

Growing Concerns about Spatial Inequality in the COVID-19 Economy: Reflections on Place-Based Policies

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-COVID-19 Economy

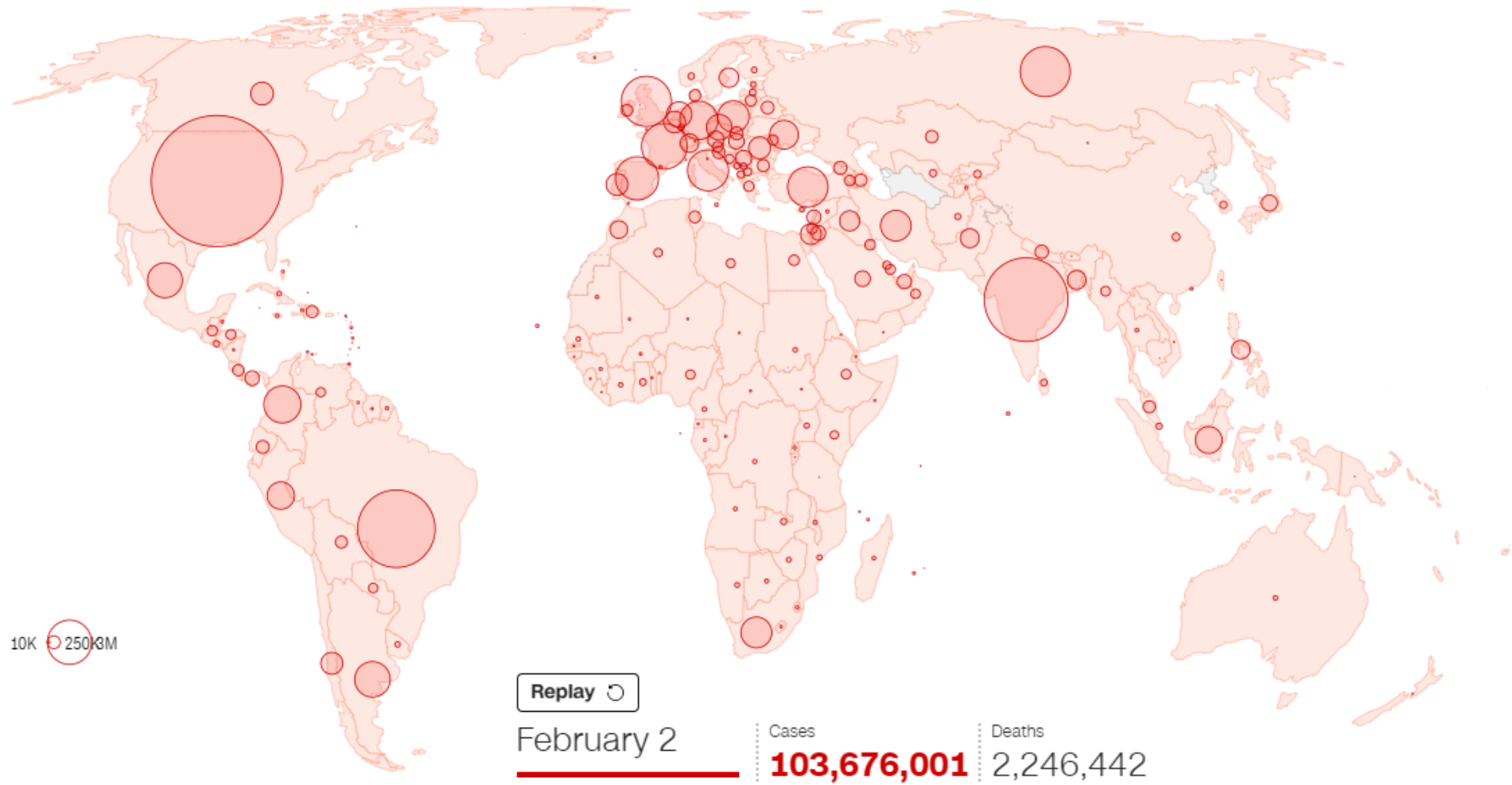
-Compounded Economic shocks

-Spatial Inequality

-Place-Based Policy Solutions

AGENDA



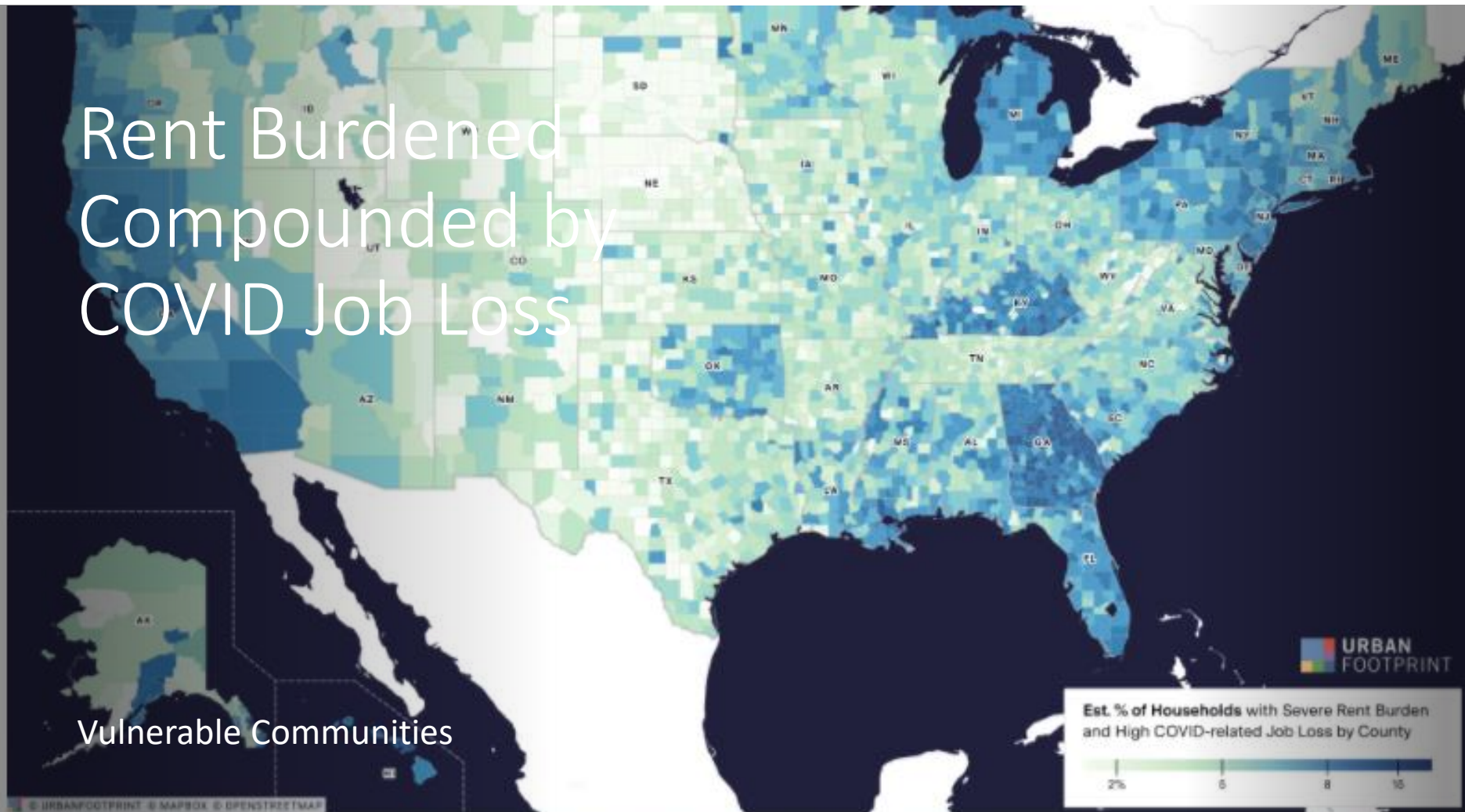


last updated: February 2, 2021 at 2:45 p.m. ET
Source: Johns Hopkins University Center for Systems Science and Engineering

COVID-19 Economy

- Worse case and death rates on record compared to other industrialized nations
- Worse job loss on record
- Massive rental evictions likely, foreclosure crisis could follow
- Especially pernicious effects on minorities, female headed households, undereducated, poor

Rent Burdened Compounded by COVID Job Loss

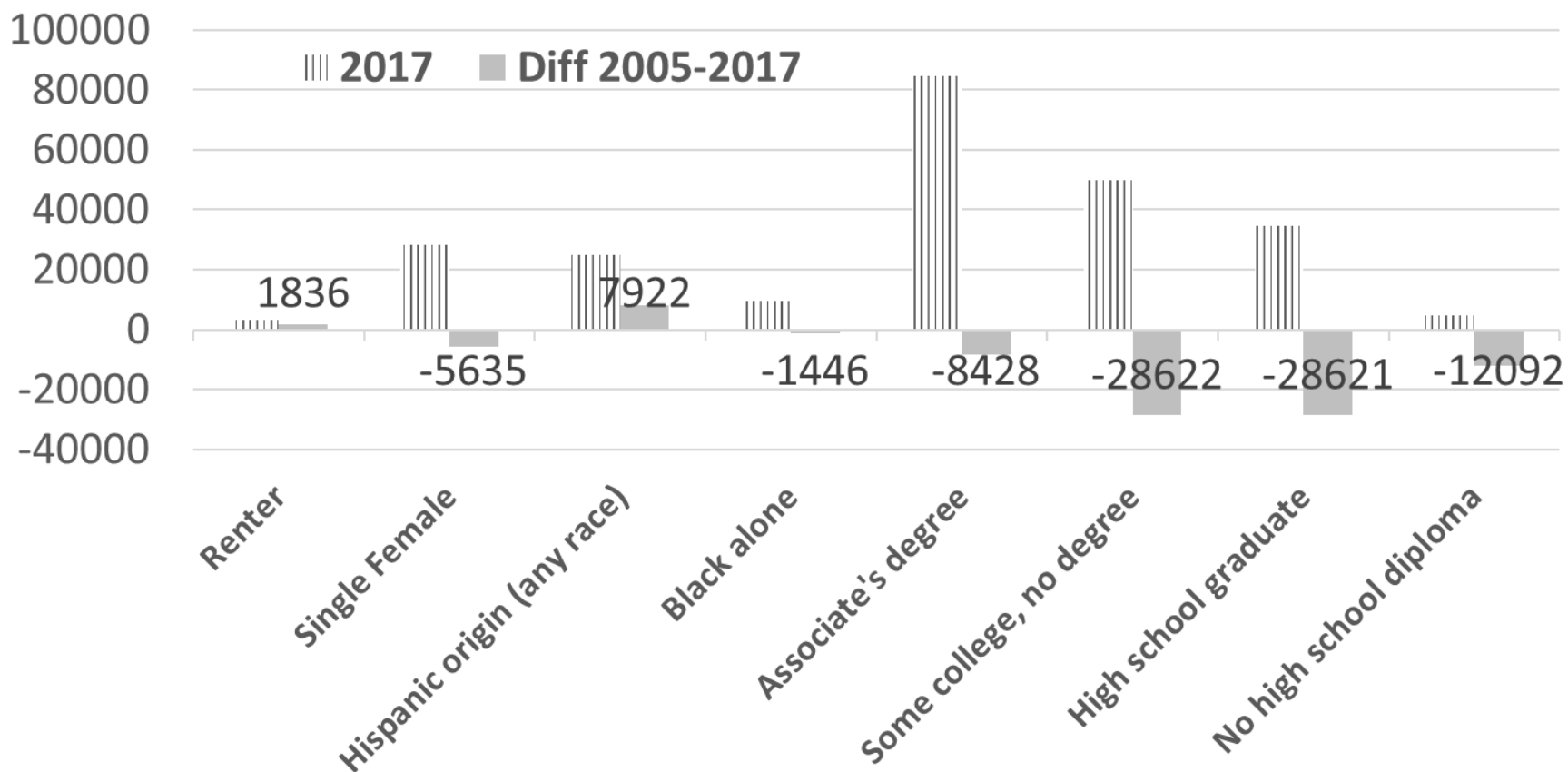


Vulnerable Communities

Mapping the scale and distribution of rental risk across the United States. Here we see highly rent-burdened households

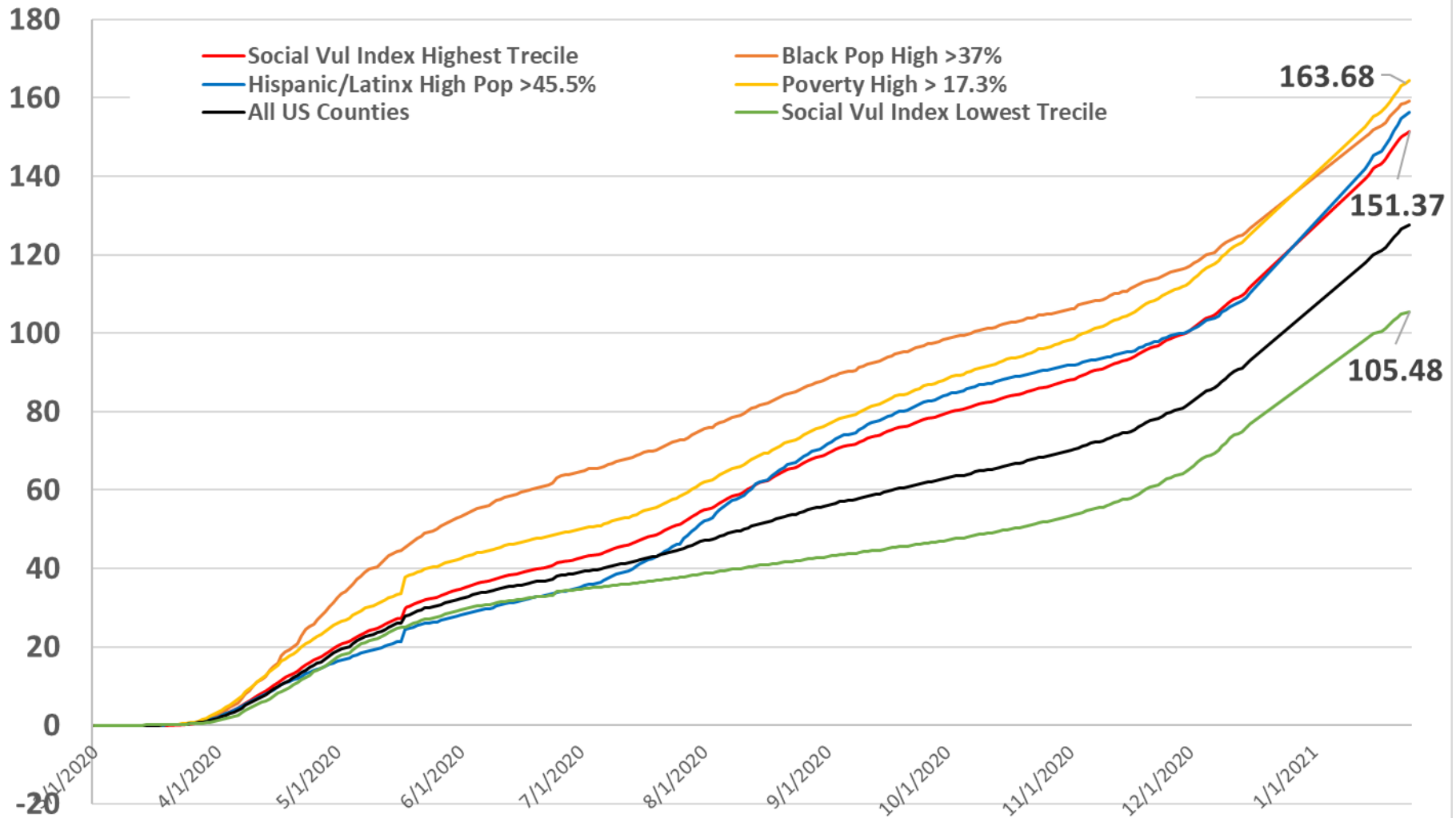
Compounded Economic Shocks

Figure 1. Median Net Worth 2017 and Difference from 2005 to 2017



Source: Difference computed by author using the U.S. Census Bureau, Survey of Income and Program Participation, 2010 and 2017. Median Value of Wealth Tables 2005, 2010, 2015, 2017

Figure 2. COVID-19 Deaths, By County Characteristics Cumulative Death Rate per 100,000



Source: CDC COVID Data Tracker, Trends in COVID-19 Cases and Deaths in the United States, by County-level Population Factors

Spatial Inequality

Focuses on the spatial dimensions of social inequality.

Social inequality is concerned with the uneven distribution of key resources and opportunities such as: income or accessibility to healthcare, food and other public services by race, gender, class.

Private Residential
Mission Viejo, CA



Row Homes
Philadelphia, PA



Spatial Inequality

Covid-19 Legacy – Spatial Inequality

1. Severe loss of businesses
2. Loss of social and human capital for local communities
3. Massive rental eviction likely (foreclosures to follow)
4. Forced displacement

Government Intervention Appropriate?

- 1. Market Failure
- 2. Externalities
- 3. Public Good

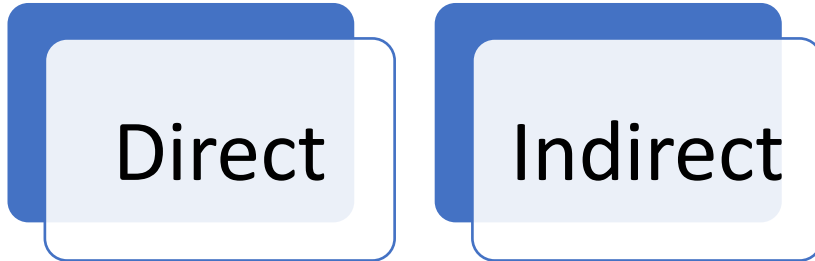


People-base vs Place-based Policies

Placed-Based

Measures

- Enterprise/Empowerment Zones
 - Large Transportation/Infrastructure Projects
- Tax Credits



Critiques

Not targeted
enough

Wasteful and
counterproductive

Can never be big
enough to address
the problem

Neighborhood Stabilization Program

Primarily sought to aid communities through the purchase and redevelopment of foreclosed and abandoned homes.

- Over three waves of NSP, HUD allocated \$6.82 billion
- 307 NSP grantees in 2008,
- 56 in 2009, and
- 270 grantees in 2010 nationwide

NEIGHBORHOOD STABILIZATION PROGRAM ACTIVITY IN CA 2008-2010

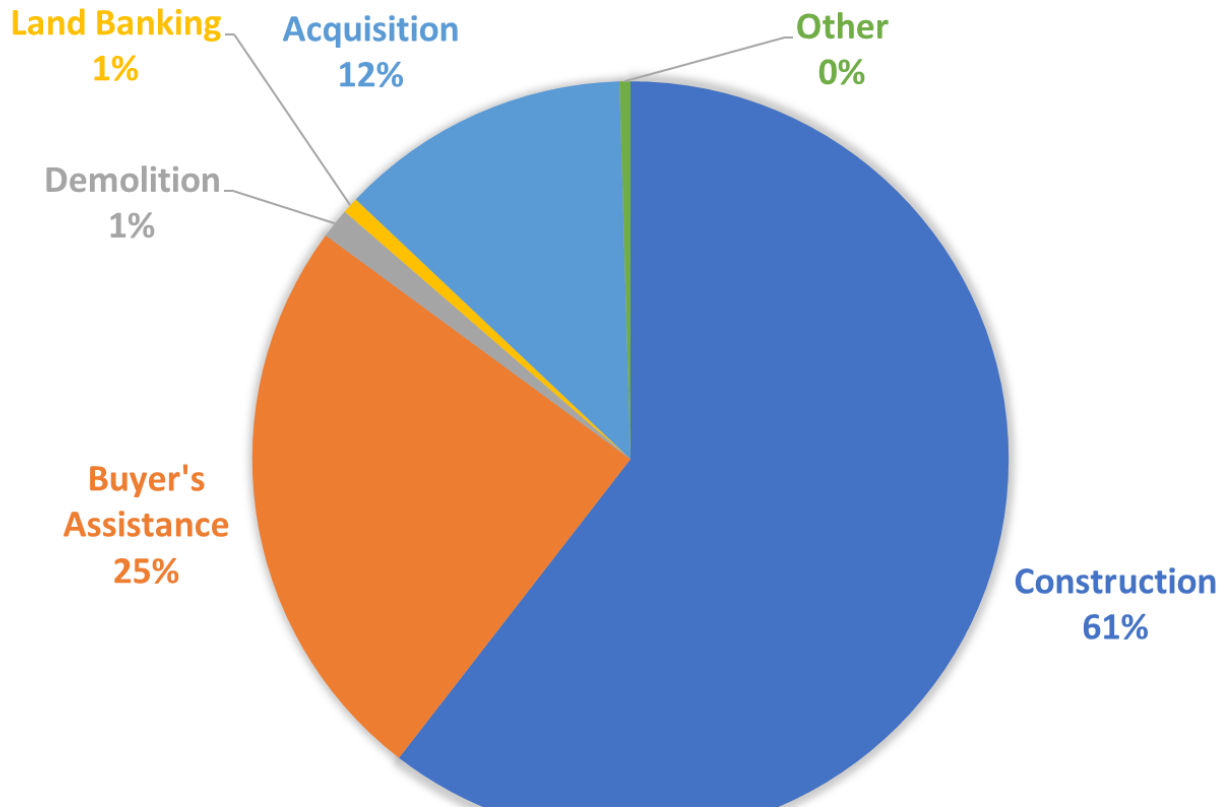


Table 2. OLS Regression Difference-in-Difference NSP Effects

| Community Characteristics | Best Matched Samples | | |
|---------------------------|----------------------|--------------|--------------|
| | Full Sample | Group 3 | Group 4 |
| White | -0.003 | -0.02 | -.037** |
| Asian | 0.002 | -0.002 | -0.001 |
| Black | -.012*** | -.011** | -0.002 |
| Hispanic | .015*** | .026** | 0.008 |
| Minority | 0.003 | 0.02 | .037** |
| College Educated | -.008** | -0.006 | -.010** |
| Unemployed | -0.002 | -0.001 | -0.004 |
| Poor | .011** | .017* | 0.004 |
| Median Household Income | -652.795 | -1525.812 | -1754.079** |
| High Rental | -.019** | -0.011 | 0.002 |
| Owner Occupied | -0.004 | -0.007 | 0.004 |
| Vacant Housing | -.009** | 0.003 | -0.008 |
| Median Housing Value | -20303.364*** | -17843.435** | -17058.907** |

Source: Computed by the Author Using NSP program data – HUD data and American Community Survey, 5yr estimates, 2009 and 2014. *prob. <.10, **prob<.05, ***prob<.001

Policy Implications

- Place-based strategies work best when used along side people-based interventions.
- Great Recession Lessons: The policy effort must be swift and pack a big punch – at all costs, policy should seek to aggressively keep people in their homes.
- Precise policy design matters to achieve the effect that is desired

Biden's \$1.9 trillion emergency coronavirus plan

Fight the Public Health Crisis - \$400B

National vaccination program

Health workers

Expanded testing

Emergency paid leave

School funding

Economic Recovery - \$1T

Stimulus checks

Expanded unemployment benefits

Minimum wage

Expand child tax credit

Eviction protection

Addressing the hunger crisis

Relief for small businesses and communities - \$440B

Help for small businesses

Aid to local governments

Relief for transit systems

Supporting tribal governments

More Can Be Done To Focus Relief



Thank you!

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