign in one of the windows that said, ‘we don’t call 911’... so the criminals... would not suspect them as tattletales...very sad situation...These are people with no choices”.

Another local issue that contributes to problem properties, as one participant believed, is that the city currently lacks a rental inspection program (participant #50549). The few occasions rentals get inspected is when they are being re-certified for HCVs or when someone calls code enforcement for a potential violation. He noted that the inspectors for the housing voucher program have a very specific, detailed inspection list. Everything on that list must be working and in good condition. One focus group expressed intense skepticism about the inspection list, with one participant noting that “If there’s an item that’s not on their list, such as dog poop on the floor... then it’s not part of it. Filthiness typically isn’t part of it” (participant #60226). Several participants also complained the list includes minor problems such as “is there a rip in the screen? Does the light bulb in the refrigerator work?” and omits more serious conditions that can have adverse effects on health, such as “are there bedbugs on the wall, are there roaches everywhere?... I’ve been in places that are absolutely disgusting” (participant #60226).

Often, problems go unreported because tenants, especially HCV holders, who live in such properties are afraid to file a complaint. One participant noted that “you’re in Section 8 [housing voucher] housing and you can’t find another Section 8 house and you lose your subsidy, and so there’s a financial disincentive to report the landlords who aren’t doing what they should be doing” (participant #20210).

Property owners also noted the housing voucher program’s role in increasing demand for substandard housing by decreasing tenants’ access to better-quality affordable housing. One participant noted the elimination of tenant responsibility as a

reason why his company no longer accepts housing vouchers, “They used to pay for damages... used to kick people off the program...eliminated tenant responsibility... about the 1990s...” (participant #60234). This participant remarked that “we’ve had properties trashed, and as long as they pay their rent and utility portion, which might only be \$10, they can go to another property”. Getting paid by the HCV program was also identified as an issue. Participants complained that inspectors have told them, “you have to fix that...pay for that and do it by next Wednesday or we’re not paying you. Meaning we won’t pay you November rent, but if you get it done by December we’ll pay you for December” (participant #10185). Though they have been asked repeatedly to accept more housing voucher holders, the property owners acknowledged that is not likely to happen until the guidelines are changed.

Reporting problem conditions to the city code enforcement department is another avenue to try and force owners to make repairs. With the especially recalcitrant property owners, however, this is still no guarantee of compliance. One participant complained, “they give you a lot of time.. lax on getting things fixed... I’ve seen multiple times where people have come in for their third or fourth time of being told to correct certain things, and given even more time” (participant #50148). Another remarked that there were not repercussions, no incentive or enforcement that motivates owners enough to make them deal with the problem (participant #20242).

Financial and investment practices. Financial lending institutions play a pivotal role in the creation and perpetuation of poor quality rental housing. The process occurs in

cycles - during prosperous economic times, the housing real estate market appreciates, building equity for homeowners and profit for them when houses are sold. Banks lend money to home buyers and enjoy good returns on the mortgages; some lenders are willing to accept increased risk in order to get higher returns, so they lend money to home buyers with less secure credit histories and/or jobs. This type of subprime lending, while yielding higher short-term profits, can result in severe losses during times of economic downturn.

Historically, the ups and downs of the economy and the housing market occur in cycles. In 2008, the U.S. experienced a severe economic recession, the consequences of which are still reverberating throughout the city and the Promise Zone, as well as the rest of the United States. During this time, the U.S. economy suffered a stagnant GDP, unemployment rates nearly doubled, and from the end of 2007 to the beginning of 2009, the Dow Jones Industrial Average plummeted nearly 55% in value (Holt, 2009). Bankruptcies and foreclosures spiked across the nation, contributing to making a difficult situation in the Promise Zone even worse; home prices that had peaked in 2006 began to fall slowly at first, then fell drastically in 2008 (Holt, p. 126).

The city was no exception to the chief cause of the recession that affected the entire nation, which business analysts attribute to the “credit crisis resulting from the bursting of the housing bubble”, which was a drastic loss of equity in homes (Holt, p. 120). The Promise Zone was affected as homeowners became unemployed and could no longer afford to pay their mortgages. With mortgages exceeding the market value of their

homes, many homeowners simply walked away and abandoned their properties (participant #10028). This placed foreclosed homes into the hands of banks and the county tax sale, and drove up the demand for rentals.

A banking practice that helps perpetuate the problem is that banks routinely package mortgages into bundles and sell the bundles to each other (participant #10028). Frequently, banks will package problem mortgages into a bundle with good mortgages and sell them together. One participant described the practice, “‘I’ve got a \$100,000 loan...and the house is only worth \$40,000, so I’m going to send this paper in’, and they will do it in blocks of homes, like 10-15 homes at a time...it’s like a shell game” (participant #60628). Another participant also added “‘they [banks] all know what they’re doing...They’re trading their bottom of the barrel for somebody else’s bottom of the barrel” (participant #60635).

When bundles of mortgages are sold and re-sold to different banks in this fashion, the current ownership becomes difficult to trace. This represents an obstacle to local code enforcement when they need to send notices of violations, to creditors attempting to collect unpaid bills, and to the county when they send the property tax bill.

Banks can also refuse to accept properties that delinquent homeowners abandon due to bankruptcy or foreclosure, even if they have evicted the owners. One participant reported that, “‘We’ve had people in court that have told us ‘I haven’t lived in this property for five years. I gave it back to the bank’. Problem is, the bank may not have accepted it” (participant #10036).

When banks foreclose on properties, the properties often come with other liens besides the mortgage against them. These can include liens such as delinquent property taxes, code fines, small claims court judgments, etc. To protect themselves from having to pay the liens, the banks don't always put the property in their name. The banks will sell the foreclosed properties as soon as possible to move the title (and any outstanding liens) into the new owner's name. To get rid of foreclosed properties, the banks offer them for sale to the public through the sheriff's office. If properties are a worthwhile investment, they may be bought by "house flippers" who "just basically, make the minimum repairs they can make, paint, flooring, just make it look cosmetically nice, then have someone move into it" (participant #60635).

Sometimes banks that are holding large numbers of foreclosed, low-value properties will offer them as a package to investors. One participant who works with local landlords was told "if a house is valued at \$25,000 or less, there is no incentive for the bank to ever take it back. They just leave it and walk away from it and let it go back" (participant #10028). Sometimes the properties are in such poor condition that even low-end investors don't want them. Larger investors who purchase packages of properties from banks may place them into different LLC's; if one LLC goes bankrupt, the properties in the other LLC's are not affected.

Historical influences. When the structures in the oldest parts of the city, which includes the Promise Zone, were built, building codes were far less stringent than those in place today. While the historic district adjacent to downtown contains many fine, older,

well-constructed homes, the homes of the working people were far different and there were far more of them. Homes built during the Great Depression of the 1930s were often constructed with poor quality materials, while many of those built during the 1940s were intended as temporary structures for workers who came to the city to work in the industries building ships and airplanes for the WWII effort (Report on Blight, Vacancy, and Abandonment, 2015, p. 10). These structures were never intended to be habitable in the long term and probably should have been demolished 20-30 years ago (participant #20242). As one participant noted "...houses in our urban core are the hardest to maintain. They're all wood. They're 100 years old, they haven't been properly maintained because people can barely survive...the houses are completely uninsulated (participant #20236).

After WWII ended, many of the high-paying industrial jobs in the city evaporated practically overnight. When GI's returned from the war, the families that remained in the central city began to have children, quickly outgrowing the small homes in the Promise Zone. Consequently, the "post-war housing boom moved people from the central part of the city to the suburban areas...subsequent generations moved further out because of low taxes" (participant #10011). The housing that was left in the urban core tended to become rental housing and "pass from landlord to landlord" (participant #60617). Some of it was purchased by lower-income homeowners who eventually found themselves unable to afford repairs and maintenance over the years (Bowen Research, 2015, p. 10).

As properties slid into dilapidated condition over time, they began to affect the surrounding properties. The processes described by the Broken Window Theory (BTW), which purports that even “*minor signs of social and physical disorder...may induce additional disorder, including serious crime*” (White, et al., 2014, p. 28), proceeded in predictable fashion. To reiterate what White, et.al. (p. 30) described about the snowball effect that occurs, “physical signs of disorder provide the tipping point triggering a vicious cycle of increased disorder and illegality”. White, et. al. also observed that even small signs of disorder such as noise and trash in vacant areas can “advance to more profound disorder such as “major deterioration of buildings, public spaces, roads, and water/sanitation systems” (p. 30). The BTW is acknowledged and its impact discussed in the reports the city commissioned to study the problems in the urban core of the city. One participant described it clearly, “once a neighborhood starts in that direction, it’s less desirable to live in so it attracts less than desirable people, your druggies, people that’ll get in a place for a month or two then leave” (participant #60628). Another noted, “once that kind of illegal activity people get in there, then the police come in and it gets even less desirable for people. And it becomes kind of a snowball effect” (participant #10028).

A large proportion of the people who chose to remain in the central city, or could not afford to move elsewhere, comprised “the highest minority populations, the lowest income, the least availability of jobs, all of the other things that affect the socioeconomic and quality of life for people” (participant #50136). These include many people who often cannot afford repairs and maintenance on their properties. Many of them are

homeowners whose homes have decreased in value so they are unable to extract their equity and move.

As population declined in the central city and properties grew increasingly dilapidated, lost value, and became abandoned, the city lost significant dollars of property tax revenue. In the 2015 Report on Blight, Vacancy, and Abandonment, Bowen (2015) estimated the loss of property tax dollars at between \$1.5 million and \$3 million every year (p. 20). These dollars are not available to support local government and provide services to the citizens. This loss, plus the costs incurred due to fires, police runs, code enforcement, and administrative workload, place a serious burden on annual city budget.

External influences. The Promise Zone, and areas like it, do not exist in a vacuum. A multitude of external factors influence the condition and type of housing that is available there.

At the national level, federal budget priorities and funding set in motion the mechanisms that drive the nation's economy, including mortgage lending, home building, and rental housing development. The federal government also regulates banking practices, including how bankruptcies and foreclosures are handled. International trade and investment policies set by the federal government influence important business decisions, such as where large corporations choose to locate major manufacturing or service facilities that provide employment for people. The city has experienced significant impact from such policies. For example, one consequence of the North American Free Trade Agreement (NAFTA) in the early 1990s was the relocation of a

large appliance manufacturing plant, and more than 200 high-wage jobs it provided, from the city to Mexico in 2009. Other examples include the shifting of major local employers from U.S. to foreign ownership by entities in countries such as Saudi Arabia, Japan, and Sweden.

Federal budget priorities also affect the amount and type of low-income housing that is available. The city has benefitted from the LIHTC (Low Income Housing Tax Credit) program that provides funds for construction of housing in exchange for making a percentage of the apartments available at reduced rent to low-income tenants. One participant noted that two LIHTC housing projects were built in the city in 2016, contributing 80 new units towards the 2,000-unit gap between the supply and demand (participant #20242). The drawback to the LIHTC program is the original tax credits expire after 15 years, after which the owner has the option to renew them or remove the property from serving the low-income population. This happened with one low-income housing complex in the Promise Zone, a 112-unit LIHTC property that was sold at foreclosure in 2017. The new owners quickly made changes. They privatized the complex, installed privacy fencing between the buildings and gated fences at both entrances, advised residents they must put the utilities in their own names, and gave some tenants a deadline to move by the following June.

At the state level, federal funds for housing are received for the purpose of trickling down to municipalities. In the funds are handled through the state's housing and community development agency (participant #40466). As federal housing funds are

insufficient to provide the housing that is needed, the state agency lacks adequate resources for maintenance and renovations. In the Promise Zone, five large, older, multi-unit apartment buildings have been affected by this. The buildings provide subsidized housing for a mixed population of elderly and disabled persons. One participant reported the buildings had been in desperate need of renovations, so the housing authority accessed the Rental Assistance Demonstration (RAD) program to do the renovations (participant #30061). This participant noted residents' concerns that the RAD project was a step towards privatizing public housing and were worried about who would be accepted into the properties. The project could also lead to rent increases.

Locally, the city is a relatively low-wage city and the Promise Zone is the lowest-income part of the city (participant #20210). This affects the quality of housing and the upkeep it receives. As one participant observed, "the wage in this area is very depressed... If you don't even have a living wage, then there's not enough money to save...up for the maintenance to keep the homes in good repair" (participant #50183). This participant expressed concern that people lose their homes because they can't afford to maintain them or pay their property taxes. People who are unable to keep their homes increase the demand for rentals and, as this participant noted further, "if they're absent landlords, they're not going to take care of it as well. People are moving in and hardly have enough money to pay their rent so they're not going to spend it on fixing things up". The low-wage local economy affects the demand for rental housing in another way, because people cannot afford to save up and purchase a home (participant #50175). The

end result of these processes is a very high occupancy rate in rental housing and a situation where, as one participant complained, “we’re running 97-99% [occupancy] instead of 93-94%...so they’re able to gouge even more...it’s...what happens in capitalism when those with are able to leverage those without...” (participant #20201).

The lack of financial leverage, the high cost of poor quality rental housing, the high cost of heating and cooling old, uninsulated houses, and all the other expenses related to frequent moves, changing children’s schools, preventable medical costs associated with filth and mold, are all factors that limit people’s choices and their ability to afford a truly habitable dwelling, or leave the rental market and own a home of their own. This is reflected in the city’s low home ownership rates. One participant provided home ownership data that illustrated the city’s home ownership rate is 53% compared to 63% nationally and 64% in the state (participant #10011). He remarked that, “47% of people who live within the city limits rent. We need to increase home ownership... because 47% renters is unsustainable. Rental property deteriorates over time in most cases...People who own their homes tend to maintain it better than landlords do” (participant #10011)

Broader costs. While the impact of poor quality rental housing can be examined at the point where it harms individuals and families, there is a multitude of further-reaching adverse effects on the local community, government, economy, health care system, and nonprofits. This discussion will focus on a select number of those adverse effects that are prominently visible in the Promise Zone and surrounding neighborhoods.

Property values, development. As blighted properties are demolished in the Promise Zone, new buildable lots become available. Area nonprofits are building new, affordable, energy-efficient houses on some of them, but additional builders are needed to increase the amount of in-fill housing necessary to re-establish a home ownership rate that supports stable and safe neighborhoods. The city's goal is to create mixed-income neighborhoods that will be desirable to families that will be good neighbors, maintain their homes, and pay property taxes on lots that were formerly a cost burden to the city (participant #60617).

A major challenge to attracting market-rate builders is the value that accrues to new houses they build in the Promise Zone. As one housing advocate remarked, "you can't build in these areas - when you drive the last nail it depreciates 25%" (participant #20210). The neighborhoods, though improving, have not yet reached the important "tipping point" where the blight and problems have been resolved enough for potential new-home buyers see them as a desirable option. For the family that would be considered "middle class" one participant posed the question, "if I'm that guy, I have a great job at Toyota, and I'm looking now to become a homeowner, what are the chances I'm shopping in the PZ? I'm not, right? And so that's exactly what you're seeing" (participant #20210).

Homelessness. For some people, substandard housing is a key factor in the perpetuation of homelessness. As of January, 2016, officials in the county counted 495 homeless individuals (Martin, 2016). Of these, Martin (2016, para. 10) noted that 461

were found in homeless shelters and 34 were found on the street. It was unclear whether this count included families, as most of the homeless shelters in the city are not equipped to accept families. The most common reasons given for being homeless included mental illness, substance abuse, and domestic abuse (Martin, para. 12). These same issues can to eviction and loss of housing.

The challenges of moving people from homelessness to housing are daunting, and are exacerbated by some of the same factors that drive the lack of habitable, affordable housing. The two issues are intimately connected. As one participant noted, “the things that drive people out of substandard housing are not the things that get caught by code... the things that drive our folks out of housing are \$600-\$700 Vectren bills on a place that rents for \$500” (participant #50175) He also noted the codes cannot account for other factors such as crime in the neighborhoods. The discussion surrounding substandard housing and homelessness centered on the “revolving door” relationship between the two. One participant, whose organization helps people move from homelessness to housing, noted substandard housing as a cause for macro-level homelessness. He noted that “people exit substandard housing into homelessness...sometimes people attempt to exit homelessness into substandard housing, so there’s a kind of symbiotic yin and yang relationship with homelessness” (participant #20210).

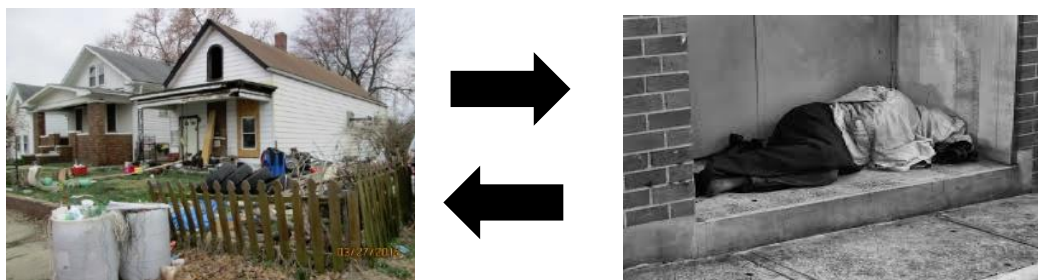


Figure 10. Cyclical relationship between substandard housing and homelessness.

The ability to address this challenge properly faces the same chronic issues that face the ability to remediate substandard housing, such as lack of funding and resources. Federal budget cuts over the past four years have hampered local agencies working on a coordinated effort to help people into transitional housing. For example, in 2016, the agencies in the city faced a \$162,000 shortfall for transitional housing because the funds were cut by the U.S. Department of Housing and Urban Development. The loss of funding left the agencies searching for the means to cover their short-term needs, a problem that could have serious consequences if it becomes chronic.

Health and preventable medical care. While studies on the association between substandard rental housing and residents' need for preventable medical care in the city are lacking, other studies nationwide provide strong evidence for the connection between preventable illness and injuries from unsafe conditions found in substandard housing with asthma, chronic lung disease, injuries, and depression (Beck, et al., 2013; Boston College, 2013; Cheng, et al., 2015; Coley, et al., 2013a; Hernandez, 2014). These housing conditions appear to be widespread in the Promise Zone and surrounding neighborhoods, indicating a need for research into their local impact. Identification and remediation of

the causes that drive the need for preventable medical care could relieve the burden on the local emergency rooms, safety net clinics, social workers, and other providers. As most people who live in substandard housing are low-income, studies also need to focus on the costs to Medicaid and Medicare, and how the improvement of housing conditions might contribute to helping control the soaring cost of preventable medical care.

Persistent intergenerational poverty. One of the countless root causes at the origin of persistent intergenerational poverty is the inability of families to build long-term wealth (participant #20252). When families' budgets are stretched to the limits and beyond just to provide rent and utilities, they are unable to save, build a good credit rating, buy a good quality home, and obtain other necessities like health care.

One participant noted the association between the poor quality of housing in the Promise Zone and “the highest minority populations, the lowest income, the least availability of jobs, all of the other things that affect the socioeconomic and quality of life for people” (participant #50136). His observation mirrors the literature as well as the studies commissioned by the city. These conditions represent significant barriers to breaking the cycle of intergenerational poverty.

Aging in place. For homeowners, especially the elderly, who purchased homes in the Promise Zone neighborhoods, lived there for many years, and may want to remain in their homes, resources that were available to assist them in the past have now evaporated (participant #60628). For those living on fixed incomes who cannot afford repairs and maintenance, whether a leaking pipe or a roof that needs replacement, problems go

unfixed and develop into worse problems. Home rehabilitation resources that helped many of these residents in years past have fallen to budget cuts and are no longer available (participants #10028 and #10036). As the condition of homes deteriorates, neighbors begin to call code enforcement to report violations. This represents a dilemma for the code enforcement officials who must balance their jobs with compassion for people, “we’re not heartless, we’re not going to kick them out of their house because they can’t get everything done” (participant #60628). This participant explained that code enforcement tries to work with these homeowners to find a way to make repairs, saying that “We don’t want to take people’s homes away”.

Frequently, although a home like this may be neither truly habitable nor affordable, elderly persons with few resources have no other place to go. They have difficulty finding affordable housing in the city, as there is far less available than what is needed to fulfill the needs of everyone who needs it and qualifies. Studies of affordable housing in the city indicate a nearly 2,000-unit gap between what is needed and what is available (participant #50148). The affordable housing that is available for elderly and disabled in the Promise Zone and surrounding neighborhoods is reported to be in poor condition and infested with bedbugs and cockroaches. One participant described a large, multi-unit subsidized apartment complex as “bedbug city” (participant #20242). A quick internet search of this particular complex, which adjoins the Promise Zone, revealed very low satisfaction ratings, bedbugs, cockroaches, filth, poor maintenance, and many other complaints. The renters’ focus group was very vocal about the problems and reported that

people they knew who lived in the local affordable apartment complexes had experienced bedbugs, noting the presence of the exterminator's van and equipment in the parking lot recently (participant #30383).

For Promise Zone homeowners who might like to move to a better neighborhood, selling their homes often does not return sufficient equity to enable them to do so. In effect, they are trapped in their homes with little alternative for other housing.

Summary of Findings for Research Question 2

The findings for research question 2 identify existing factors that make it difficult for local code enforcement to enforce the local municipal codes. These findings reveal 4 broad themes. These themes are linked to RCT and PCT in Table 7.

Table 7

Linking Themes to Theories for Research Question 2

Research Question 2	RCT	PCT
Locating Owner of Record Lack of Political Will		Antiquated record-keeping; tenants don't know who the owner is Reluctance to spend on enforcement; lax consequences for ignoring violation notices and hearings
Accessing properties		Antiquated laws; code enforcement access to property without permission
Not a Middle-Class Issue	Not affected, not concerned	
Compassion for elderly, low-income	Reluctance to see homeless old people	

Without exception, participants acknowledged the efforts of local code enforcement's efforts and responsiveness, but as one participant noted, "the problem is too big" (participant #50136). Several procedural, social, political, and financial obstacles hinder the ability to strongly enforce local municipal codes. These include:

1. The main difficulty cited by city officials was locating the owner of record to send notices of code violations. The source for the information is the property record in the auditor's office, though changes in ownership might not have caught up with the auditor's records. This happens frequently when ownership passes from bank to bank. The result is that owners might or might not be receiving the notices. Title searches provide more up-to-date information, but are costly to perform (participant #60628).
2. Tenants who live in the property often don't know who owns it. "They don't even know who they pay the rent to. They don't get receipts, they pay in cash, and then it's a never-ending cycle of just running around trying to find the correct person" (participant #60635).
3. Code enforcement officials are not legally allowed to enter a property without the owner's or the tenant's consent unless the property is declared a hazard by a judge (participant #60617). Without consent, the code officials may observe potential violations from the street and take pictures to validate the issuance of a code violation citation, but they may not enter the property.

4. Lack of political will to pressure local leadership for a stronger commitment to resolve the problem (participant #26004). Most participants perceived the code enforcement staff as under-resourced. One participant opined that under-resourcing is intentional, that the city sets a budget and if code enforcement was a priority they would allocate more money to it (participant #26004).
5. Many citizens in the city are likely unaware of the issues. As one participant noted, “people...drive in to work and drive past...They don’t actually see what’s happening... they don’t actually drive through these neighborhoods where the problem is” (participant #60617).
6. Compassion for distressed elderly, low-income homeowners. One participant remarked, “This wooden house on the corner that hasn’t been painted in 20 years, it’s got an 86-year-old widow who lives in it, who’s living only on social security” (participant #20252). He noted further that issuing a code violation that she couldn’t afford to correct would begin a process of “racking up thousands of dollars in fines with the city because it’s an automated system. Once I put her in the system, the system starts to chew her up”.
7. Problem property owners who ignore code violation notices and hearings, and fail to appear in court when charges are filed (participant #10036).

Participants believe this process is intentional and aided with the advice and assistance of attorneys, in some cases the same attorneys who place problem

properties into separate LLC's to help owners avoid responsibility (participant #10011).

8. Laws were viewed as outdated and weighted in favor of property owners.

Specifically, “the whole...system is really based on my mom being down on her luck and not just kicking her out of her house” (participant #60617).

Another participant noted that property owners are organized and influential with policy makers, while renters are not (participant #10011).

Summary of Findings for Research Question 3

This part of the discussion focuses on existing factors that have the greatest potential to assist policy makers in bridging the gap between the existing housing standards, code enforcement, and the condition of substandard housing in the Promise Zone. While the prior discussion has focused on the problems and challenges facing the Promise Zone and the people who live there, the city and the Promise Zone itself possess significant strengths and assets upon which to build improvements. Most important, city leaders have recognized the urgent need to address the issues and have put efforts in place to begin doing so.

Six broad themes emerged from the findings for research question 3. These themes are linked to RCT and PCT in Table 8.

Table 8

Linking Themes to Theories for Research Question 3

Research Question 3	RCT	PCT
Promise Zone Designation		Advantage for federal grants
Land Bank		Eliminates blight; new buildable lots
Code Enforcement and Codes are in Place		Structures, processes under-resourced, inefficient
Dedicated Housing		Build, rehab quality, affordable housing
Nonprofits		
Walkable Neighborhoods	Jobs, schools, amenities	Resources to maintain sidewalks, intersections
Large Employers	Jobs, Income	Contributes to economy

Supporting efforts to bridge the gap is a strong collaborative spirit among local government and the many agencies that are involved in driving change related to the city's most pressing problems. This collaboration was a key factor in the city being awarded the Promise Zone designation. The city's mayor remarked in an interview that collaboration was one of the key things that distinguished the city's application from other cities. This strength was also recognized and acknowledged by many of the participants of this study.

The members of the Promise Zone housing work group collaborate with each other, meet monthly, share resources and information, and support each other's efforts. The group includes agencies that build new housing, rehabilitate existing housing, support persons moving out of homelessness, operate affordable housing, and help with the myriad social, economic, and legal issues that housing seekers face.

I discuss the existing factors individually, keeping in mind they all exist within a complex system of interlocking structures and processes. They are presented here, not necessarily in order of importance.

1. The 10-year Promise Zone designation itself is one of the most important factors. While no dollars are directly attached to the designation, it provides the impetus and incentives for city leadership and organizations to move forward more rapidly with their efforts. Perhaps the most important benefit is the five additional preference points that are automatically added to any federal grant application submitted in association with the Promise Zone. The designation also comes with technical support and Vista Volunteers, plus “opportunities to apply for federal programs from twelve government agencies that we would otherwise not have access to” (participant #60617).
2. The new land bank was established as a non-profit entity, with the express purpose to demolish dilapidated residential houses acquired through tax foreclosure or other methods, and return the land to productive use. These properties are blighted, supposedly vacant, and mostly found in the central part of the city. Utilizing the land bank is more rapid than the former process of demolition, under which the building commissioner’s office could order demolition of a building under the city’s Unsafe Building Law. Under the former process, owners were able to file appeals with the court system and turn the demolition into a lengthy process. With the land bank, the county can

transfer ownership and get the properties quickly demolished, or offer the occasional salvageable property to a housing non-profit or developer for rehabilitation and resale. To date, the land bank has demolished nearly 200 of the 1,800 properties identified as blighted (participant #10011). The same participant reported that demolitions can cost anywhere from \$3,000 to \$15,000 depending on the size of the structure. After demolition, the new, buildable lots are offered for sale. Many are purchased by local nonprofit developers to build new affordable homes. An occasional private developer will build a home for a client.

3. Code enforcement staff and municipal codes are in place in the city, providing a structure and processes to report and resolve potential code violations. This function reports directly to the building commissioner. At present, there are seven full-time code enforcement officers and the building commissioner, as well as administrative staff who handle housing court and administrative hearings. There are also two people dedicated to handling trash and weed complaints and a supervisor that oversees the weed and trash court (participant #10028). Code enforcement currently has two less staff than it did in 1999 when the current building commissioner assumed his duties.
4. A number of local nonprofits are committed to rehabilitating existing houses and building new, affordable houses in the Promise Zone and surrounding neighborhoods. These houses are intended to become owner-occupied. One

developer enables home buyers who are approved for their program to provide sweat equity building their home and the homes of others in exchange for an affordably-priced home of their own. Another provides down payment assistance for first-time home buyers and provides guidance and services to people going through the process of purchasing a home.

5. The Promise Zone contains historic neighborhoods that are attractive to millennials and people looking for housing that is not “cookie cutter” (participant #60635); these neighborhoods are within walking distance to the downtown entertainment district, restaurants, sports arena, civic center, the new inter-institutional medical and health professions center, primary care and safety net health care clinics, banks, a tertiary care hospital, and amenities such as the city’s excellent library system. The area is poised for new housing development, and working with the existing housing nonprofits has the potential to result in the type of mixed-income neighborhoods that can help restabilize the area.
6. The Promise Zone offers walkable access to architecturally significant historic churches and churches of many different faiths. Many of these strong faith communities are well-established and collaborate with area agencies to help people with resources and support to stabilize and improve their lives.
7. In or near the Promise Zone are multiple large employers that are within walking distance from nearby neighborhoods. These employers offer a wide

variety of types of work, from manufacturing to clerical to financial services to health care, at all levels of skill. There are also many small and medium-sized employers in the area.



Figure 11. New houses built by local nonprofit developers in the Promise Zone.

Summary

In Chapter 4, I presented the findings from the case study concerning reasons for the persistence of substandard housing in the city's Promise Zone. In the first chapter, I reviewed the methodology used to conduct the research, then presented the major themes that emerged from the data in the context of each of the three research questions.

Findings from research question I include a group of inter-related factors that drive the persistence of substandard housing. These factors are political, financial, structural, and

behavioral. The interests of some of the interests involved are at odds with each other. The findings from research question 2 include a number of political, financial, and structural obstacles in the way of code enforcement's charge to ensure habitable housing. Findings from research question 3 included assets in the city that are already contributing to the improvement of housing. These assets can be leveraged and further developed throughout the process, while new safeguards need to be put in place to prevent new and rehabilitated housing from deteriorating into substandard condition.

In Chapter 5, I interpret the findings, discuss the implications for social change, and present recommendations for future research and practice.

Chapter 5: Discussion

“Housing is the engine that drives the chaos of poverty”.

~ Paulo Freire

Introduction

The purpose of this case study was to investigate reasons why the gap between existing housing quality standards and the poor condition of substandard housing in a mid-sized U.S. City persists despite the standards and code enforcement mechanisms. The goal was to identify potential policy actions that could help mitigate the problem. To accomplish this goal, the study engaged policy influencers, policy enforcers, policy makers, and a group of people affected by policies related to substandard rental housing. These three questions guided the research:

RQ 1: What key factors contribute to the persistent gap between existing standards for habitable housing and code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

RQ 2: What factors affect the city’s ability to enforce its municipal housing codes?

RQ3: What existing factors or processes offer the greatest potential for policy makers to bridge the gap between existing housing standards, code enforcement mechanisms, and the condition of substandard rental housing in the Promise Zone?

I selected the qualitative case study as the most effective method for this research, based on the type of insights and data I needed to address the issues at the heart of these

research questions. The case study approach requires the inclusion of multiple sources of data to gain a thorough understanding of how this type of housing is created and persists. These sources include socio-economic, demographic, economic, and historical information that contribute to understanding the issue. A quantitative approach could not have yielded the deep insights, interrelatedness of causes, and rich descriptions that deepen our understanding of the policy implications of this issue. I utilized 3 main sources of data: in-depth interviews, government reports and reports commissioned by the city, and photographic evidence that illustrates the type and condition of housing in the Promise Zone.

The findings revealed an intricately-connected, multi-layered system of statutes, processes, and motivators that all contribute to the creation and perpetuation the problem. By revealing weaknesses in the system of checks and balances put into place by statutes and enforcement mechanisms, described in chapter 4, the findings also indicate that solutions exist to improve and strengthen current practices, as well as community actions that have the potential to create a more equitable and sustainable system.

In this chapter, I provide an interpretation of the data, discuss them within the context of the theoretical framework, offer recommendations for future research and practice, and describe far-reaching implications for social change that will be possible if fundamental changes are directed towards the root causes that create and sustain this problem.

Interpretation of the Findings

Findings Relative to the Review of Literature

The findings confirm the three main themes that were identified from the literature review. First, poor quality housing is a long-standing problem that sends ripples of far-reaching, long-term, interconnected adverse consequences throughout families, communities, and local economies (Boston College, 2013; Cheng, et al., 2015; Coley, et al., 2013a; Hernandez, 2014; Smith, 2008c) . Second, many reform efforts over the years have enjoyed initial success but most have fallen to the financial realities of sustaining them over the long term (Smith, 2008b). Third, comprehensive standards for housing quality are in place at all levels of government, yet the unacceptable condition of housing persists (Municipal Research and Services Center, 2015; National Center for Healthy Housing; U.S. Department of Housing and Urban Development, 2001b). The data revealed no information that was discrepant to the literature.

Six major themes that are consistent with the literature emerged from the study; the themes span all three research questions. They contribute to the knowledge base by uncovering specific factors that act as motivators and enablers to perpetuate the actions of problem owners and problem tenants in the city. These same factors, sometimes in different forms, appear throughout the literature. Families and communities pay a high price for the actions of problem owners who accrue undue profits at the expense of vulnerable tenants, while property owners suffer losses when problem tenants are not

held accountable for damage they do. This literature review indicated that the same problems are pervasive in the United States and other developed countries, and not limited to this one city (Beck, et al., 2012; Coley, et al., 2013b; Cooper-McCann, 2016; Desmond, 2015; Greenberg, et al., 2016; Hiebert, 2002; Immergluck, 2013).

Statutes and enforcement. Participants who were familiar with the local and state statutes and enforcement processes described local circumstances that mirror those found throughout the literature, such as properties that are poorly-maintained (Beck, et al., 2012; Hernandez, 2014), legal structures that make code enforcement and owner accountability difficult (Legalzoom.com, 2017), property owners who do not care about tenants or the neighborhoods in which their properties are located (Cooper-McCann, 2016; Desmond, 2015; Fields & Ufer, 2016; Immergluck, 2013), tenants who are difficult to hold accountable for destruction of properties and/or nonpayment of rent (Hiebert, 2002), and barriers to enforcement such as under-resourcing and lack of political will to make code enforcement a priority (Municipal Research and Services Center, 2015).

Accountability. Holding problem owners and problem tenants accountable for their roles in sustaining substandard housing is tightly connected to the statutes and enforcement processes. In the literature review, I uncovered no examples of municipalities that had successfully resolved the issue of property owners who “really don’t care” (participant #10011), nor the issue of tenants who chronically destroy property and/or conduct illegal activities on the premises. When formulating new policy, policy makers must consider how policy improvements need to address these issues and

be open to continual reassessment as unintended consequences become evident (participant #50148).

Financial and Investment Practices. In the literature, there is extensive discussion of global cycles of economic ups and downs, as well as their causes and effects (Fields & Ufer, 2016; Holt, 2009). Economists and business analysts differ in how they define and interpret these cycles and their many causes, but a consistent result of the downturns is the emergence of opportunistic investors seeking to profit from other people's losses (Holt, 2009; Immergluck, 2013). Severe economic downturns, such as the Great Depression of the 1930s, present speculators the opportunity to purchase large numbers of tax or mortgage-delinquent properties, make minimal repairs, and rent them to low-income families without supporting the necessary ongoing maintenance. The consequences of this investor behavior are reflected in all of the interviews and can be observed throughout the Promise Zone, and are documented in the city's Promise Zone grant application.

In his adaptation of Mallach's Typology Private Investor Strategy (Immergluck, 2013, p. 20), reproduced in this study on page 92, Immergluck describes the strategies and motivations of different types of real estate investors. In his study of distressed housing in Atlanta, he notes the investors that contribute most to the deterioration of houses and neighborhoods fall into two different categories. The first is "predatory flippers", those who seek to "sell properties at a profit without putting any money into them – often to unwitting buyers" (Immergluck, 2013, p. 19) and "milkers", who intend

to hold properties three years or less and represent those “most likely not to keep properties up to code, to own substandard housing, and to see a great deal of turnover in their properties” (Immergluck, 2013, p. 21). Predatory flippers are likely to purchase large bundles of low-value housing and dump the ones that can’t be re-sold (Immergluck, 2013, p. 19). Milkers are likely to abandon properties if the cash return declines (Immergluck, 2013, p. 20). The evidence of both these types of investor behaviors are evident throughout the Promise Zone and the surrounding neighborhoods.

The literature also provides much discussion about the “dumping”, or quick sale, of packages of low-value properties by banks and other lenders when the owners can no longer pay (Fields & Uffer, 2016; Immergluck, 2012; Immergluck, 2013; Palley, 2007; Rosner & Markowitz, 2016; Tang, 2013). Interviews revealed this is common practice among lenders in the city (participants #10011, #10028, #10036). Findings from this study corroborate what is found in the literature and reflect other, far-reaching consequences that affect city budgets and services such as code enforcement, police and fire departments, loss of property value and property taxes.

Historical Influences. Historic global and national events and trends have influenced the state of housing in the Promise Zone over the past century. Similar to Smith’s (2008a) recount of how slums developed early in the nation’s history, the same principles of investor behavior, motivation, and ways communities respond to low-income renters promoted the development of substandard housing in the city. Consequently, poor quality housing for workers and minorities developed in

neighborhoods adjacent to neighborhoods where wealthy families built very fine homes. After the end of WWII, growing families moved from urban neighborhoods to newer, larger homes in the suburbs, fueling the nation-wide phenomenon of “suburban flight” (Cooper-McCann, 2016; Deluca, et al., 2013; Owens, 2015). As in other cities, this suburban flight left this city’s urban core with a declining population, a trend that continues today (Cooper-McCann, 2016; Deluca, et al., 2013; Owens, 2015). Investors bought large homes near the downtown area that were formerly single-family homes and carved them into multiple apartments, much like the process described by Smith (2008a). As families moved out of the urban core and houses passed into the hands of landlords and renters, the Promise Zone and surrounding neighborhoods deteriorated further. As rental properties began to show signs of neglect, the neighborhoods attracted social problems, motivating more families to move. Current efforts by the city’s department of metropolitan development to remediate blight and substandard housing are enabling members of the Promise Zone housing work group to build new, energy-efficient, affordable single-family homes on the vacant lots that become available after demolition. A photograph showing some of the houses these organizations are building can be found in figure 16. Nonprofit organizations, as well as private investors, are working to rehabilitate houses that are salvageable. These are then sold to individuals or families.

One participant described a historical development that is currently affecting families in the city, a force that has been developing globally since the late 1970s (Alichi, 2016; Rohit, 2011). This phenomenon is the rise of income inequality and polarization

(participant #500175), a gradual process that concentrates wealth into the hands of an ever-decreasing number of people. As those with wealth gain more power, this participant noted “they’re able to gouge even more...it’s a good parable for what happens in capitalism when those with are able to leverage those without”.

External Influences. The quality and type of housing that developers build, and the enforcement of standards and codes intended to ensure its habitability, are largely dependent of the amount of funding available to provide the manpower and other resources needed to do the job. As the federal budget is cut, the effects filter down to the states and fewer funds are available for these purposes (National Low Income Housing Coalition, 2017). Among other cuts, the 2018 federal budget includes severe cuts to affordable housing, including 17% or roughly \$7.7 billion, from the Department of Housing and Urban Development, compared to the 2017 federal budget (National Low Income Housing Coalition, 2017, para. 4). The consequences of these cuts will be the loss of HCVs for over 250,000 families, higher rents, and termination of support for utility assistance. It will also eliminate the Housing Trust Fund, which provides resources for public housing and homeless services, as well as decrease funding for low-income seniors, disabled and vulnerable persons to retain affordable housing (National Low Income Housing Coalition, 2017, para. 5). This will be accomplished by eliminating Community Development Block Grants, HOME Investment Partnerships, Choice Neighborhoods, Section 4 Capacity Building, Self-help Homeownership Opportunity programs, the U.S. Interagency Council on Homelessness, the Neighborhood

Reinvestment Corporation, and Legal Services Corporation, which is often the only resource to assist vulnerable tenants from unethical property owners (National Low Income Housing Coalition, 2017, para. 6). Participants indicated they believe the cuts are likely to continue (participants #10028, #10036); the potential of replacing those funds with local tax increases is typically met with strong opposition from citizens, making this an difficult option to achieve.

Several participants viewed recent shifts in federal budget priorities from supporting homeownership to increasing the volume of rentals as misdirected (participants #50175, #50183), basing their view on research that indicates higher rates of home ownership help stabilize neighborhoods (Immergluck, 2012; National Center for Healthy Housing, 2013c). Budget priorities direct the amount of funding recommended by policy makers, reflecting a dearth of political will to recognize the importance of habitable housing.

The increasing financialization of rental properties by large investors and the rapidly-rising income inequality occurring in the U.S. and other developed nations are historic trends as well as external influences on local municipalities. While these trends are not under the influence or control of local policymakers, the ways local government responds to hold these investors accountable in light of the communities' well-being is essential.

Broader Costs. In the literature are numerous examples of how substandard housing has an adverse impact on the physical and mental health of those who live there

(Beck, et al., 2012; Boston College, 2013; Coley, et al., 2013a; Coley, et al., 2013b; Hernandez, 2014). The impact is especially detrimental to young children and infants in utero, who are affected by their mother's exposure to environmental toxins such as lead and asbestos, commonly found in older, poorly-maintained properties such as those in the Promise Zone (Beck, at al., 2012; National Center for Healthy Housing & American Public Health Association , 2014; Northridge, et al., 2010). For example, studies such as those done by Beck, et al. (2012) and Northridge, et al. (2010) indicate an association between asthma and conditions such as mold and filth, as well as poor neurological development associated with the presence of lead among children living in substandard housing. Other studies indicate links with social, emotional, and mental health, including depression (Boston College, 2013; Coley, et al., 2013a, 2013b; Hernandez, 2014). While these problems are only indirectly referenced in the interviews, they could potentially be some of the underlying causes of the learning and behavioral difficulties of children in the Promise Zone's elementary schools. Findings also coincide with the literature on the effects of substandard housing with the continuity of education of children who are forced to move and change schools frequently.

The literature reflects the association of housing instability and eviction as key factors in family insecurity and homelessness, factors also expressed in the interviews. The high costs associated with substandard housing, including high utilities and frequent moves, represent a barrier to those who try to escape the cycle of poverty.

Theoretical Framework

The study utilized RCT and PCT together as its theoretical framework. RCT posits that each individual's actions and choices are based on utility maximization, or whatever brings the individual the greatest benefit or satisfaction. PCT posits that policy actions and choices are based on what returns the greatest benefit to the players in the political arena. One of its tenets is that "men are not angels" and those who participate in the political sphere don't necessarily aspire to promote the common good (Shughart, 2008). PCT purports that politicians will favor policy-making that benefits the most influential group of voters or entities that can support their re-election campaigns. The case study on substandard housing in the Promise Zone appears to be an excellent fit for the blending of these two theories, as together they can be used to examine the motivations and interactions of actors from both individual and political aspects. Individually, owners and renters each seek to maximize their own utility, owners by maximizing their income and renters by procuring for themselves the best dwelling they can afford. These two sets of actors interact with each other in the realm of rational choice. Their interactions are governed by laws and processes set in place by the political powers, purportedly for the purpose of maintaining civil order and protecting both parties from conducting business illegally or taking unfair advantage of the other. In this case study, the political arena is larger than this city's and county's local governments, as it also includes the state legislature that enacts legislation regarding landlord/tenant rights and responsibilities, as well as property law.

When actors in the realm of rational choice are unsatisfied with laws and processes, they may seek to connect with the political arena to influence those laws and processes in their favor. In the case of owners and renters, the owners (real estate owners and investors) are well-organized and well-financed. They contribute to the election and re-election campaigns of politicians, who also seek to maximize their own utility, which is to get into or remain in political office. Renters, on the other hand, are neither organized nor well-financed. Low-income renters generally do not contribute to political campaigns, so have little influence in the political arena.

In the Promise Zone, the balance of power between owners and renters has become unbalanced due to actors that abuse or skirt the laws and processes that are in place. A small group of powerful actors appear to be maximizing their own utility at the expense of those with little power to resist. Code enforcement is challenged to address all of the problem properties due to under-resourcing and influential owners who take advantage of higher political connections to evade enforcement. City and county government, in turn, are dependent on the state government for a large portion of the annual budget upon which they depend. They must seek to remain on good terms with those who set the budget. Attorneys who work with low-income renters seek to maximize their clients' utility rather than their own. Their influence in the political arena is through their legal associations and the judicial branch of the political arena. Their influence has not been sufficient to prevent the severe decrease in public funding for their services.

One participant described PCT as it influences policy in this city, “In local politics, the Republican/Democrat thing doesn’t really matter... I think you’re talking about who do these political leaders mix with? Who do they represent? Who votes? Where are their connections? Where is their loyalty?” (participant #26004). This participant pointed out how renters lack influence by not being organized and voting, in contrast to property owners and real estate investors who are organized and make their voice heard to politicians. He further noted that, “Our current president made it very far by absolutely destroying that sector of the population, but... that's reality... if you don't...vote, there is not a groundswell at the ground level to address these issues (participant #50549).

RCT targets behaviors and decision-making at the individual level, where the actions of stakeholders in the housing arena reflect their own perceptions of what represents the greatest utility, or motivation, to them. Problem owners seem to value the maximization of revenue from their properties, even when the net gain is obtained by neglecting maintenance and necessary repairs, while certain investors seek to maximize profits at the expense of naïve buyers, often in unethical ways. Housing advocates’ values are directed towards others instead of themselves, reflecting a desire and concern for people to obtain good housing and for neighborhoods and communities to be safe and stable. Attorneys who work with legal aid services assisting low-income clients, city officials who are dedicated to solving housing problems for people other than themselves,

and low-income families trying to obtain habitable housing they can afford, all represent different individuals' means of obtaining what they value most.

Limitations of the Study

The findings of this case study are limited to the perspectives of 23 stakeholders involved with the issues of substandard housing in one locale, this city's Promise Zone, and how they chose to respond to the three research questions. A larger sample size might have yielded additional insights and a broader perspective, but would have gone beyond the scope of this case study.

As with any qualitative study, there is no guarantee the findings are completely unbiased or comprehensive. A certain amount of researcher bias is inherent in qualitative research, and care was taken to include stakeholders from all relevant perspectives and to ensure that opposing perspectives were included. Interviews were transcribed verbatim to allow the data to speak for themselves. Other researchers might have developed the coding and themes differently depending on their own personal life experiences and ideas. This complex problem could be examined from numerous other aspects.

The findings of this study might or might not be applicable to larger cities, rural areas, or states with different laws pertaining to landlord-tenant relationships or code enforcement, different political and community leadership, and different resources available to them.

Recommendations for Further Research

The participants touched upon a plethora of issues that affect substandard housing and the people who live in it and own it. These issues offer boundless opportunities for future research. Recommendations for further research, grounded in strengths and limitations of the current study and literature, include the opportunity to examine issues that were widely-identified in the literature and are believed to also affect the Promise Zone, drilling down to better understand and document their local impact. These potential areas of research could contribute to the field of knowledge in many ways:

1. Identify the connection between the condition of the Promise Zone's substandard housing and health conditions such as asthma and lead exposure, pinpointing the scope and location of the associated local housing. Such a study could include analyzing housing-related circumstances associated with preventable episodes of emergency care, hospitalizations, and children's absences from school. Such studies present opportunities to partner with the city's hospitals, clinics, health insurers, public health department, and schools. Studies that have been done in other cities provide models for studies that could be duplicated in the city. In partnership with other communities, these studies could help government leadership drive the impetus for policy change at the local and state levels.
2. Gain a better understanding of the impact of code enforcement, such as whether a pro-active or complaint-based approach is more effective, and

whether or how a rental inspection program might contribute to resolving the condition of substandard housing. Studies surrounding the actual impact of code enforcement on the poor could contribute clearer insight into the essential question put forth by Desmond and Bell (2015, p. 21), “does code enforcement help or harm the poor?” Knowing what works and what doesn’t work could lead to improved processes and outcomes.

3. Examine deeply the characteristics, behaviors, and motivations of problem tenants, which appear to be an intractable problem in many communities, including this city. Acknowledging people’s need to live somewhere, and property owners’ understandable desire to protect themselves from tenants who destroy properties and don’t pay, are there suitable remedies? A quick search for literature related to this question returned only information about actions landlords and tenants could take to protect themselves from each other, but nothing about the deeper impulses that drive the problem. Clearer insight into these could help identify their root causes and possibly contribute to resolving some of them.
4. Examine more closely the local connection between substandard housing, frequent moves, children’s learning and behavior problems at school, and their attendance and success in their classes. An association among this group of problems is indicated in the literature (Cheng, et al., 2015; van Hoffman,

Belsky, & Lee, 2006; Rosofsky, et al., 2016) and has been expressed by local school corporation leaders (Catherine Gray, personal communication, 2001).

Results from studies such as these can be provided to substantiate the problems locally and to educate the local community. Creating awareness in this way can help set the stage to drive demand for policy change that would improve quality of life for the entire community, as well as those who are most directly affected.

Recommendations for Practice

To be most effective, practice must rely on solid research and work in partnership with good policy and strong enforcement. Though many potential practices and policy changes might exist, most stakeholders possess- limited resources. Therefore, those resources must be deployed strategically and can benefit from the lessons learned by others who have implemented similar interventions.

This discussion presents a number of over-arching potential strategies that emerged from the interviews, as well as possible interventions that could be considered as tactics within them. Those strategies include:

1. Take steps to halt the factors that enable unethical investors to obtain properties and manage them in ways that create serious problems for tenants, neighborhoods, and the city.
 - a. Although the county tax auction has been discontinued, the bulk sale of tax-delinquent properties to investors continues. A short-term step that could stem the flow of properties into the hands of problem owners is to

replace the county tax sale with processes that place foreclosed properties into the land bank, which can demolish those beyond repair and transfer buildable lots and salvageable houses to nonprofit and private developers who will build new in-fill housing and rehabilitate houses that can be saved. These processes offer the potential to increase the home ownership rate in the Promise Zone and help stabilize neighborhoods. Successful examples can be found in other cities such as Detroit and Flint, Michigan (Center for Community Progress, 2017).

- b. Eliminate or regulate “rent-to-own” schemes, in partnership with attorneys and housing advocates; remove the incentives that motivate investors to engage in this practice and hold persons accountable who continue this practice in its current form.
 - c. Increase support for existing mechanisms to remove or remediate existing blight and substandard housing, such as the land bank. In addition to eliminating much of the problem housing, this step would yield many other benefits such as reducing the workload on code enforcement, saving the city tax dollars by decreasing fire and police calls to these properties, discouraging crime and drugs, stabilizing neighborhoods, and restoring property values to neighboring homes.
2. Strengthen code enforcement and make it a higher priority
 - a. Revise existing codes to include health-harming conditions such as filth,

animal feces, mold, and bedbugs; include language that is very specific about what constitutes these conditions and what must be done to remediate them and prevent recurrence; include training on these to all code enforcement staff.

- b. Until such time as enough problem properties are eliminated to relieve the workload on current code enforcement officials, employ additional code enforcement staff.
 - c. Streamline the hearing process for code violations and increase the consequences for noncompliance.
 - d. Improve computer information systems to support code enforcement's efforts to track violations, find current property owners, identify and target frequent violators, and analyze data to identify trends and evaluate the effectiveness of their interventions.
3. Increase accountability for those parties who propagate and perpetuate substandard housing
- a. Establish a rental inspection program, integrating lessons learned by municipalities that have done this. One participant described such a program that was established by the City of Altoona, PA (participant #60617). The program requires that rental properties meet habitability standards before they can be offered for rent, including properly working HVAC systems and appropriate weather-proofing that will prevent

exorbitant utility bills (City of Altoona, 2017).

- b. Hold problem tenants accountable for the damage they do to rental properties; participants indicate that current civil penalties are ineffective. Consider criminal penalties for intentional, malicious damage and theft from rental properties, such as appliances, water heaters, HVAC components, plumbing fixtures, etc.
- c. Prosecute problem property owners who abandon blighted land and buildings, whether they be residential or commercial. Contaminated commercial properties must be included because they decrease the property value of houses and land that are near them, and can discourage potential home builders because of the high cost to remediate the presence of toxic substances left behind by businesses.
- d. Work with mortgage lenders to develop what Immergluck (2013, p. v) describes as a “responsible method for donating properties to willing nonprofits...with funding to cover...demolition or rehabilitation costs”. With bulk transactions, Immergluck also recommends that measures be taken to resolve the negative impact of distressed properties that may be included in the transaction, making sure that local governments or nonprofit housing organizations are compensated for “renovation or demolition costs” they may incur.

4. Stabilize neighborhoods

- a. Restore financial support and resources for homeowners who want to “age in place” in their present homes but lack the resources to maintain them. Doing so “helps stabilize the neighborhood, reduces crime, and a lot of other things” (participant #10028) and eliminates their need to find alternative, affordable housing.
- b. Increase the rate of home ownership in the Promise Zone and surrounding neighborhoods to the rate of home ownership in surrounding county and state, approximately a 10% increase from what it currently is. Doing this will require a coordinated effort by city government, home builders and renovators, lending institutions, city planners, and potential home buyers. To attract more private development, neighborhoods must reach a point where houses do not depreciate as soon as they are completed.

In addition to these strategies, there are longer-term and higher-level strategies to increase the quality and affordability of housing. These include addressing problems such as Low Income Housing Tax Credits (LIHTC) that expire and allow properties to stop accepting low-income tenants, banking laws that permit the bundling and sale of problem properties to other lenders or problem owners, integrating an understanding of social determinants of health into planning for housing and neighborhoods, and more. At the local level, housing advocates and other community leaders can support neighborhood leaders in the development of neighborhood associations that can organize renters,

educate them about their rights, ensure they are registered to vote and have transportation to the polls. To be effective and sustained over time, these efforts must be strategically institutionalized to ensure that people gain the knowledge they need to make good decisions. This might be accomplished by adding the information to civics classes in high school and providing adult education through avenues that reach a large number of people, such as churches and community centers. It will take a concerted, coordinated effort to gather the political momentum to influence policy makers and enforcers, so they will develop more equitable legislation that provides adequate protection to property owners, tenants, and home owners.

Implications for Social Change

This case study revealed insights from stakeholders directly involved in many aspects of the substandard housing problem in one mid-sized city. It revealed that part of the problem is not local, but embedded in state laws that may contribute to causing the problem. It also revealed that change is possible, as it was in the city when the new land bank was created.

The study uncovered many strengths that are currently uniting to improve housing and other Promise Zone goals in the city. These strengths include:

- A strong collaborative spirit between government and local agencies
- The Promise Zone designation and its benefits
- Well-educated and experienced city officials
- Dedicated nonprofit agencies focused on providing housing and legal

assistance to low-income tenants and

- Those who are determined to investigate and reveal ongoing unethical practices that drive the substandard housing problems in the city.

The study also revealed weaknesses in the checks and balances that were designed to ensure habitable housing, shortages of essential resources, and systems and processes that could work far more efficiently than they currently are.

Resolving the persistence of substandard housing can create long-term social change at every level. At the family and individual level, good housing can stabilize physical and mental health, lead families to greater financial stability, avoid preventable medical costs, and enable them to remain in place so children can maintain their educational continuum and important social networks. At the neighborhood level, stable families stabilize neighborhoods, which reduces crime and blight and increases property values. In turn, stable neighborhoods benefit the entire community by increasing the overall quality of life and relieving the strain on city budgets for heightened law enforcement, code enforcement, court costs, and other costs associated with problem properties. The benefit ultimately reaches the state level by affecting the ever-growing cost of Medicaid and municipal requests for funding for services.

Conclusion

The Promise Zone has a deep, rich history influenced by numerous factors, both internal and external. This study focused on the deterioration of residential housing located in the Promise Zone with the goal of identifying important drivers that create and

perpetuate the process. I interviewed key stakeholders that are engaged with the issue from multiple aspects – policy makers and enforcers, property owners, attorneys, investigative reporters, and those whose circumstances leave them no choice but to live in this type of housing. I triangulated the interview data with additional resources such as studies commissioned by the city, other government resources, and photographic observations, then compared them with the themes that emerged from the literature review.

The goal of the study was to gain a more comprehensive understanding of the existing drivers of substandard housing, better understand their origin, and use that knowledge to identify potential policy revisions that could restore the necessary checks and balances to a system that is currently failing the persons who depend on it. Findings of the study uncovered a multi-faceted set of drivers that intersect with many of the same factors that contribute to persistent poverty. Substandard housing is so interconnected with statutes, enforcement, financial and investment practices, and social determinants of health that a single policy or intervention cannot resolve the problem. The blending of RCT and PCT provided valuable insights into the motivations and value systems of actors in the substandard housing market. Policy makers and influencers can utilize these insights to craft policy that is not so easily abused by those who “work the system”, and make steps towards stemming the creation and perpetuation of substandard housing.

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Appendix A: Interview Questions

1. What do you believe are the biggest reasons why so much rental housing in the city is in such poor condition?
 - a. Can you tell me more about...?
 - b. Can you provide an example?
 - c. What do you mean when you say....?
 - d. What else can you tell me?
2. What do you think about local code enforcement's efforts to get properties to meet the housing codes?
 - a. Can you tell me more about...?
 - b. Can you provide an example?
 - c. Can you clarify what you mean?
 - d. What else can you tell me?
3. What do you believe could happen that would make sure rental housing in the city is safe, clean, and fit for people to live in?
 - a. Can you tell me more about...?
 - b. What might the community do?
 - c. What might renters do?
 - d. What might property owners do?
 - e. What else can you suggest?

Appendix B: Invitation to Participate

Date

Dear Potential Participant:

This letter is an invitation to participate in a research study about the problem of poor quality rental housing in the Promise Zone. The study aims to find out more about why poor quality rental housing in the Promise Zone remains such a problem, even though the community has housing laws and code enforcement. The goal is to identify things that might be done to help solve the problem.

The researcher is inviting adults age 18 and older who have rented a residence in the Promise Zone to be in the study. This study is being conducted by a doctoral student at Walden University. This study is separate from any other role in which you may know the researcher.

Participants will participate in one small-group discussion to share insight into why they believe poor quality rental housing remains such a problem, and what actions might help resolve the problem. The discussion will be audio-recorded and all responses will be kept confidential. There is a possibility you would be invited to respond to follow-up questions at a later date.

If you are willing to participate, please complete the consent form and participant profile. Please note, approximately 8-9 participants will be selected so the small group represents the widest possible points of view. Not everyone who completes the profile will be selected.

If you are selected, the researcher will contact you to set up a date, time, and location that works for everyone in the group. If you have any questions, please do not hesitate to ask. You may contact the researcher at ...

Thank you.

Participant Profile

Study on Poor Quality Rental Housing in the Promise Zone, 2017

Please note: this profile will be used to select a group of participants who can provide many different points of view on the problem. Not everyone who completes the profile will be selected.

1. Participant first name: _____
2. Contact telephone number: _____
3. Age group (years):

<input type="checkbox"/> 18-24	<input type="checkbox"/> 46-55	<input type="checkbox"/> 56-65
<input type="checkbox"/> 25-35	<input type="checkbox"/> 36-45	<input type="checkbox"/> 65+
4. Gender: _____
5. How many years have you lived in this city? _____
6. How many years have you rented a house or apartment in this city? _____
7. How many different residences have you rented in this city? _____
8. How many times have you rented a residence that was poorly maintained, infested with roaches, mice, bedbugs, or other vermin, mold, peeling paint, leaky plumbing or roof, structural defects such as broken windows or doors, or was otherwise not clean or safe to live in? _____
9. What is your approximate average household income? Include income from all persons who contribute to the household budget, including food or rent.


<input type="checkbox"/> Less than \$10,000	<input type="checkbox"/> \$30,001 to \$40,000	<input type="checkbox"/> Over \$40,000
<input type="checkbox"/> \$10,000 to \$20,000	<input type="checkbox"/> \$20,001 to \$30,000	
10. How many persons live in your household? _____
11. What is your employment status?
 - Work full-time with benefits (40+ hours per week)
 - Work full-time with no benefits (40+ hours per week)
 - Work part-time with benefits (less than 40 hours per week)
 - Work part-time with no benefits (less than 40 hours per week)
 - Unemployed
 - Retired
 - Disabled

Appendix D: Immergluck Permission

Outlook

New | Delete | Archive | Junk | Sweep | Move to | Categories | ...

Ruth Metzger


Immergluck, Daniel W <dan.immergluck@design.gatech.edu>
 Thu 3/30/2017, 3:29 PM
 Ruth Metzger <ruth.metzger@waldenu.edu>

Important

You have my permission.

Dan Immergluck

Sent from my iPhone

...>

> On Mar 30, 2017, at 4:26 PM, Ruth Metzger <ruth.metzger@waldenu.edu> wrote:



>

> Hello, Dr. Immergluck. I am a doctoral student at Walden University, doing my dissertation study on substandard housing and negligent landlords. I found your case study of Atlanta most useful for research, and would like to ask permission to reproduce your adaptation of Mallach's typology of private investor strategies in my literature review. Permission would be greatly appreciated.

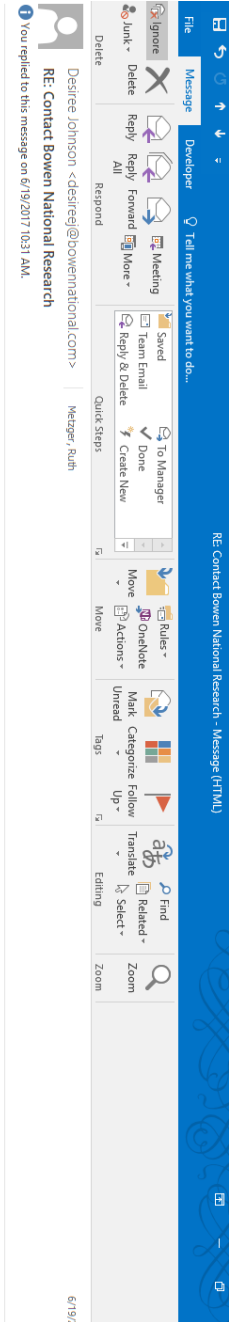
>

> Thank you,

> Ruth E. Metzger

 Reply all |  Undo

Appendix E: Bowen Research Permission



Ruth—

This is fine with us as the documents were for the city and are public knowledge/material.

Thanks!

Desiree Johnson
Director of Operations

Bowen National Research

Trusted Service | National Experience

Phone: 614-833-9300 | Fax: 614-829-6916



From: Metzger, Ruth [mailto:ruth.metzger@usf.edu]

Sent: Monday, June 19, 2017 11:30 AM

To: Desiree Johnson <desiree@bowennational.com>

Subject: Contact: Bowen National Research

Good morning, I am a doctoral student working on a dissertation about substandard housing in Evansville, Indiana. The reports done by Patrick Bowen for the city of Evansville were forwarded to me by Kelly Coures, our Metropolitan Development Director. They have been most valuable in establishing the background material. I am requesting permission to reproduce maps from the Housing Needs Assessment and the Census Tract Data Analysis in the dissertation, with proper credit given of course. Thank you.

Ruth E. Metzger, MBA, BA, BSN

College of Nursing and Health Professions

University of Southern Indiana

Office: HP2142

Phone: 812-431-1260

Rmetzger1@usi.edu