

UCLA ECONOMIC LETTER

REAL ESTATE AND THE MACROECONOMY



A partnership between the UCLA Ziman Center for Real Estate and the UCLA Anderson Forecast sponsored by the Ziman Center's UCLA Rosalinde and Arthur Gilbert Program in Real Estate, Finance and Urban Economics

JULY 2019

Monthly condensed analyses of crucial real estate and economic issues offered by UCLA Anderson Forecast and UCLA Ziman Center for Real Estate. Here, Deirdre A. Pfeiffer, Jake Wegmann and Alex Schafran explore data connecting neighborhood conditions and voter preferences.

Deirdre A. Pfeiffer, Ph.D., AICP, is a visiting scholar for the Ziman Center's [UCLA Gilbert Program in Real Estate, Finance and Urban Economics](#). Jake Wegmann is an assistant Professor at the University of Texas at Austin. Dr. Alex Schafran is a lecturer at the University at Leeds. This Economic Letter is adapted from their recent research summary [published in Urban Affairs Forum](#).

Can Housing Conditions Influence Voter Preferences?

By [Deirdre Pfeiffer](#), [Jake Wegmann](#), and [Alex Schafran](#)

The election of President Trump in November 2016 came as a surprise to many. Analysts attributed Trump's election to various factors, such as [hostility towards immigrants and racial minorities](#) in white, working class communities that formerly supported Obama and [Russian meddling in the election](#). However, an underexplored factor is the role that the recent housing downturn may have played in the election. There is research showing that [Midwestern](#) and [Rustbelt](#) counties with a higher percentage of underwater homes (i.e., owing more than the home is worth) were more likely to vote for Trump in 2016 than Romney in 2012.

“Neighborhood conditions, such as concentrated foreclosures, may be overlooked factors in state and national election partisan shifts, like those that swept Trump into the presidency in 2016.”

This suggests the question, how might housing downturns affect elections? Our research offers insight into this relationship by showing that neighborhoods harder hit by foreclosures in the Phoenix region between 2006 and 2010 were more likely to exhibit anti-incumbent voting behavior—a dynamic that might also have been instrumental in helping President Trump get elected six years later.

We arrived at this discovery by putting together a rich data set on foreclosures, voting outcomes, and neighborhood conditions to explore the relationships among neighborhood foreclosures, voter turnout, and partisan shifts in several races. These included precinct-level election results from Maricopa County, which contains Phoenix, in the 2006 and 2010 Arizona gubernatorial and U.S. Senate races.

We then used statistical methods to investigate two ways that housing downturns may relate to political shifts within neighborhoods: 1) through declines in voter turnout among more liberal leaning African Americans and Latinos, who were more affected by foreclosures and faced higher barriers to voting; and 2) through a punishment mechanism, where voters turned against incumbent political parties for the degrading effects that foreclosures had on their families and communities. We focus on the link between foreclosures and one voting outcome—the change in the share of the vote going to the Republicans, who were incumbents in both races in 2010.

Although we did not find clear evidence linking a decline in liberal voter turnout to foreclosure, our results showed strong evidence of anti-incumbent voting behavior in neighborhoods harder hit by foreclosures. An increase of about 50 foreclosures for every 1,000 homes within a neighborhood was associated with a one-percentage point decline in the incumbent political party's share of the vote from 2006 to 2010. This association held even after comparing neighborhoods with similar demographic and socioeconomic conditions.

An example of a place that exemplified these trends is a neighborhood comprised of several recently constructed, modest single-family home subdivisions on the far southwestern edge of the City of Phoenix, just south of a wastewater treatment plant. The neighborhood was majority Latino (65%), low poverty (8% of families in poverty), and owner-occupied (70% of households) in 2010. Over one in five homes in the neighborhood underwent foreclosure in the 22 months preceding the November 2010 election—a high rate for the region, where the typical neighborhood experienced about one in 20 homes undergoing foreclosure. Notably, Republican candidates' vote shares fell by four and 11 percentage points in the neighborhood between the 2006 and 2010 Arizona gubernatorial and U.S. Senate races respectively.

The anti-incumbent voting behavior that we observed in neighborhoods hard hit by foreclosures in Maricopa County, like the one described above, was not dominant enough to oust Republicans from power. Republicans retained their seats by wide margins in both races in 2010. This outcome might reflect contextual factors, like the rising tide of the Tea Party movement and the beloved status of the 2010 Republican U.S. Senate Candidate, John McCain, who had high visibility after his run for U.S. President in 2008.

The lack of evidence that we observed for changes in the overall electoral outcomes in Maricopa County does not diminish the significance of the neighborhood voting shifts we were able to document. Our findings suggest that housing and housing-related economic issues may be overlooked factors in explaining voting behavior. Neighborhood conditions, such as concentrated foreclosures, may relate to state and national election partisan shifts, like those that swept Trump into the presidency in 2016.

Far more research is needed on the link between housing and urban development and electoral politics. If housing distress affects voting and, in some cases, elections, do voting changes ultimately influence state and local housing and development policy? More research is needed to determine if and how partisan shifts ultimately impact state and national housing policy and local planning, which may prolong or shorten the effects of neighborhood housing crises or shape neighborhoods' vulnerability to future housing crises.

BIOS:

Deirdre Pfeiffer is an associate professor in the School of Geographical Sciences and Urban Planning at Arizona State University and a member of the American Institute of Certified Planners. She currently is on sabbatical leave as a visiting scholar in the Gilbert Program in Real Estate, Finance, and Urban Economics at the UCLA Ziman Center for Real Estate. Dr. Pfeiffer is a housing planning scholar, with expertise on housing as a cause and effect of growing social inequality and the role of housing planning in meeting the needs of diverse social groups. She holds an MA and PhD in Urban Planning from UCLA.

Jake Wegmann is an assistant professor in the Community and Regional Planning program in the School of Architecture at the University of Texas at Austin. His research is at the intersection of housing affordability, real estate development, and land-use regulation. He received his doctorate from University of California at Berkeley in 2014. Prior to academia, he worked in for-profit and nonprofit affordable housing development in Denver and San Francisco.

Alex Schafran, PhD, is a lecturer in Urban Geography at the University of Leeds. A planner, geographer and urbanist, his research focuses on the contemporary restructuring and retrofitting of urban regions, with a particular emphasis on the changing dynamics of race, class and segregation across space and place. He spent a decade as an immigrant rights and housing activist in California and New York before becoming an academic.

