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DISCUSSION: RURAL HOUSING NEEDS AND BARRIERS,
THE CASE OF CENTRAL APPALACHIA

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Deaton and Hanrahan provided an excellent report on the situation of housing in Central Appalachia. Their arguments concerning the implications to be drawn from the situation are that Central Appalachia had a disproportionate share of substandard housing in 1960 and 1970, examination of some barriers to increase housing construction indicates that public policy has not been effective in reaching the very poor, and therefore, public housing policy should be altered.

Three questions may be raised that need to be answered before implementing new public housing policy for Central Appalachia.

1. IS IT CERTAIN THAT EXISTING INSTITUTIONS ARE NOT LEADING TO A RESOLUTION OF HOUSING NEEDS?

The authors conclude that current institutions are not satisfactory. Only 30,000 housing units were destroyed or abandoned in the decade from 1960 to 1970, representing only about 15 percent of the estimated 190,000 substandard units existing in 1960. This probably does not underestimate the improvements.

Eighty-five thousand new housing units were constructed in the region during the decade of the 1960's, representing a 14 percent increase in the number of houses during a period when population decreased by 11 percent. One must conclude that the number of occupants per house decreased precipitously, or perhaps more realistically, that some housing was unoccupied but not necessarily abandoned. However, even if these improvements in housing were somewhat greater than indicated, the change may still not be great enough from the public point of view.

Whether or not housing improvements are rapid

enough depends upon the time horizon used. If, considering the relative needs of other domestic programs, one considers any positive change in the housing situation to be adequate, then the existing institutions are probably adequate. Alternatively, if one expects housing in Central Appalachia to be on par with the rest of the country in a decade, then the authors are probably right in asserting that new housing policies are needed.

2. SHOULD PUBLIC TRANSFERS TO THE POOR BE EARMARKED FOR HOUSING?

Two alternatives are offered for alleviating the housing needs of the poor in Central Appalachia. One is a direct income transfer; the other is a more heavily subsidized housing program. My comments are directed to the latter of these transfers.

Three justifications for providing transfers in the form of housing as opposed to direct income transfers come to mind. The first possibility is that improved housing is a commodity that the poor would purchase if they had additional income. To the extent that additional income was used to purchase improved housing there would be no difference between providing housing transfers and income transfers.

A second possible justification for earmarked transfers is that society is better able to determine what the individual needs than the individual himself. There is some precedence for this action, especially in our food aid programs. In the case of housing, society might contend that because of their economic status the poor may be too short range in their planning to recognize all of the long term benefits of improved housing. My reservation stems from the logical extension of this argument.

The third justification could be that society intends for benefits to accrue to a selected group in

addition to the recipient of the transfer. It could be argued that additional monies spent on housing construction might have more induced impact on the area than monies spent for other goods. However, in order for housing subsidies in Central Appalachia to have more than temporary significance in terms of increased income and employment, new production other than housing must be elicited. Research on this topic is at best sketchy; however, beyond some first round increase in expenditures, the induced effects in *Central Appalachia* would probably be negligible.

No answer has been provided to the original question of whether or not transfers to the poor in Central Appalachia should be earmarked for housing. However, before making massive transfers in the form of subsidized housing, public decision makers (and researchers) should make their goals clear and evaluate the effectiveness of the alternatives.

3. SHOULD WE THINK OF SUBSTANDARD HOUSING AS A PROBLEM OR AS A SYSTEM OF A LARGER PROBLEM?

An allied question is whether it might be more efficient to attack the cause rather than the symptom.

With regard to the first of these two questions, the authors indicate that housing construction is a function of a stable and sufficiently high income to induce people to take on long term debt. They also allude to other possible structural constraints. Since

they avoided discussing the impact of those constraints one finds no basis for postulating that these other constraints could not be overcome if incomes were higher and more stable.

If stable employment and higher income are primary constraints to adequate housing, then policies aimed at combating these problems might provide a more lasting solution to housing problems. Of course, there are vast numbers of possible policy alternatives to these problems, including subsidized employment, policies to increase productivity of the human factor, or perhaps even subsidized mobility from the area. However, treatment of these policies goes well beyond the scope of this discussion.

Substandard housing is a problem; it always has been a problem; as housing standards increase through time, it will likely remain a problem. But, for economically depressed areas such as Central Appalachia, housing is probably no more serious than substandard education, substandard health care, or any one of a number of other issues. All of these problems appear to be interrelated and have their roots in generally low levels of economic activity. Solving a multifaceted problem such as overall economic growth and development is quite difficult; however, it may be the only long term solution to each of the component parts. We can expect only short lived impact from policies that are directed toward easily identifiable symptoms rather than more obscure causes.