

KHC EC 103: Housing Policy: An Economic Perspective
Prof. Adam Guren
Spring 2022

Professor Adam Guren
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270 Bay State Road, Room 400. Office hours in room 413.

Office Hours: Tu 3:30-5, M 9-10:30 (until 3/17), Th 9-10 (after 3/17) and by appointment.

Please email ahead so I can stagger students and inform you if office hours are on Zoom. If I am not in room 413, find me in room 400.

Course Description:

What makes for effectively designed economic policy, and specifically housing policy? Why is housing so expensive, and what can be done about it? How can the government affordably provide quality housing and improve access to opportunity? How can the government help stabilize the housing market, especially in a housing bust such as the one experienced in the Great Recession?

This course introduces students to economic analysis through the study of housing policy. The first half of the course focuses on microeconomic issues such as housing supply, regulation, rent control, affordable housing, and policies designed to induce households to move to better neighborhoods. The second half of the course focuses on macroeconomic issues related to the large boom and bust in the 2000s that precipitated the Great Recession including, monetary policy, refinancing and mortgage modification, tax policy as it relates to the housing market, foreclosure policy, and macroprudential policies pursued to limit future housing bubbles and busts. This section will include an analysis of the housing finance system in the United States and the challenges involved in redesigning it. Throughout, the course will teach students economic principles and how use data to assess economic arguments.

What This Course is *NOT*:

A key focus of the course will be on the design of public policy. But this course is ***NOT*** about politics. Rather than determining the objectives of policy – which is largely a political question – the economic approach taken by this course focuses on how to *design* policy to best meet given objectives. For example, rather than discussing how much income should be redistributed in society, we will focus on how to best and most efficiently redistribute given a target amount of redistribution. As such, we will *not* be focusing on whether we should reduce rents, provide low-income housing support, support homeownership, etc. Instead, we will be focusing on how to best design policies to achieve those ends and understanding why some policies are ineffective at achieving their objectives or even backfire.

I realize it will be hard to put aside your personal politics. But I am going to ask you to so that the course does not evolve into a big political debate every day.

That being said, some of the readings will have clear political angle – it is unavoidable. I have tried my best to balance out the course so it is as politically neutral as possible.

This course will address the following BU HUB Areas:

1. Social Inquiry II
2. Quantitative Reasoning II
3. Research and Information Literacy

Course Prerequisites:

There are no formal prerequisites, but students should feel very comfortable with algebra and pre-calculus to take this course. We will use simple algebra and the concept of a function and a system of equations quite regularly. Knowledge of differential calculus is useful but not required.

This course is not a substitute for EC101 and EC 102. I will not cover the full curriculum in the introduction to economics sequence. If you want to be an economics concentrator or take more advanced courses that require EC 101 and/or EC 102 as a prerequisite, this course will not replace these two courses.

Course Objectives:

The goal of this course is to provide students with the tools to critically evaluate public policies and their efficacy using theoretical and empirical economic analysis. In particular, students will:

1. **Learn the principles of economics.** Students will learn the basics of supply and demand, market equilibrium, and the analysis of economic policy interventions, taxes, and price controls, including welfare analysis and externalities.
2. **Understand causal inference and research designs used to establish causality in economics.** Correlation does not imply causation. Students will learn how economists statistically assess causality, with a focus on several core empirical designs that are repeatedly used in economics – including field experiments, natural or “quasi” experiments, differences-in-differences designs, and regression discontinuity designs – with an eye to critically evaluating these designs and research that uses these designs.
3. **Develop the tools to analyze the effectiveness of public policy.** Each week, we will focus on a different housing policy and discussing its effectiveness. Over the course of the semester, each student will write a paper that analyzes an existing or proposed housing policy using data.
4. **Understand the important questions and concerns in housing policy in the United States.** In learning about different housing policies, we will touch on the major issues that policymakers grapple with in formulating housing policy.

5. **Evaluate the uses and abuses of quantitative evidence in public discourse.** Students will read and analyze descriptions of economic analysis in the popular press and politics and discuss why such evidence is often misunderstood or misused.
6. **Communicate quantitative analysis,** through readings, course discussions, and their final paper.
7. **Understand the research process** including searching for information sources, formulating a topic, gathering and analyzing arguments, and communicating findings.

Course Format:

The course will meet twice a week. The first two weeks will provide a course introduction and an introduction to economic analysis and principles. Thereafter, most week will be focused on a housing policy (roughly: sometimes a policy will only fill one and a half classes and other times will cut across weeks). Generally, the first class will be a lecture where I will introduce the policy and teach some economics and/or statistical methods that will be used in the analysis of that week's policy. The second class will be a class discussion of the policy. In preparation for the discussion, you will be expected to read and think about several readings and provide a half-page emailed reaction to the readings due the day before. I will provide discussion questions and indicate to you when a response reaction is due (roughly once a week).

Throughout, I want this course to be interactive. If you are confused, tell me! If you want to say something, raise your hand! I also want the discussions to be lively. I ask that every student speak at least once each class.

Course Materials:

In the first several weeks, we will be introducing the core economic concepts of supply and demand and how government policy interacts with supply and demand. For this, I will be using several chapters of N. Gregory Mankiw's *Principles of Economics*. Unfortunately, if you want to purchase this book it is extremely expensive (\$250 for a hard copy). Given that we will be using only parts of the book for part of the class, I would suggest that you get an e-book rental for the semester for \$40, which you can obtain at: <https://www.cengage.com/c/principles-of-economics-8e-mankiw/> (There is now a 9th edition. Get whichever one you want). The book is also on reserve at the library.

We will also use four other books which are available at bookstores or Amazon and on reserve at the library:

- *Evicted* by Matthew Desmond
- *High Risers* by Ben Austen
- *The Color of Law* by Richard Rothstein

For background, I have included optional readings from *Housing Policy in the United States, Third Edition* by Alex Schwartz. This is the standard primer on housing policy. It provides all of the facts about the major housing policies in the U.S. and is an excellent overview, although

sometimes it can feel a bit like a laundry-list of policies. I would use it if you want background, and I have indicated what chapter you should read when on the syllabus. I will use it to explain the background of various programs in class. It and its bibliography may be useful as you search for a paper topic. Schwartz is available online through the BU Library so you do not have to purchase this book.

Otherwise, the course materials will be a mix of journal articles, summaries of economic research written by me and others, and articles from the popular press available on the course Blackboard website or through the BU Library. The end of the syllabus includes a detailed class-by-class reading list, and I will post reading guides for each class that list the readings and have some questions to think about as you do them. ***Please check the latest version of the syllabus online and the reading guide online before you start doing the week's readings as the required readings will likely change over the course of the semester.***

Many of the readings are URLs. Please let me know ASAP if you are having trouble with them. I go through regularly to check that the URLs work, but there is a chance that a URL has changed since I last checked. Also, sometimes multi-line URLs have a bad link from a PDF. Please try to copy the full URL rather than just clicking on the link, which sometimes does not work.

A few of the readings may be technical. Do your best to try to understand the key ideas and findings. Read the introduction and do not feel like you need to understand absolutely everything for these technical readings.

Assignments:

Response Papers: Most weeks (with the exception of the first two), will focus on a particular housing policy. In general, the first class each week will be a “tools” class on economics related to that week’s policy designed to teach you economic analysis and tools. The second class each week will be a class discussion of the policy based on a reading about the policy. Students will email the professor a ½ page (300-400 word) e-mailed response to the reading the by 3pm the day before the discussion summarizing in their view the successes and failures of the policy in question in light of the readings and discussion questions posted on the course website. The goal here is to make sure you are reading critically, thinking about the material, and ready to discuss the material in class. Classes with a response paper due are indicated with a * on the week-by-week agenda below. There are roughly ten response papers over the course of the semester.

These assignments will be graded as a check plus, check, check minus, or zero:

- **Check Plus (100%):** Reflective of a particularly thoughtful and impressive effort to engage with the readings.
- **Check (90%):** Reflective of strong engagement with the readings.
- **Check Minus (80%):** Reflective of a limited attempt to engage with the readings.
- **Zero (0%):** You did not turn anything in (do not do this).

Your lowest two assignments will be dropped (including any zeros).

Semester-Long Project: Over the course of the semester, you will write a policy memo on a housing policy of your choice. This assignment will be broken into stages, with feedback

throughout the process.

I want to give you as much leeway as possible in choosing the policy that will be your focus, so the policy can be micro or macro, existing or proposed, U.S. or abroad. I am happy for it to be a broad policy (e.g., “rent control”) but I would like you to have a specific example (e.g., “rent control as implemented by the City of San Francisco”) because the devil is often in the details of how a particular policy is implemented.

The project has six stages:

1. (Week 3: Jan 31-Feb-4) Meet with the professor for 10 minutes. In advance, email professor one paragraph introducing yourself and your interest in the course and three one sentence ideas for the policy you will analyze for your major assignment. At your meeting, we will try to flesh out the policy that you will analyze this semester.

For ideas on policies you might be interested look at:

- Newspapers and magazines! There are lots of articles on housing policy.
- The papers listed as “Background Reading” below.
- The Department of Housing and Urban Development publishes an interdisciplinary journal “Cityscape” about housing policy where each issue is centered on a topic. This is a good resource to start your search. See https://www.huduser.gov/portal/periodicals/cityscape/prev_iss/cspast.html.
- I would also look at “CityLab” which has a lot of housing policy articles and search google or your favorite newspaper for stories on particular policies.

2. (Week 6: February 24) 2-page description of your policy. What are its objectives? What are the design features? What is the history of the policy, and when was it implemented and/or changed (or when will it be implemented)?

The goal here is to familiarize yourself with the policy and its details and start researching the nuts and bolts of this policy.

3. (Week 9: March 22) 3-page literature review with citations. What has been written about your policy? What aspects of the policy are controversial? What are costs and benefits of the policy? What critiques have been made?

The goal is to familiarize yourself with the types of arguments being made about your policy and what has been said about it in preparation for you making a policy recommendation. This will require finding primary and secondary sources about your policy.

4. (Week 9: March 22) Each student will present their paper topic and background on literature to the class for 5-7 minutes. You do not need to use slides, but if you do you may not use more than 4 slides.

The goal is for us all to learn about what members of our class are working on for

their final policy memos and to help everyone with their memo by brainstorming things they might think about and explore in their memo as a group. It is my hope that this will help point you in the right direction for the final memo.

5. (Week 11: April 5) 1 page description of the data component of your final paper.

Your final paper must include an analysis of data. This is left deliberately open ended. Most students will provide an analysis of an existing empirical study or data analysis by researchers or a local government. If you want to, you may also conduct your own new analysis of data.

In your data analysis, you should assess how convincing the data you have brought to bear is. What is the research design? What are the assumptions needed to evaluate the causal effects of the policy? An important part of data analysis is communication and visualization of the data, so you should pay attention to how the data is communicated and presented to the reader, which we will discuss throughout the semester.

At this point, you should have a sense if (1) what your data analysis will be and (2) if you are getting your own data, you should have it. You should discuss your data analysis with the professor, who can help you find what data to include.

The goal is to make sure you do not leave the data analysis component until the last minute.

6. (Week 15: May 3) 10-15 page Policy Memo meant for the policy maker in charge of implementing your policy. Your memo should address whether the policy is the policy successful at meeting its objectives and how it might be improved. You should have a clear policy recommendation as part of your analysis.

The memo should include:

- 1 page introduction and summary of your main argument.
- 3-4 page description of the policy, its objectives, and what has been written about the policy. This should make use of your 2-page description of the policy and 3-page literature review, but you must edit these down. The idea is to present only those things that are important for your subsequent analysis.
- 6-10 page analysis of the effectiveness of the policy, including the data analysis. This is the meat of the memo.
- Brief conclusion.

Do not feel like you need to go to the longer side. Brevity is encouraged! I do, however, want to give you enough room to make any presentation of data large enough (please, no tiny or giant tables or figures).

I realize this is an open-ended assignment. To give you guidance I have posted several sample memos that were highly successful from past years when I taught the course on the course

website. I am also happy to meet with you one-on-one to provide help and guidance, and we will discuss the memo quite a bit in class.

Grading:

40% Class Participation and Response Papers

60% Final Project divided as follows:

5% Preparation for initial meeting with professor.

10% 2 Page Policy Description

10% 3 Page Literature Analysis

10% 5 Minute Presentation

5% 1 Page Description of Data Analysis

60% Final Policy Memo

I will give grades and progress updates at each stage of the final project.

Course Policies:

Laptops and Cell Phones: I ask that students not use cellular phones, social media, or similar devices in class. I also ask that students not use laptops or tablets for reasons other than Zoom. This article explains why: <https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html>. If you need to use a laptop or tablet for educational/learning reasons, please come talk to me about it and I can exempt you from this policy.

COVID-19 Pandemic and Unforeseen Bumps in the Road (Kilachand Policy)

I know that this is an extremely difficult time to be a college student and to be making decisions that may impact your health (and that of your loved ones) as well as your educational future. I empathize with these challenges and will work to support you to the best of my ability. Please reach out at any time if I can be of help. I care about your health, mental health, and well-being just as I care about your learning in our course.

If you do test positive for COVID or find yourself required to quarantine, I encourage you to be in touch with me, just as I would ask you to let us know of any illness or life circumstance that would impact your performance in my course. With this information, I will be better able to support you and make course accommodations as needed. I will certainly keep any personal information in confidence. I can also share course videos from last year for most (but not all) classes if you have to miss class. I may not be able to record course sessions but can try my best to give you Zoom access or share course videos from last year.

I also know that unforeseen circumstances may arise given the pandemic that may limit your ability to engage with the course. I will be as lenient as reasonably possible so long as things do not seem to be turning into a worrisome pattern.

Finally, I may have to miss class. If this happens, I will adjust and reschedule class or move class to Zoom as appropriate.

Attendance and Participation: You are required to attend all classes unless you have a reason that you communicate to me prior to class. If you miss more than one meeting, your course grade may be lowered by 1/3 of a letter grade per missed class. If you have a special obligation that will require you to miss several classes, please discuss with me at the beginning of a semester.

Participation in class is important, especially for the second class each week in which we discuss the week's housing policy. I expect every student to make a comment in every class discussion. Participation will count towards your grade.

Assignment Completion and Late Work: Weekly response papers that are more than an hour late will be docked one grade. Weekly response papers that are not turned in prior to class will be given a zero. Each stage of the semester-long project will be docked 1/3 of a letter grade for each day late. If you will not make a deadline or require an extension, please let me know in advance.

Plagiarism: Plagiarism will be taken very seriously and is not allowed. Plagiarism refers to both directly lifting language or paraphrasing an idea without attribution. I am not expecting you to have an entirely new idea in your memo; it is meant to synthesize a coherent policy argument. Given this, *there is no reason for you not to liberally cite sources that you use*. Doing so repeatedly and using quotations from sources that you attribute to them is perfectly fine, and I will not mark you down for doing so. The issue arises when you do not appropriately cite sources.

To that end, you must turn in your final memo through Turnitin. This online tool will check your paper for similarity to millions of sources and help me identify potential plagiarism. This can be done under the "policy memo" tab on the course website. You can submit, view your similarity report, and resubmit if you are concerned about the similarity report.

Academic Conduct: No collaboration with other students is allowed on the weekly response papers or the semester-long project

Students must act in accordance with BU's Academic Conduct Code which is available at <https://www.bu.edu/academics/policies/academic-conduct-code/>.

Students must also adhere to Kilachand's Conduct Code: "All Kilachand Honors College students are expected to maintain high standards of academic honesty and integrity. Every Kilachand student must follow [Boston University's Undergraduate Academic Conduct Code](#) regarding "academic misconduct," which is "conduct by which a student misrepresents his or her academic accomplishments, or impedes other students' opportunities of being judged fairly for their academic work. Knowingly allowing others to represent your work as their own is as serious an offense as submitting another's work as your own." Furthermore, Kilachand students must meet all [Kilachand Honors College Academic Standards](#). These policies and procedures should guide students in achieving their educational goals."

Accommodations, Resources and Support:

Students needing academic accommodations are encouraged to contact the Office for Disability

Services (353-3658). If you require special accommodations, please notify me within the first two weeks of class so that I can make arrangements in a timely manner.

Office of Disability Services

19 Deerfield Street, 2nd Floor
(617) 353-3658 <http://www.bu.edu/disability/>

Educational Resource Center

One-on-one peer tutoring, study skills help, and writing assistance.

100 Bay State Road, 5th Floor
(617) 353-7077 www.bu.edu/erc

Writing Center

100 Bay State Road, 3rd Floor
(617) 358-1500 <http://www.bu.edu/writingprogram/the-writing-center/>

Library Resources:

The BU Library is a tremendous resource. The librarians are happy to help you find materials for the class and for your term paper. The library has a powerful search function at the front page www.bu.edu/library. You can find books, e-books, journal articles, and periodicals through this powerful tool. For instance, if you search for “Schwartz housing policy” the top result will be two versions of the Schwartz book. You can click on the third edition and find a link to the online e-book. The library also has a guide to economics research that contains several different resources specifically related to economics, which you can find at <http://library.bu.edu/economics>.

Feedback:

This is the third time this course has been taught. I care a lot about this course’s success and want to make sure the course is interesting, rewarding, and that you understand the material. I also want to make sure that the readings are not overwhelming.

Consequently, I want to encourage you to give feedback to me about the course. If you do not fully understand something or something is not interesting, tell me. If a reading was too difficult or too long, let me know. You will *never* be penalized for giving me constructive feedback about the course, and I will use your suggestions to improve the course as the semester proceeds. Please be candid. It can only help you by making the rest of the course better!

Office Hours:

This class is likely the smallest and most interactive class you will take this semester. Take advantage of the small group and come to office hours. I’m happy to discuss the class, work with you on your paper, and generally advise you about your first year. My office hours are Tuesday

3:30-5, Monday 9-10:30 (before 3/17), and Thursday 9-10:30 (after 3/17) and by appointment. Please let me know if you via email if you are going to come so I can be sure to accommodate you and know whether I need to move office hours to a more spacious venue; my office hours may be busy for the first half of the semester when I am teaching two PhD courses in addition to this course. If these times do not work for you, email me and we will find a time that works. I may have to cancel and reschedule a few office hours over the course of the semester or move some office hours to Zoom and will email you if this happens. This is even more reason not to show up at my office without emailing ahead.

Day-By-Day Agenda (Subject to Change)

Part 1: Introduction

January 20 (1): Intro: Why Care About Housing Policy? What is the Economic Approach?

January 25 (2): Why is Housing So Expensive? Supply, Demand, Zoning, and Regulation I

January 27 (3): Why is Housing So Expensive? Supply, Demand, Zoning, and Regulation II

Student Meetings With Instructor This Week to Discuss Topics for Policy Memo

February 1 (4): Matthew Desmond's *Evicted* *

February 3 (5): The Impact of Neighborhoods

Part 2: Affordable Housing Policy

February 8 (6): How to Make Housing Affordable? Public Housing, Rent Subsidies, Building Subsidies, and Price Controls

February 10 (7): Public Housing and Hope VI *

February 15 (8): Moving to Opportunity and Causality **(Policy Description Due)**

February 17 (9): Moving to Opportunity II, Improving Vouchers

February 22: Monday Schedule (No Class)

February 24 (10): Subsidies for Rental Housing and the Low-Income Housing Tax Credit I *

March 1 (11): Subsidies for Rental Housing and the Low-Income Housing Tax Credit II

(Guest Speaker: Gina Martinez, Beacon Communities)

March 3 (12): Rent Control I

March 15 (13): Rent Control II, Inclusionary Zoning

March 17 (14): Affordable Housing Wrap Up *

March 22 (15): Student Presentations

(Memo Lit Review Due, Student Presentations on Final Memo Topics)

Part 3: Homeownership, Discrimination, and Policy in Practice

March 24 (16): Discrimination in the Housing and Mortgage Markets I *

March 29 (17): Discrimination in the Housing and Mortgage Markets II

March 31 (18): Taxes and Housing: The Home Mortgage Interest Deduction *

Part 4: The Recent Boom and Bust and Policies to Ameliorate Housing Cycles

April 5 (19): The Housing Finance System I

(Policy Memo Data Component Description Due)

April 7 (20): Housing Policy in Practice (Guest Speaker: Sheila Dillon, City of Boston) *

April 12 (21): Housing Finance System II / Understanding Boom and Bust I (Watch Big Short)

April 14 (22): Understanding the Boom and Bust II

April 19 (23): Understanding the Boom and Bust III

April 21 (24): Foreclosure Mitigation Policy I *

April 26 (25): Foreclosure Mitigation Policy II, Regulation, and GSE Reform

April 28 (26): COVID-19 and Housing Policy *

May 3 (27): Monetary Policy and the Mortgage Market, Conclusion (Extra class)

(Final Policy Memo Due Via Email and Turnitin)

* Denotes class with response paper due.

Detailed Course Outline and Readings

Note: This reading list will be updated and changed as we go through the semester. Please check the newest version and when in doubt trust each class' reading guide over the syllabus.

Optional background reading:

- Olsen, Edgar and Jeff Zabel (2015). "U.S. Housing Policy." *Handbook of Regional and Urban Economics*: 887-986.
- Collinson, Robert, Ingrid Gould Ellen, and Jens Ludwig (2016). "Low Income Housing Policy" in *Economics of Means-Tested Transfer Programs in the United States, Volume 2* ed. Robert Moffit. University of Chicago Press: 59-126.
- Desmond, Matthew and Monica Bell (2015). "Housing, Poverty, and the Law." *Annual Review of Law and Social Science* 11: 15-35.

Part 1: Introduction

January 20 (1): Intro: Why Care About Housing Policy? What is the Economic Approach?

Key Concepts:

- Principles of Economics

Readings:

- Mankiw, *Principles of Economics*, Ch. 1-2.

Optional Readings:

- Schwartz, *Housing Policy in the United States*, Ch. 1.

January 25 (2): Why is housing so expensive? Supply, Demand, Zoning, and Regulation I

Key Concepts:

- Supply and Demand
- Market Equilibrium
- Elasticity

Readings:

- Mankiw, *Principles of Economics*, Ch. 4 and Ch. 5 introduction, 5-1abd, 5-2, 5-3b

Optional Readings:

- Mankiw, rest of Ch. 5

January 27 (3): Why is Housing So Expensive? Supply, Demand, Zoning, and Regulation II

Key Concepts:

- Housing Supply
- Zoning and Regulation

Readings:

- Vox (2021). "How the US Made Affordable Homes Illegal." Youtube https://www.youtube.com/watch?v=0Flsg_mzG-M.
- Glaeser, Ed (2017). "Reforming Land Use Regulations." Brookings. <https://www.brookings.edu/research/reforming-land-use-regulations/>.
- Badger, Emily (2018). "The Bipartisan Cry of 'Not on My Backyard'" *The New York Times*. Badger, Emily (2018). "The Bipartisan Cry of 'Not on My

Backyard”” *The New York Times*.
<https://www.nytimes.com/2018/08/21/upshot/home-ownership-nimby-bipartisan.html>

- Badger, Emily and Quoc Trung Bui (2019). “Cities Start to Question an American Ideal: A House With a Yard on Every Lot.” *New York Times*.
<https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>
- Herriges, Daniel (2018). “Why Are Developers Only Building Luxury Housing?” *strongtowns.org*. <https://www.strongtowns.org/journal/2018/7/25/why-are-developers-only-building-luxury-housing>.
- Florida, Richard (2019). “‘Build More Housing’ Is No Match for Inequality.” *CityLab*. <https://www.citylab.com/equity/2019/05/housing-supply-home-prices-economic-inequality-cities/588997/>
- Florida, Richard (2019). “How Housing Supply Became the Most Controversial Issue in Urbanism.” *CityLab*.
<https://www.citylab.com/design/2019/05/residential-zoning-code-density-storper-rodriguez-pose-data/590050/>

Fun:

- Planet Money Podcast (2018). “Episode 856: Yes in My Backyard.” *NPR*.
<https://www.npr.org/sections/money/2018/07/27/633238360/episode-856-yes-in-my-backyard>.

Optional Readings:

- Schwartz, *Housing Policy in the United States*, Ch. 2.
- Woellert, Lorraine (2017). “Why Washington Can’t Fix the New Housing Crisis.” *Politico*. <http://www.politico.com/agenda/story/2017/07/07/housing-crisis-shortage-no-fix-000472>.

February 1 (4): Matthew Desmond’s *Evicted*

Key Concepts:

- Eviction
- The Sociological Approach

Readings:

Note: The readings for this class are unusually long.

- Desmond, Mathew (2016). *Evicted: Poverty and Profit in the American City*.
 - Entire book through epilogue.
- Optional Readings:
 - Badger, Emily and Quoc Trung Bui (2018). “In 83 Million Eviction Records, A Sweeping and Intimate New Look at Housing in America.” *The New York Times*.
<https://www.nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html>.
 - Badger, Emily (2019). “Many Renters Who Face Eviction Owe Less than \$600.” *The New York Times*.
<https://www.nytimes.com/2019/12/12/upshot/eviction-prevention-solutions-government.html>.

February 3 (5): The Impact of Neighborhoods

Key Concepts:

- Externalities
- The Importance of Neighborhoods and Neighborhoods Effects

Readings:

Note: Do not read the Chetty et al. papers just the NYT articles and summaries.

- Mankiw, *Principles of Economics*, Ch. 10 introduction, 10-1 and 10-2.
- Chetty, Raj, Nathaniel Hendren, Pat Kline, and Emmanuel Saez (2014). “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.” *Quarterly Journal of Economics* 129(4): 1553-1623.
 - Non-Technical Summary: <https://opportunityinsights.org/wp-content/uploads/2018/03/Geography-Executive-Summary-and-Memo-January-2014-1.pdf>.
 - NYT Article: <https://www.nytimes.com/2013/07/22/business/in-climbing-income-ladder-location-matters.html>.
- Chetty, Raj and Nathaniel Hendren (2018). “The Effects of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects.” *Quarterly Journal of Economics* 133(3): 1107-1162.

Chetty, Raj and Nathaniel Hendren (2018). “The Effects of Neighborhoods on Intergenerational Mobility II: County-Level Estimates.” *Quarterly Journal of Economics* 133(3): 1163-1128.

 - Non-Technical Summary: https://opportunityinsights.org/wp-content/uploads/2018/03/nbhds_exec_summary-1.pdf
 - NYT Article: <https://www.nytimes.com/2015/05/04/upshot/an-atlas-of-upward-mobility-shows-paths-out-of-poverty.html>.
- Chetty, Raj, John Friedman, Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter. “The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility.”
 - Non-Technical Summary: https://opportunityinsights.org/wp-content/uploads/2018/10/atlas_summary.pdf
 - NYT Article: <https://www.nytimes.com/2018/10/01/upshot/maps-neighborhoods-shape-child-poverty.html>
 - Browse the atlas at: <https://www.opportunityatlas.org/>.

Optional Readings:

- Mankiw, *Principles of Economics*, Ch. 7, 10-3 and 10-4.
- Chetty, Raj, Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter (2019). “Race and Economic Opportunity in the United States: An Intergenerational Perspective.” *Quarterly Journal of Economics*, Forthcoming.
 - Non-Technical Summary: http://www.equality-of-opportunity.org/assets/documents/race_summary.pdf.
 - NYT Article: <https://www.nytimes.com/interactive/2018/03/19/upshot/race-class-white-and-black-men.html>.

Part 2: Affordable Housing Policy

February 8 (6): How to Make Housing Affordable?
Public Housing, Rent Subsidies, Building Subsidies, and Price Controls

Key Concepts:

- Kinds of Government Intervention

Readings:

Note: The readings are light for this class because the next class has a lot of reading.

- Schwartz, *Housing Policy in the United States*. (E-book through BU Library). Read Ch.1 pages 7-10 “Housing Policy in the United States: An Overview.”
- Rosan, Chirstina (2014). “Policy Shift: How the U.S. Developed a Hybrid Model of Affordable Housing Provision.” Wilson Center. On course website. Read Pages 1-17.
- Covert, Bryce (2018). “The Deep, Uniquely American Roots of Our Affordable-Housing Crisis.” *The Nation*. <https://www.thenation.com/article/give-us-shelter/>.
- Demsas, Jerasalem (2021). “What We Talk about When We Talk About Gentrification.” Vox. <https://www.vox.com/22629826/gentrification-definition-housing-racism-segregation-cities>.

February 10 (7): Public Housing and Hope VI

Key Concepts:

- Public Housing
- Hope VI

Readings:

Note: The readings for this class are unusually long.

- Austen, Ben (2018). *High Risers: Cabrini-Green and the Fate of American Public Housing*.
 - Entire book.
- Katz, Bruce and Henry Cisneros (2004). “Keep HOPE (VI) Alive.” *Atlanta Journal-Constitution*. <https://www.brookings.edu/opinions/keep-hope-vi-alive/>.

Optional Readings:

- Schwartz, *Housing Policy in the United States*, Ch. 6.

February 15 (8): Housing Vouchers, Moving to Opportunity, and Causality

Key Concepts:

- Correlation vs. Causation
- Randomized Controlled Trials and Field Experiments vs. Natural Experiments
- Lessons from MTO
- Outcomes from giving households vouchers.

Readings:

Note: The readings are light for this class because the next class has a lot of reading.

- JPAL (2017). “Why Randomize?”
<https://www.youtube.com/watch?v=Uxqw2Pgm7s8>.
- Shroder, Mark D. and Larry L. Orr (2012). “Moving to Opportunity: Why, How, and What Next?” *Cityscape* 14(2): 31-56.
https://www.huduser.gov/portal/periodicals/cityscape/vol14num2/Cityscape_July2012_moving_to_opportunity.pdf.

- J-PAL Policy Briefcase (2015). “Moving to Opportunity.” Available at https://www.povertyactionlab.org/sites/default/files/publication/briefcase_moving-to-opportunity.pdf.
- Chetty, Raj, Nathaniel Hendren, and Lawrence Katz (2016). “Executive Summary: The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment.” https://opportunityinsights.org/wp-content/uploads/2018/03/mto_exec_summary.pdf.
- NPR Planet Money Podcast (2019) “Episode 937: Moving to Opportunity?” <https://www.npr.org/2019/08/30/756028025/episode-937-moving-to-opportunity>.

February 17 (9): Improving Housing Vouchers

Key Concepts:

- Differences-in-Differences Design

Readings:

- Turner, Margery Austin (2003). “Strengths and Weaknesses of the Housing Voucher Program.” Congressional Testimony. <https://www.urban.org/sites/default/files/publication/64536/900635-Strengths-and-Weaknesses-of-the-Housing-Voucher-Program.pdf>.
- Ellen, Ingrid Gould (2017). “What Do We Know About Housing Choice Vouchers?” NYU Working Paper. http://furmancenter.org/files/HousingChoiceVouchers_WorkingPaper_IngridGouldEllen_14AUG2017.pdf.
- Vesoulis, Abby (2021). “Including Housing Voucher Funds in Democrats’ Reconciliation Bill is the First Challenge. Getting them to Accept Them is Another.” *Time*. <https://time.com/6103813/housing-voucher-problem/>.
- Semuels, Alana (2015). “How Housing Policy Is Failing America’s Poor.” *The Atlantic*. <https://www.theatlantic.com/business/archive/2015/06/section-8-is-failing/396650/>.
- Fessler, Pam (2019). “In Seattle, A Move Across Town Could Be a Path Out of Poverty.” <https://www.npr.org/2019/08/05/747610085/in-seattle-a-move-across-town-could-be-a-path-out-of-poverty>.
- Bergman, Peter, Raj Chetty, Stephanie DeLuca, Nathaniel Hendren, Lawrence F. Katz, and Christopher Palmer. “Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice Non-Technical Summary.” https://opportunityinsights.org/wp-content/uploads/2019/08/cmt0_summary.pdf.
- Applebaum, Binyamin (2015). “Vouchers Help Families Move Far from Public Housing.” *The New York Times*. <https://www.nytimes.com/2015/07/08/business/economy/housing-program-expansion-would-encourage-more-low-income-families-to-move-up.html>.
- Description of Ganong and Collinson Paper and Differences-in-Differences Design on Course Website.

February 22: No Class (Monday Schedule)

February 24 (10): Subsidies for Rental Housing and the Low-Income Housing Tax Credit I

Key Concepts:

- Subsidies in Supply and Demand Model (revisited)
- Tax Expenditures
- LIHTC
- How Does LIHTC affect a neighborhood?
- LIHTC and segregation.

Readings:

- Scally, Corianne Payton, Amanda Gold, and Nicole DuBois (2018). “The Low Income Housing Tax Credit: How It Works and Who It Serves.” Urban Institute Research Report.
https://www.urban.org/sites/default/files/publication/98758/lihtc_how_it_works_and_who_it_serves_final_2.pdf.
- NYU Furman Center (2017). “The Effects of the Low-Income Housing Tax Credit (LIHTC)”
http://furmancenter.org/files/NYUFurmanCenter_LIHTC_May2017.pdf.
- NYU Furman Center (2012). “What Can We Learn About the Low-Income Housing Tax Credit Program by Looking at the Tenants?”
http://furmancenter.org/files/publications/LIHTC_Final_Policy_Brief_v2.pdf.
- Eligon, John, Yamiche Alicondor, and Augustin Armendariz (2017). “Program to Spur Low-Income Housing Is Keeping Cities Segregated.” *New York Times*.
<https://www.nytimes.com/2017/07/02/us/federal-housing-assistance-urban-racial-divides.html>.
- Hemel, Daniel (2017). “Is the Low-Income Housing Tax Credit ‘Keeping Cities Segregated?’” *Medium*. <https://medium.com/whatever-source-derived/is-the-low-income-housing-tax-credit-keeping-cities-segregated-9cbcc819e241>.
- Description of Diamond and McQuade on Course Website.

Optional Readings:

- Desai, Mihir, Dhammika Dharmapala, and Monica Singhal (2010). “Tax Incentives for Affordable Housing: The Low-Income Housing Tax Credit.” In *Tax Policy and the Economy, Volume 24* ed. Jeffrey Brown. University of Chicago Press: 181-205. <https://www.nber.org/chapters/c11971>.
- Badger, Emily and Jim Wilson (2018). *The New York Times*. “These 95 Apartments Promise Affordable Rent in San Francisco. Then 6,580 People Applied.” <https://www.nytimes.com/2018/05/12/upshot/these-95-apartments-promised-affordable-rent-in-san-francisco-then-6580-people-applied.html>.
- Schwartz, *Housing Policy in the United States*, Ch. 5 and 7.

March 1 (11): Subsidies for Rental Housing and the Low-Income Housing Tax Credit II
(Guest Speaker: Gina Martinez, Beacon Communities)

Key Concepts:

- Financing Affordable Housing and the Price of LIHTC.
- Policy Inter-Linkages and Unintended Consequences

Readings:

- Pristin, Terry (2008). “Affordable Housing Deals Are Stalling.” *The New York Times*.
<https://www.nytimes.com/2008/11/12/realestate/commercial/12housing.html>.

- Prinstin, Terry (2009). “Shovel Ready but Investor-Deprived.” *The New York Times*.
<https://www.nytimes.com/2009/05/06/realestate/commercial/06housing.html>.
- Dougherty, Conor (2018). “Tax Overhaul Is A Blow to Affordable Housing Efforts.” *The New York Times*.
<https://www.nytimes.com/2018/01/18/business/economy/tax-housing.html>.
- Grant, Peter (2017). “Affordable-Housing Industry Braces for GOP Tax Overhaul.” *The Wall Street Journal*. <https://www.wsj.com/articles/affordable-housing-industry-braces-for-gop-tax-overhaul-1511870400>.
- McCaffrey, Orla (2018). “Rising Interest Rates Are Another Blow to Affordable Housing Market.” *The Wall Street Journal*. <https://www.wsj.com/articles/rising-interest-rates-are-another-blow-to-affordable-housing-market-1534244400>.

March 3 (12): Rent Control I

Key Concepts:

- Price Controls in Supply and Demand Model
- Arguments For and Against Rent Control

Readings:

- Mankiw, *Principles of Economics*, Ch. 6.1.
- Velsey, Kim (2018). “How Does Your Landlord Calculate Your Rent?” *New York Times*. <https://www.nytimes.com/2018/01/05/realestate/small-landlord-calculate-rent.html>.
- Ault, Richard W. (1981). “The Presumed Advantages and Disadvantages of Rent Control” in *Rent Control: Myths and Realities*. Available at <http://www.walterblock.com/wp-content/uploads/publications/RentControlMythsRealities.pdf>.
- Friedman, Milton and George J. Stigler (1981). “Roofs or Ceilings? The Current Housing Problem.” in *Rent Control: Myths and Realities*. Available at <http://www.walterblock.com/wp-content/uploads/publications/RentControlMythsRealities.pdf>.
- Greenberg, Michael (2017). “Tenants Under Siege: Inside New York City’s Housing Crisis.” *New York Review of Books*.
<http://www.nybooks.com/articles/2017/08/17/tenants-under-siege-inside-new-york-city-housing-crisis/>.

March 15 (13): Rent Control II, Inclusionary Zoning

Key Concepts:

- Impacts of Rent Control
- Inclusionary Zoning

Readings:

- Autor, David, Christopher Palmer, and Parag Pathak (2014). “Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, Massachusetts.” *Cato Research Briefs in Economic Policy*.
<https://www.cato.org/publications/research-briefs-economic-policy/housing-market-spillovers-evidence-end-rent-control>.

- Diamond, Rebecca (2018). “What Does Economic Evidence Tell Us About the Effects of Rent Control?” <https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/>
- Preston, Dean and Shanti Singh (2018). “Rent Control Works: A Response to Business School Professors’ Misguided Attacks.” Medium. <https://medium.com/@tenantstogether/rent-control-works-a-response-to-business-school-professors-misguided-attacks-1305d9770ff7>.
- Smith, Noah (2017). “Yep, Rent Control Does More Harm Than Good.” *Bloomberg*. <https://www.bloomberg.com/view/articles/2018-01-18/yup-rent-control-does-more-harm-than-good>.
- Demsas, Jerusalem (2021). “I Changed My Mind on Rent Control.” *Vox*. <https://www.vox.com/22789296/housing-crisis-rent-relief-control-supply>.

Readings:

- Furman Center for Real Estate and Urban Policy (2008). “The Effects of Inclusionary Zoning on Local Housing Markets.” <https://furmancenter.org/files/publications/IZPolicyBrief.pdf>.
- Sturtevant, Lisa A (2016). “Separating Fact from Fiction to Design Effective Inclusionary Housing Programs.” https://media.wix.com/ugd/19cfbe_9a68f933ed6c45bfb5f8b7d2ef49dda0.pdf.
- Teitell, Beth (2014). “Boston Housing Lottery Offers Luxury at Low Cost.” *The Boston Globe*. <https://www.bostonglobe.com/lifestyle/style/2014/12/15/boston-housing-lottery-offers-luxury-low-cost/aAPOGUm4FwbvHEXq27mDUM/story.html>.
- Harris, Connor (2021). “Affordable Housing and the Dubious promise of Inclusionary Zoning.” <https://www.governing.com/community/affordable-housing-and-the-dubious-promise-of-inclusionary-zoning>.

Optional Readings:

- Bento, Antonio, Scott Lowe, Gerrit-Jan Knaap, and Arnab Chakraborty (2009). “Housing Market Effects of Inclusionary Zoning.” *Cityscape* 11(2): 7-26. <https://www.huduser.gov/portal/periodicals/cityscpe/vol11num2/ch1.pdf>.

March 17 (14): Affordable Housing Wrap-Up

Key Concepts:

- What Is the Best Combination of Affordable Housing Policies?

Reading: None

March 22 (15): Student Presentations

Reading: None

March 24 (16): Discrimination in the Housing and Mortgage Markets I

Key Concepts:

- History of Segregation and Discrimination in U.S. Housing
- Persistence of Redlining

Readings:

Note: The readings for this class are unusually long.

- Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*.
 - Preface, Ch. 1-6
- Explore CNN’s “dot map” of racial segregation at <https://edition.cnn.com/interactive/2021/us/census-race-ethnicity-map/>
- Explore Redlining Maps at <https://dsl.richmond.edu/panorama/redlining>. Compare to the segregation map.
- Badger, Emily. (2017). “How Redlining’s Racist Effects Lasted for Decades.” <https://www.nytimes.com/2017/08/24/upshot/how-redlining-racist-effects-lasting-for-decades.html>.

Optional Reading:

- Rothstein, Ch. 7-Epilogue

March 29 (17): Discrimination in the Housing and Mortgage Markets II: Redlining

Key Concepts:

- Theories of Segregation
- Assessing Mortgage Discrimination Today

Readings:

- Glaeser, Edward and Jacob Vigdor (2012). “The End of the Segregated Century: Racial Separation in America’s Neighborhoods, 1890-2010.” Manhattan Institute Civic Report #66. https://www.manhattan-institute.org/pdf/cr_66.pdf.
- Badger, Emily, Quoc Trung Bui, and Robert Gebeloff (2019). “All-White Neighborhoods are Dwindling as America Grows More Diverse.” *The New York Times*. <https://www.nytimes.com/2019/05/01/upshot/all-white-neighborhoods-are-dwindling-as-america-grows-more-diverse.html>
- Boustan, Leah Platt (2018). “Racial Residential Segregation in American Cities” in *Handbook of Urban Economics and Planning*, Eds Nancy Brooks, Kieran Donaghy, and Gerrit Knapp. Oxford University Press. https://scholar.princeton.edu/sites/default/files/lboustan/files/research13_handbook.pdf. Read only pages 322-327.
- Glantz, Aaron and Emmanuel Martinez (2018). “For People of Color, Banks Are Shutting the Door to Homeownership.” Reveal. <https://www.revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.
- Eisen, Ben (2020). “Dearth of Credit Starves Detroit’s Housing Market.” *The Wall Street Journal*. <https://www.wsj.com/articles/a-broken-mortgage-market-strands-detroits-black-residents-11603984218>.
- Turner, Margery Austin and Felicity Skidmore. “Introduction, Summary, and Recommendations” in *Mortgage Lending Discrimination: A Review of Existing Evidence*. The Urban Institute. 1-22 (Ch. 1 only). <https://www.urban.org/sites/default/files/publication/66151/309090-Mortgage-Lending-Discrimination.PDF>.

Optional Readings

- Schwartz, *Housing Policy in the United States*, Ch. 11
- Boustan, Leah Platt (2018). “Racial Residential Segregation in American Cities” in *Handbook of Urban Economics and Planning*, Eds Nancy Brooks, Kieran

Donaghy, and Gerrit Knapp. Oxford University Press.
https://www.princeton.edu/~lboustan/research_pdfs/research13_handbook.pdf.
Note: This reading can be a bit technical. You can disregard those parts.

March 31 (18): Taxes and Housing: The Home Mortgage Interest Deduction

Key Concepts:

- Tax progressivity and regressively, equity-efficiency tradeoff.
- Homeownership
- Home Mortgage Interest Deduction

Readings:

- Mankiw, *Principles of Economics*, Ch. 12.
- Yun, Lawrence and Nadia Evangelou (2016). “Social Benefits of Homeownership and Stable Housing.” National Association of Realtors. <https://realtor.com/content/uploads/2014/06/Homeownership-Stable-Housing.pdf>.
- Desmond, Mathew (2017). “How Homeownership Became the Engine of American Inequality.” *New York Times Magazine*, May 9 2017. <https://www.nytimes.com/2017/05/09/magazine/how-homeownership-became-the-engine-of-american-inequality.html>.
- Rubin, Richard (2017). “Mortgage Interest Tax Break Has ‘No Effect’ on Homeownership, Study Finds.” *The Wall Street Journal*. <https://blogs.wsj.com/economics/2017/07/24/mortgage-interest-tax-break-has-no-effect-on-homeownership-study-finds/>.
- Tankersly, Jim and Ben Casselman (2019). “As Mortgage-Interest Deduction Vanishes, Housing Market Offers a Shrug.” *The New York Times*. <https://www.nytimes.com/2019/08/04/business/economy/mortgage-interest-deduction-tax.html>.

Optional Readings:

- Mankiw, *Principles of Economics*, Ch. 8.
- Schwartz, *Housing Policy in the United States*, Ch. 4
- Goodman, Laurie S. and Christopher Mayer (2018). “Homeownership and the American Dream.” *Journal of Economic Perspectives* 32(1): 31-58.
- McCarthy, George, Shannon Van Zandt, and William Rohe (2001). “The Economic Benefits and Costs of Homeownership: A Critical Assessment of the Research.” Research Institute for Housing America. <https://www.mba.org/news-research-and-resources/research-and-economics/research-institute-for-housing-america/published-reports/2002-2000/the-economic-benefits-and-costs-of-homeownership-a-critical-assessment-of-the-research>.

April 5 (20): The Housing Finance System I

Key Concepts:

- Mortgages
- The U.S. Housing Finance and Its Institutions: Banks, Non-Bank Lenders, and the GSEs
- The U.S. Housing Finance System in Historical Context
- The U.S. Housing Finance System Compared to Other Countries’

Readings:

- Investopedia (2017). “Understanding the Mortgage Payment Structure.” <http://www.investopedia.com/articles/pf/05/022405.asp>. Also see <http://www.investopedia.com/video/play/what-mortgage/> and play around with the mortgage calculator at <https://www.mortgagecalculator.org/>.
- Weiss, N. Eric and Katie Jones (2017). “An Overview of the Housing Finance System in the United States.” Congressional Research Service Report #R42995. <https://fas.org/sgp/crs/misc/R42995.pdf>
- Demos, Telis (2021). “How the American Mortgage Machine Works.” *The Wall Street Journal*. <https://www.wsj.com/articles/how-american-mortgage-machine-works-11609675200>.

Optional Readings:

- Schwartz, *Housing Policy in the United States*, Ch. 3.
- Green, Richard K. and Susan M. Wachter (2005). “The American Mortgage in Historical and International Context.” *Journal of Economic Perspectives* 19(4): 93-114.

April 7 (20): Housing Policy in Practice (Guest Speaker: Sheila Dillon, City of Boston)

- City of Boston (2014). “Boston 2030: Housing a Changing City, Executive Summary.” https://www.cityofboston.gov/dnd/pdfs/boston2030/Boston2030_Executive_Summary.pdf
- City of Boston (2018). “Boston 2030: Housing a Changing City, 2018 Update.” <https://www.boston.gov/finance/housing-changing-city-boston-2030>. Read executive summary, skim rest.
- Lisinski, Chris (2019). “Greater Boston Housing Production Is Hampered By Politics and Discretion, Report Says.” WBUR. <https://www.wbur.org/bostonmix/2019/06/04/housing-zoning-report>.
- Logan, Tim (2022). “Wu Launches Push to Expand Affordable Housing, Study Rent Control Rules”. *The Boston Globe*. <https://www.bostonglobe.com/2021/12/21/business/wu-launches-push-expand-affordable-housing-study-rent-control-rules/>.

April 12 (21): The Housing Finance System II / Understanding the Boom and Bust I

Key Concepts:

- What happened in the boom and bust
- The causes of the boom and bust

Readings:

- Ip, Greg (2015). “What the ‘Big Short’ Movie Gets Right – and Wrong – about the Financial Crisis.” *The Wall Street Journal*. <https://www.wsj.com/articles/what-the-big-short-movie-gets-right-and-wrong-about-the-financial-crisis-1449843231>
- Wallison, Peter J. (2016). “The Big Short.” AEI. <https://www.aei.org/publication/the-big-short/>

- Holt, Jeff (2009). “A Summary of the Primary Causes of the Housing Bubble and the Resulting Credit Crisis: A Non-Technical Paper.” *Journal of Business Inquiry* 8(1): 120-129.
- Foote, Christopher L. and Paul S. Willen (2016). “The Subprime Mortgage Crisis.” *The New Palgrave Dictionary of Economics*. https://link-springer-com.ezproxy.bu.edu/referenceworkentry/10.1057/978-1-349-95121-5_2998-1.

Optional Readings:

- Foote, Christopher, Kristopher Gerardi, and Paul Willen (2012). “Why Did So Many People Make So Many Ex Post Bad Decisions? The Causes of the Foreclosure Crisis.” in *Rethinking the Financial Crisis* ed. Alan Blinder, Andrew Lo, and Robert Solow. Russell Sage Foundation. Available at: <https://www.bostonfed.org/publications/public-policy-discussion-paper/2012/why-did-so-many-people-make-so-many-ex-post-bad-decisions-the-causes-of-the-foreclosure-crisis.aspx>.

April 14 (22): Understanding the Boom and Bust II: The Real Economy

- The housing market and the real economy

Readings:

- Brookings (2018). “Chart Book: The Legacy of the Great Recession.” <https://www.cbpp.org/research/economy/chart-book-the-legacy-of-the-great-recession>.
- Bernanke, Ben S. (2018). “Financial Panic and Credit Disruptions in the 2007-9 Crisis.” Brookings. <https://www.brookings.edu/blog/ben-bernanke/2018/09/13/financial-panic-and-credit-disruptions-in-the-2007-09-crisis/>. [Read Blog Post Not Paper].
- Krugman, Paul (2018). “Botching the Great Recession.” *The New York Times*. <https://www.nytimes.com/2018/09/12/opinion/botching-the-great-recession.html>.

Optional Readings:

- Christiano, Lawrence J (2017). “The Great Recession: A Macroeconomic Earthquake.” <https://www.minneapolisfed.org/research/economic-policy-papers/the-great-recession-a-macroeconomic-earthquake>.

April 19 (23): Understanding the Boom and Bust III

- Spillover from previous classes. No reading.

April 21 (24): Foreclosure Mitigation Policy I

Key Concepts:

- Understanding Default
- Foreclosure Mitigation Policy
- Moral Hazard

Readings:

- Semuels, Alana (2017). “The Never-Ending Foreclosure.” *The Atlantic*. <https://www.theatlantic.com/business/archive/2017/12/the-never-ending-foreclosure/547181/>

- Gerardi, Kristopher S., Kyle Herkenhoff, Lee Ohanian, and Paul S. Willen. “The Causes of Mortgage Default: Ability to Pay Versus Negative Equity.” VoxEU. <https://voxeu.org/article/causes-mortgage-default>.
- Mian, Atif and Amir Sufi (2014). “Why Tim Geithner is Wrong on Homeowner Debt Relief.” *The Washington Post*. <https://www.washingtonpost.com/news/wonk/wp/2014/05/14/why-tim-geithner-is-wrong-on-homeowner-debt-relief/>.
- Gayer, Ted and Phillip Swagel (2012). “Principal Reductions Won’t Solve the Mortgage Mess.” Brookings. <https://www.brookings.edu/opinions/principal-reductions-wont-solve-the-mortgage-mess/>.
- Timiraos, Nick (2012). “Is Mortgage-Debt Forgiveness Worth the ‘Moral Hazard’?” *The Wall Street Journal*. <https://blogs.wsj.com/developments/2012/04/02/is-mortgage-debt-forgiveness-worth-the-moral-hazard/>.
- Timiraos, Nick (2013). “Mortgage Program Pans Out.” *The Wall Street Journal*. <https://www.wsj.com/articles/mortgage-program-pans-out-1388447419>.
- Parrott, Jim, Laurie Goodman, Karan Kaul, and Jun Zhu (2017). “How HARP Saved Borrowers Billions and Improve the Housing Finance System.” The Urban Institute. <https://www.urban.org/urban-wire/how-harp-saved-borrowers-billions-and-improved-housing-finance-system>.
- Piskorski, Tomasz and Amit Seru (2017). “Lessons Learned from HAMP.” Housing Wire. Posted on course website.

Papers Discussed in Class:

- Agarwal, Smuit, Gene Amromin, Itzhak Ben-David, Souphala Chomsisengphet, Tomasz Piskorski, and Amit Seru (2017). “Policy Intervention in Debt Renegotiation: Evidence from the Home Affordable Modification Program.” *Journal of Political Economy* 125(3): 654-712.
- Agarwal, Sumit, Gene Amromin, Souphala Chomsisengphet, Tomasz Piskorski, Amit Seru, and Vincent Yao (2015). “Mortgage Refinancing, Consumer Spending, and Competition: Evidence from the Home Affordable Refinancing Program.” Working Paper.
- Mayer, Chris, Edward Morrison, Tomasz Piskorski, and Arpit Gupta (2014). “Mortgage Modification and Strategic Behavior: Evidence from a Legal Settlement with Countrywide.” *American Economic Review* 104(9): 2830-2857.

Optional Readings:

- Schwartz, *Housing Policy in the United States*, Ch. 13
- Goodman, Peter S. (2009). “Lucrative Fees May Deter Efforts to Alter Loans.” *The New York Times*. <https://www.nytimes.com/2009/07/30/business/30services.html>.

April 26 (25): Foreclosure Mitigation Policy II, Macroprudential Housing Policy and Regulation, and GSE Reform

Key Concepts:

- Regression Discontinuity Design
- Macroprudential Policy
- LTV vs. PTI

- Dodd Frank and Ability to Pay

Readings:

- Summary of Ganong and Noel (2018) on Course Website
- Cowley, Stacy (2017). “Foreclosure Prevention Returns to the Unknown.” *The New York Times*.
<https://www.nytimes.com/2017/01/25/business/dealbook/foreclosure-prevention-mortgage-lending.html>.
- The Economist (2014). “What Macroprudential Regulation Is and Why It Matters.” <https://www.economist.com/the-economist-explains/2014/08/04/what-macroprudential-regulation-is-and-why-it-matters>.
- Rappeport, Alan and Emily Flitter (2018). “Congress Approves First Big Dodd-Frank Rollback.” *The New York Times*.
<https://www.nytimes.com/2018/05/22/business/congress-passes-dodd-frank-rollback-for-smaller-banks.html>.
- Eisen, Ben (2019). “Mortgage Market Reopens to Risky Borrowers.” *The Wall Street Journal*. <https://www.wsj.com/articles/mortgage-market-reopens-to-risky-borrowers-11566379802>.
- Solomon, Steven Davidoff (2017). “Decade After Crisis, No Resolution for Fannie and Freddie.” *The New York Times*.
<https://www.nytimes.com/2017/02/07/business/dealbook/decade-after-crisis-no-resolution-for-fannie-and-freddie.html>.
- Eisen, Ben and Andrew Ackerman (2019). “How Fannie and Freddie Have Changed Since The Crisis.” *The Wall Street Journal*.
<https://www.wsj.com/articles/how-fannie-and-freddie-have-changed-since-the-crisis-11567953001>.

Papers Discussed in Class:

- Ganong, Peter and Pascal Noel (2018). “Liquidity vs. Wealth in Household Debt Obligations: Evidence from Housing Policy in the Great Recession.” WP.

April 28 (26): COVID-19 and Housing Policy

Preliminary Readings: (*I will update these closer to this class so things are fresh*)

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- Deep background with Noah Feldman podcast. April 15, 2020 episode “A Profound Economic Problem” with Larry Summers.
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<https://www.nytimes.com/2020/12/18/podcasts/the-daily/pandemic-evictions-federal-assistance.html>. (You may listen or read the transcript).
- Parker, Will (2021). “Why Some Landlords Don’t Want Any of the \$50 Billion in Rent Assistance.” *The Wall Street Journal*. <https://www.wsj.com/articles/why-some-landlords-dont-want-any-of-the-50-billion-in-rent-assistance-11616155203>.
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- Thrush, Glenn and Conor Dougherty. “Why \$46 Billion Couldn’t Prevent an Eviction Crisis.” *The New York Times*. <https://www.nytimes.com/2021/09/10/business/evictions-rental-assistance.html>.
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- Badget, Emily (2022). “Something Has to Give in the Housing Market. Or Does It?” *The New York Times*. <https://www.nytimes.com/2022/01/20/upshot/home-prices-surgings.html>.
- Arnold, Chris (2022). “There’s Never Been Such a Severe Shortage of Homes in the U.S. Here’s Why.” NPR. <https://www.npr.org/2022/03/29/1089174630/housing-shortage-new-home-construction-supply-chain>.

May 3 (27) Monetary Policy and the Mortgage Market, Inflation, Conclusion

Key Concepts:

- Monetary Policy and Interest Rates
- Quantitative Easing
- Impact of Monetary Policy on Mortgage Market.

Readings:

- Krugman, Paul (1998). “Babysitting the Economy.” *Slate*. <https://slate.com/business/1998/08/baby-sitting-the-economy.html>.
- Board of Governors of the Federal Reserve System (2018). “Monetary Policy: What Are Its Goals? How Does It Work?” <https://www.federalreserve.gov/monetarypolicy/monetary-policy-what-are-its-goals-how-does-it-work.htm>.
- The Federal Reserve Bank of San Francisco (2004). “U.S. Monetary Policy: An Introduction.” <https://www.frbsf.org/education/files/MonetaryPolicy.pdf>.
- Hirsch, Paddy (2013). “How QE Keeps Your Mortgage Interest Rate Down.” *Marketplace*. <https://www.marketplace.org/2013/11/21/economy/whiteboard%E2%84%A2/how-qe-keeps-your-mortgage-interest-rate-down>.
- Summary of Beraja, Fuster, Hust, and Vavra on the Course Webpage.
- Smialek, Jeanna (2022). “Inflation Has Arrived. Here’s What You Need to Know.” *The New York Times*. <https://www.nytimes.com/article/inflation-definition.html>.

- Stewart, Emily (2022). “America’s Inflation Problem Is Weirdly Hard to Fix.” Vox. <https://www.vox.com/the-goods/22994731/inflation-rate-russia-gas-prices-jerome-powell>.
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Papers Discussed in Class:

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- Fuster, Andreas and Paul Willen (2017). “Payment Size, Negative Equity, and Mortgage Default.” *American Economic Journal: Economic Policy*.
- Di Maggio, Marco, Amir Kermani, Ben Keys, Tomasz Piskorski, Rodney Ramcharan, Amit Seru, and Vincent Yao (2017). “Monetary Policy Pass-Through: Mortgage Rates, Household Consumption, and Voluntary Deleveraging.” *American Economic Review* 107(11): 3550-3588.
- Parrot, Jim, Lewis Ranieri, Gene Sperling, Mark Zandi, and Barry Ziegas (2016). “A More Promising Road to GSE Reform.” <https://www.urban.org/sites/default/files/publication/79771/2000746-A-More-Promising-Road-to-GSE-Reform.pdf>
- Bright, Michael and Ed DeMarco (2016). “Towards a New Secondary Mortgage Market.” <http://assets1b.milkeninstitute.org/assets/Publication/Viewpoint/PDF/Toward-a-New-Secondary-Mortgage-Market.pdf>. *Note: Read summary only.*
- Mortgage Bankers Association (2016). “GSE Reform Principles and Guardrails.” <https://www.mba.org/issues/residential-issues/gse-reform-principles-and-guardrails>.