

# IDI BUILT

**Inclusive Developers Initiative (IDI)**

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## **WHITEPAPER: SUBSIDIZING HOME OWNERSHIP VS RENT**

<https://idibuilt.com/whitepapers>

## **Key Insights:**

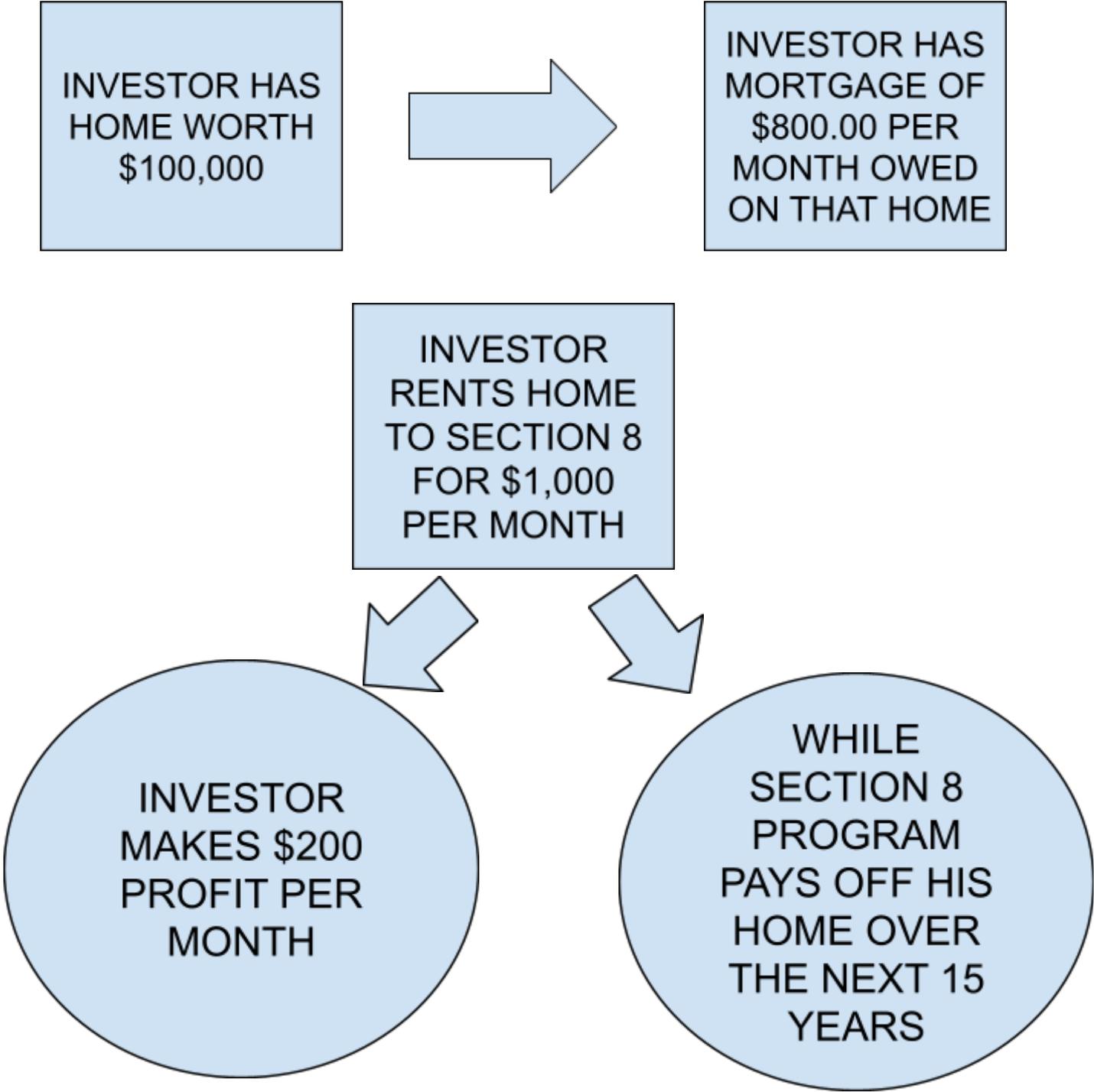
**Jurisdictions that subsidize home ownership stand to benefit economically from:**

- **lower crime,**
- **stronger communities, and**
- **a larger middle class.**

**While rent jurisdictions that subsidize rents**

- **benefit the wealthy**
- **are plagued with high crime,**
- **have fractured communities, and**
- **stifle the growth of the middle class.**

CURRENT RENTAL SUBSIDIES BENEFIT THE RICH NOT THE POOR

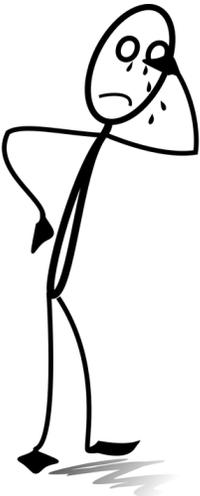


HOME VALUES IN  
AREA RISE AS  
CITY DEDICATES  
MORE RESOURCE  
TO POOR AREAS =  
\$100K HOME NOW  
WORTH \$200K



RICH  
HOMEOWNER  
GETS RICHER

WHILE  
SECTION 8  
RENTER GETS  
LEFT BEHIND



## **Discussion: Who Really Benefits From Subsidized House? Renters or Owners**

The concept of subsidized housing is meant to provide affordable housing to low-income families who are not able to afford market-rate housing. The idea behind subsidized rent is to assist those in need and help alleviate the burden of the high cost of living in certain areas. However, in practice, subsidized housing can have unintended consequences that actually subsidize the wealthy, rather than the intended target of the program.

### **The Problem:**

The problem with subsidized housing is that it often benefits the landlords and property owners more than it does the renters. Subsidized rents are usually calculated based on the market rate for similar housing in the area. In areas where housing is very expensive, the subsidized rents can be quite high, and the property owners are able to charge more than they would be able to without the subsidy. As a result, the property owners are able to generate a profit from the subsidized rents, rather than providing affordable housing to those in need.

In addition, the demand for subsidized housing often outstrips the available supply, which leads to long waiting lists for affordable housing. This means that property owners can be very selective about who they rent to, and they often choose tenants who have good credit, stable jobs, and no criminal record. This means that subsidized housing is often occupied by people who are not the intended target of the program.

### **The Solution:**

One potential solution to this problem is to change the way that subsidized rents are calculated. Rather than using the market rate for similar housing in the area, the subsidized rents could be based on the income of the renters. This would ensure that the rents are affordable to those who need them most, rather than allowing property owners to charge high rents and generate a profit from the subsidies. Another solution is to increase the supply of affordable housing. This could be accomplished by building more subsidized housing, or by providing incentives to property owners to rent to low-income families. For example, property owners could be given tax breaks or other incentives for renting to low-income families, or for building affordable housing.

### **Conclusion:**

Subsidized housing is intended to help low-income families afford housing in expensive areas. However, in practice, it often benefits property owners more than it does renters. To address this problem, the way that subsidized rents are calculated could be changed to ensure that they are affordable to those who need them most, and the supply of affordable housing could be increased. By taking these steps, we can ensure that subsidized housing is actually helping those who need it, rather than subsidizing the wealthy.

## **Discussion: Renter Vs. Owner**

Subsidized housing is an important tool for providing affordable housing to low-income families. However, there are differing opinions on whether it is more effective to provide subsidies for renting or for home ownership. In this whitepaper, we will explore the benefits of subsidizing housing purchases over providing subsidized rent. Specifically, we will focus on how homeowners are better at maintaining neighborhood values than renters.

### **The Problem with Subsidized Rent:**

Subsidized rent programs are designed to help low-income families afford housing in areas where the market rate is high. However, the problem with subsidized rent is that it can create a transient population. Renters may move frequently, which can disrupt the stability of a neighborhood. Additionally, renters may not have the same level of investment in their community as homeowners. This lack of investment can lead to a lack of pride in the community and a lack of concern for maintaining its values.

### **The Benefits of Subsidized Home Ownership:**

In contrast, subsidized homeownership programs can provide a number of benefits. When families own their homes, they have a vested interest in maintaining their property and the surrounding neighborhood. This investment can help to stabilize a community and increase property values. Homeowners are also more likely to participate in neighborhood associations and civic groups, which can further strengthen the community. Subsidized home ownership can also provide long-term financial benefits for low-income families. Owning a home can be a valuable asset that can appreciate in value over time. This can provide a source of equity that can be used for future expenses or as a retirement fund.

### **Conclusion:**

In conclusion, while subsidized rent programs can be helpful in providing affordable housing, they can also create instability and a lack of investment in the community. Subsidized homeownership programs, on the other hand, can provide long-term benefits for both the families who own the homes and the community as a whole. Homeowners are better at maintaining neighborhood values than renters and can help to create a more stable, invested community. Therefore, subsidizing housing purchases is a better option than providing subsidized rent for low-income families.

## **Discussion: The Hidden Benefits Of Home Ownership – Lower Crime Rates & Stronger Communities**

Owning a home is often seen as a sign of stability and security, and it turns out that this stability can have a positive impact on a neighborhood's crime rate. Studies have shown that neighborhoods with high homeownership ratios to home renters tend to have lower crime rates. There are a number of factors that contribute to this phenomenon, which we will explore in this article.

One of the key factors is that homeowners tend to have a greater stake in their neighborhoods than renters. Homeowners are more likely to be invested in their communities, both financially and emotionally. They are more likely to participate in neighborhood watch programs, attend community meetings, and get to know their neighbors. This increased engagement can help deter crime by creating a sense of community and encouraging residents to look out for one another. Homeowners also tend to take better care of their properties than renters. They are more likely to invest time and money into maintaining their homes and landscaping, which can improve the overall appearance of the neighborhood. This can have a positive impact on the neighborhood's reputation and may discourage criminals from targeting the area.

Another factor is that homeowners are generally more financially stable than renters. They are more likely to have steady incomes and savings, which can make them less vulnerable to financial stress and related crimes, such as theft and fraud. Homeowners are also more likely to have insurance, which can provide a safety net in case of a break-in or other crime.

Finally, neighborhoods with high homeownership ratios may simply have a stronger sense of community and social cohesion. Homeowners are more likely to form relationships with their neighbors, which can lead to a greater sense of trust and social support. This can create a sense of accountability among residents, making it more difficult for criminals to operate unnoticed.

Of course, it's worth noting that correlation does not necessarily equal causation. While studies have shown a link between homeownership ratios and crime rates, there are likely other factors at play as well. However, it's clear that neighborhoods with high homeownership ratios tend to have a number of positive qualities that can help deter crime and create a safer, more vibrant community.

So, what can be done to encourage more home ownership in neighborhoods with high crime rates? One approach is to provide incentives for homeownership, such as tax breaks or low-interest loans. Another approach is to invest in community development programs that help residents improve their homes and neighborhoods. By creating a more attractive and stable environment, these programs can help encourage more homeownership and create a virtuous cycle of community improvement.

In conclusion, neighborhoods with high homeownership ratios tend to have lower crime rates. Homeowners are more invested in their communities, more financially stable, and more likely to take care of their properties. By encouraging more homeownership and community development, we can create safer, more vibrant neighborhoods that benefit everyone who lives there.

## **Recommendations For the COT**

**The City of Tucson can reap more benefits from subsidizing home ownership and should push a pilot program where the majority of their new sustainable build homes are owned by tenants, rather than OCCUPIED BY subsidized renters.**