

Why It Won't Ever Be 2019 Again

Guessing How Covid Will Change Homelessness (and Almost Everything Else,
Too)

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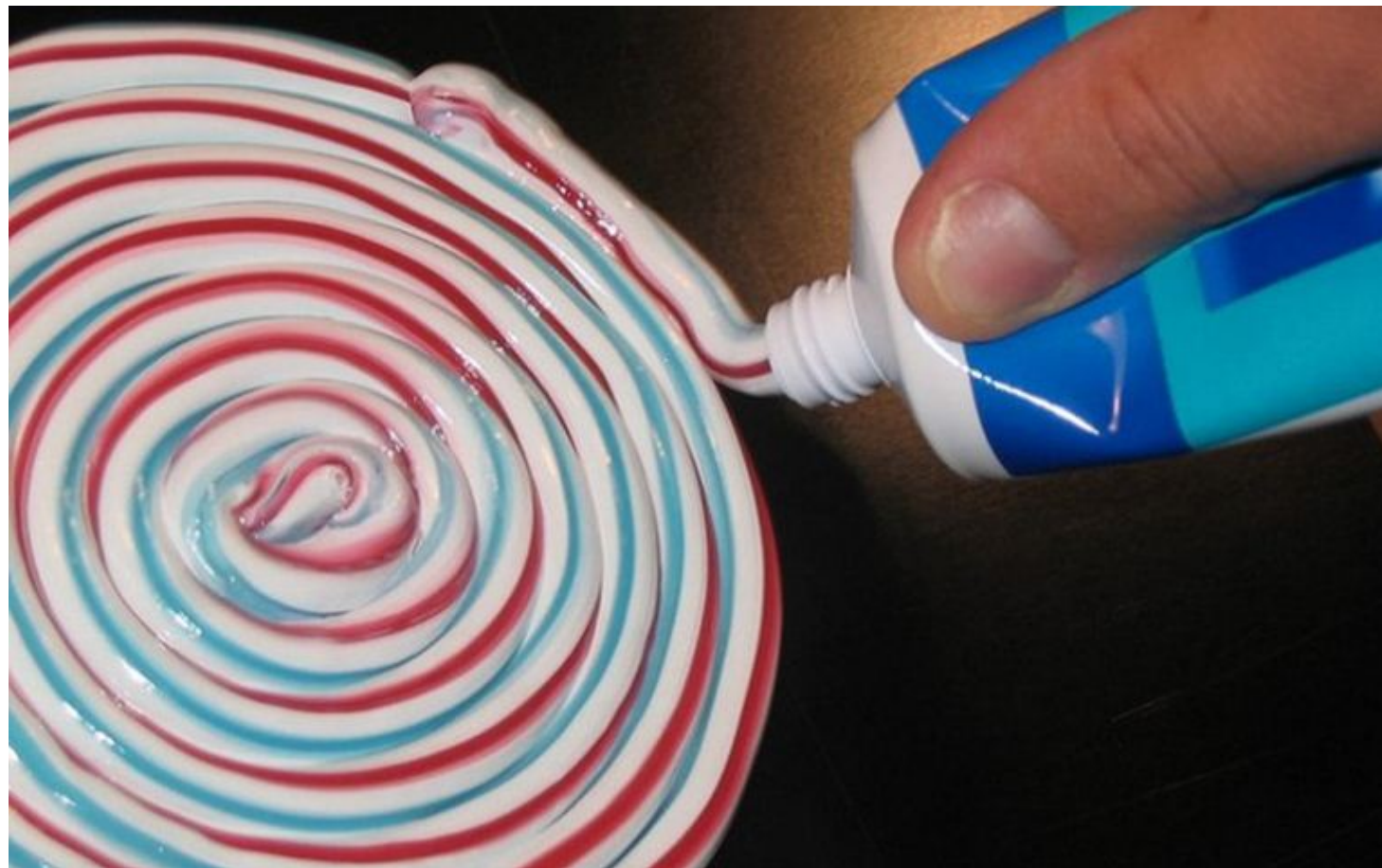
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- We can't wait for divine revelation.

The toothpaste does not go back in the tube



Plan for the talk

- Changes in capabilities
- Changes in what we use things for
- Increased demand for housing
- How increased demand for housing plays out: implications for homelessness
- How to approach the post-COVID world

Changes in capabilities?

People's bodies and minds may change irreversibly

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- Long COVID
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- Long COVID
- Children's losses in learning at key points in their development, especially social and behavioral.
- *In utero* damage. No evidence for COVID, but children who were *in utero* during the 1918-19 pandemic. In the 1960-1980 US censuses, these children had “reduced educational attainment, increased rates of physical disability, lower income, lower socioeconomic status, and higher transfer payments” —Almond, 2006, “Is the 1918 Pandemic Over?”
- Losses in wealth for many people

Changes in what we use things for, especially housing

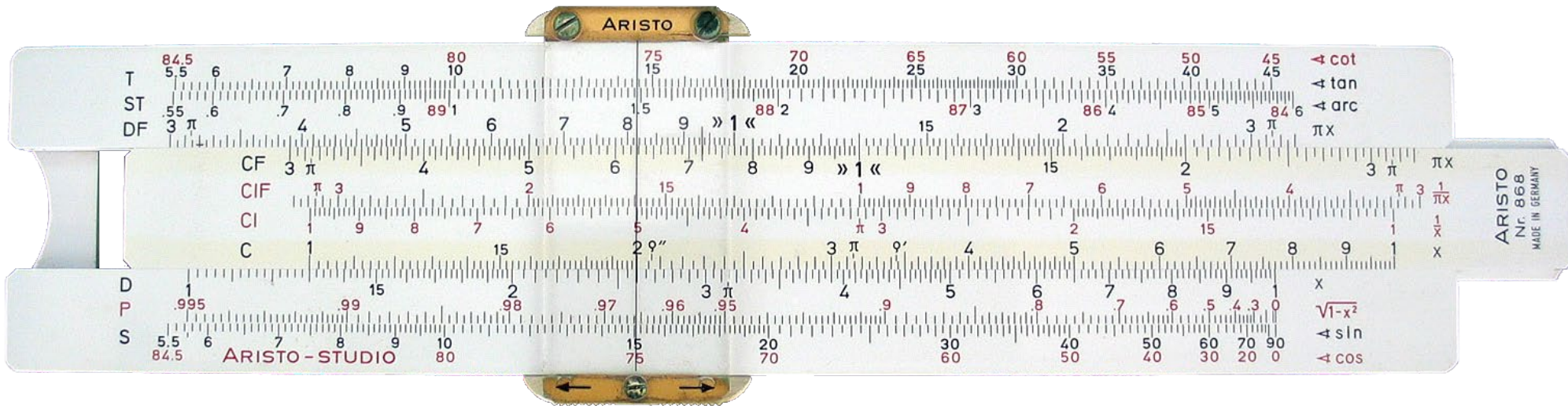
Profound changes

Relationships between things and purposes
are not stable

- Maybe chairs and shoes

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- But not slide rules



Relationships between things and purposes are not stable

- Maybe chairs and shoes
- But not slide rules
- Or houses

Uses of housing

- When I teach housing economics, I usually start out with about 15 minutes listing a lot of the purposes that houses serve.
- Defining homelessness is hard because the list is so long and people disagree about which purposes are more important.
- The beauty of the ETHOS typology is that it enumerates several reasons why people want homes.
- The list has been pretty stable for a few decades, but COVID has changed it rapidly.
- Here are twelve of the new or expanded reasons to want housing

1. Epidemiological safety

- In 2019, neither ETHOS nor I put this on the list.
- But it's obvious today.
- And even if COVID goes away, it won't disappear quickly, because some people will remember COVID and prepare for the next pandemic.
- Memories don't reverse themselves (at least quickly and for everyone).

2. Workplaces

- Many people worked at home, many people are still working at home, and the best predictions are that around 20% of workdays post-COVID will be spent at home (Barrero Bloom Davis 2021).
- Why won't the toothpaste go back into the tube?
- Pre-COVID, remote work technologies were a small niche, and little investment was made in improving them. A great deal of investment has now been made.
- Pre-COVID, not many consumers thought about remote work technologies and because they weren't very good, didn't invest in learning how to use them or in the equipment needed to use them well.

Workplaces, continued

- Pre-COVID, the people you wanted to meet with didn't have the skills or equipment to meet with you, and so you had no reason to acquire the skills and equipment yourself.
- Pre-COVID, you were weird if you didn't talk to people in person.
- All of that has changed, because COVID made it change.
- People of color and women favor WFH more than others
- People won't unlearn how to use remote work technology, or zoom etiquette, and their newer equipment won't immediately evaporate.
- Even those who return to the office "full-time" will still work from home when the weather is lousy or they need to wait for a plumber. The weather will be lousy more often.

Workplaces, continued

- Those who go to the office in blizzards will be considered fools and those who do so when they are sick will be pariahs.
- There will be gains in productivity from WFH: Barrero Bloom Davis estimate 5%, but only 1% will show up in conventional statistics.

3. Schools for children

- Brick and mortar schools will reopen, but it won't be 2019 again.
- No more “snow days”, and the weather bar to move classes online will be lower. And the number of days that exceed any bar will grow.
- Some great teaching will be available online.
- Some classes will be offered only online, because brick and mortar schools will not have reasonable numbers. Why can't high schools teach Urdu now?
- Some students do better online.
- Kids with the flu will probably not be allowed in school.

4. Schools for adults

Going to school after a long day at work is hard, especially if you also have household responsibilities and your basement is flooding or a wild fire is approaching your house;

Online learning can fit into your schedule.

Larger classes can be assembled.

Another big increase in productivity.

5. Entertainment centers

- The equipment is there now for movies and other forms of entertainment.
- Movies will continue to be made for release at home—the toothpaste is out of the tube.
- Same for concerts, etc.
- Some family reunions, weddings, and wakes will continue to be online too. Just because it makes sense, the technology is there now, and the stigma is greatly reduced.

6. Exercise areas

- The equipment won't go away.
- The skills at using it won't go away.
- Trainers now know how to conduct sessions online and get paid for it.
- The old won't disappear but the new won't either.

7. Civic, religious, and political forums

- The Biden campaign and transition was conducted almost totally online, and it was successful in ways that were not anticipated.
- Pre-COVID, the Newark History Society drew about 50-80 people to an event. During COVID it has been drawing about 200.
- Some states are now requiring local governments to continue to provide remote access to their meetings, and groups in other states are campaigning for such a requirement.
- The skills and equipment are there now, and it won't all go away.

8. Healthcare

- Telehealth didn't make as much progress in the pandemic as other areas did, but it still will stick around.
- The rules were changed to permit it, at least for the emergency, some physicians have developed skill, and new uses (for instance, rural households) continue to be found.

9. Delivery destinations

- Many people turned to deliveries to replace brick and mortar shopping.
- An extensive apparatus has developed to facilitate deliveries initiated online.
- Many brick and mortar outlets have gone out of business.
- A lot of people have found that they like deliveries.
- Deliveries need destinations.
- Houses are the destinations. Single family homes need porches and apartment buildings need storage space.

10. Little warehouses

- Many people stockpiled at the start of COVID.
- Shortages are making stockpiling appealing now too.
- Stockpiling is easier if you can get the stuff delivered instead of schlepping it yourself.
- The experience has made some people wary of future shortages.
- Climate change makes future shortages more likely.
- To stockpile, you need space.





11. Nursing homes

- It's not a great idea to put the oldest, sickest, frailest citizens into congregate care settings.
- They get the same disease at the same time, and can't be rapidly evacuated in a disaster.
- So nursing homes are going to shrink, if not disappear.
- What will replace them? Mainly home care.
- For home care, you need a home.
- The end of the pandemic will not reverse the new fear of nursing homes.

Achou et al (2021) on Canada

- 72% of poll respondents in their 50s and 60s say they are less likely to enter a nursing home because of the COVID experience.
- Those respondents are saving more.
- And most will support greater government subsidies to home health care.

Achou, Berrtrand et al, 2021, Nursing home aversion post-pandemic: Implications for savings and long term care policy, CESIFO working paper 9295.

12. Protection from weather

- A traditional reason why people want houses.
- Climate change is making the weather worse in many parts of the world.
- Hence there's a lot more weather to protect people from.
- Interacts with other reasons to want more housing: the worse the weather outside, the more house you want to do your work, to go to school, to exercise safely, to be part of your community, and so on.

Offsetting changes?

- Yes, but not very big.
- Fewer kids, physical address no longer needed for snail mail or landline (two words that we didn't have 30 years ago).
- Less need for cash and so less need for a place to store cash.
- But you have to protect your phone instead.

Direct implications for homeless
services

Several implications

- ETHOS should probably be revised with a particular emphasis on health and technology.
- FEANTSA studies on information and communications technology are great—keep going!
- Bekasi et al at this conference are studying how telehealth can be used to help homeless people.
- Emergency accommodations, social housing, and everything in between should re-designed with the new uses of housing in mind.
- Will probably cost more money.

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- Will probably cost more money.
- But the goals that governments used to pursue through health, education, employment and cultural budgets will now be pursued through housing.

Indirect implications of increased demand for housing

Mainly by middle and upper parts of the income distribution

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- External effects are limited to people nearby (except for some pollutants).
- Land cannot be expanded in the long run and demand for it affects millions indirectly.

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- If demand for more home offices, schools, gyms, warehouses, nursing homes, etc translates into more structure, then it's unlikely to raise rents except for the affected structure.
- But if the demand for more housing translates into demand for more land—bigger lots or more lots—then rents for everyone housed will rise.
- That's how the changing uses of housing can affect homelessness.

Climate change, land, and structure

Climate change will render some land unusable for housing. That may increase the price of remaining land.

Climate change will also make structure more expensive: better insulation, stronger windows, elevation possibly, more water-tight basements, etc.

Better storm sewers make land more expensive, and greater storm water retention requirements may increase demand for land per house.

If large parts of the Earth (eg, India) are rendered uninhabitable, land prices in the remaining habitable parts will rise.

Will the new uses of housing use land or structure?

- I don't know.
- Likely to be some from each.
- So some part of increased demand for housing is likely to result in higher rents and more homelessness.
- But policies can probably affect how much.

Objection: Conservation of space

- If activities shift into houses, they have to leave somewhere else.
- The post-pandemic world will have fewer movie theaters, nursing homes, brick and mortar stores, and offices, for instance. This land and maybe these buildings can become housing. Hotels, too.
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- But it's not enough.
- I have two reasons why it's not enough: relative magnitudes and office expansion.

Relative magnitudes

- Data from New York City, about 2014.
- NYC has by far the greatest amount of commercial and office activity in the US.
- In NYC as a whole, about ten times as much land is used for residences as for stores and offices.
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- To offset an increase of 11% in the amount of land used for housing, commercial and office activity would have to be wiped out.

Office expansion

- In cities like New York, Los Angeles, London, Dublin, Amsterdam, Milan, Frankfurt, Paris, I expect that in the long run, office employment and income will grow because of remote work, not shrink.
- Cities that have high wages, lots of face-to-face interaction, and lots of congestion and long commutes.
- My rigorous argument why this will happen is in a mathematical appendix. Just the intuition here. Two versions.

First intuition

- Think about a city like Paris. It would be unimaginable in its current form if every household was forced to have its own cow, chickens, and vegetable garden. Far fewer people could fit into it comfortably, and work together. Paris would be a much poorer and smaller place. Paris is as big and productive as it is now because most food production can be done elsewhere, and the valuable land of Paris is reserved for activities like government, law, finance, and learning that can best be done there.
- Zoom is like loosening the constraint that Parisian households have to feed themselves, and permits more separation of activities that have to be done in Paris from those that don't. Things that don't have to get done in the center of cities shouldn't get done there.

Second intuition (a bit more formal)

- City size is determined by a battle between congestion and agglomeration.
- Agglomeration means that for certain activities if you have a lot of people working or living in close proximity, they can accomplish more per capita. More people makes things better.
- Congestion means that the more people living and working in the same area, the more they get in each other's way. Examples: longer commutes, less privacy, crowding, contagion, noise, etc

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- Agglomeration attracts people to cities, congestion repels them.

Cities, COVID, and post-COVID

- Obviously, COVID belongs to the congestion side of the ledger. That's why the great cities of Europe and North America were pretty much deserted last year, and are still kind of empty.
- Optimists say that there will probably be a post-COVID, and then the question is what remote working does.
- Pessimists say that COVID in some form will be with us forever, and render working in traditional offices dangerous. But that will also increase the demand for office space per office worker.

Cities, COVID, and post-COVID

- Remote working reduces congestion—it's like a new fast subway line.
- If you go to the office 3 days a week rather than 5, the time, energy and money you have to spend on commuting goes down by 40%.

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- Bigger cities, because reaping the benefits of agglomeration is no longer prevented by the accompanying congestion.
- Greater agglomeration benefits and higher wages.
- More output.
- Higher rents.
- So, in the long run, for the biggest most spectacular cities, more homelessness, *ceteris paribus*.
- These were the places that US homelessness was being concentrated in pre-COVID.

What to do?

Brief thoughts

Progress and poverty in the post-COVID world

- My picture of the post-COVID world has (1) more housing per capita, and more uses of housing; (2) more productivity, more output, maybe higher wages and employment, and generally greater prosperity; and (3) higher rents and housing costs.
- That doesn't have to imply greater homelessness, but it could.
- Several recommendations.
- Remember we are just starting to think about the post-COVID world. 19 months ago we weren't thinking any of these thoughts.

For advocates and researchers

- Don't use the old mechanical measures like “poverty is half of median income,” or “everyone should spend a third of their income on housing.”
- Ground policy in the real day-to-day life of the post-COVID era, not what you remember. Figure out what people need in the new world and build on that.
- What people need in order to live decent lives has changed because the world has changed and it costs more.

So, for instance,

- Everyone needs an appropriate COVID vaccine, and maybe a booster shot.
- Families with kids are not housed unless they have good internet access.
- Lack of any form of internet access at all is social exclusion.
- Older people in southern Europe are not housed unless they have air conditioning. Maybe northern Europe too.
- Everybody needs a plan to escape disastrous weather.
- All of this costs money. We have to deal with it intelligently.

Land

- The wonderful new technologies are inducing wild changes in land values now, and they will probably continue to do so.
- There have been and will be great windfalls from these changes in land values in the same metropolitan areas where homelessness is likely to rise unless something is done.
- A heavy tax on land values is both a good way to finance the response to homelessness, and a way to channel the growth of housing demand into structures instead of land.
- This is especially true now because remote work and other new technologies make income and sales taxes and many other traditional taxes less effective and more distortionary.

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- All due to Henry George in 1879.

Finally...

- We got through the pandemic so far by being flexible and imaginative, by embracing new technology, and by spending a lot of money.
- No reason to think the post-pandemic will be that different.
- Whenever the post-pandemic arrives.

Thank you.