

FLEXIBLE AND NEUTRAL: HOW SHIP CONTRIBUTES TO NEIGHBORHOOD EQUITY

ANNE RAY
UF SHIMBERG CENTER FOR
HOUSING STUDIES

Florida's State Housing Initiatives Partnership (SHIP) program annually helps thousands of households buy and fix up houses, serves as a resource in funding affordable rentals, and responds to natural disasters and other emergencies each year. From 2014 to 2018, SHIP helped 31,902 homeowners and 4,692 renters. SHIP stands as a national model demonstrating the effectiveness of local administration of housing trust funds to address housing needs, particularly in communities that might not otherwise have local capacity since they do not receive direct federal funding. Can this model also address longstanding inequities in homeownership and disaster recovery?

To find out more, the Florida Housing Coalition and University of Florida's Shimberg Center for Housing Studies embarked on a 3-year research project funded by the Robert Wood Johnson Foundation's Policies for Action program. The research looked at three questions: 1) Does SHIP support neighborhoods that have been underfunded in private mortgage markets? 2) Following disasters, does SHIP enable equitable distribution of housing resources to neighborhoods under served by federal post-disaster programs? 3) What administrative

factors are associated with equitable outcomes?

Numerous previous studies have shown that Black and Hispanic neighborhoods and households have trouble accessing mortgage credit for home buying. Black or Hispanic mortgage applicants tend to pay higher interest rates than non-Hispanic white applicants, and the rate of loan rejection tends to be higher for people of color than for white applicants.

We were interested in whether a locally driven, decentralized program like SHIP could lead to more equitable outcomes. Florida's rules for the SHIP program set out broad categories for local expenditures that prioritize assistance to low- and moderate-income households, homeownership, and construction. Specifically, SHIP requires at least 75% of funding to be used for new construction or rehabilitation and 65% for homeownership activities, including home purchases, emergency repairs, and rehab; the construction and homeownership activities can overlap. At least 30% of all revenue must be allocated to those making 50% of the area median income (AMI) or less and at least 60% for those making less than

80% AML. However, SHIP rules do not require the identification of target neighborhoods, community development goals, or racial and ethnic equity objectives.

In the absence of any requirements, can SHIP, and race-neutral programs like it, produce equitable results? The first paper from the project, published in *Housing Studies* as “Do localized housing programs lead to racial equity? Evidence from the State Housing Initiatives Partnership program,” shows that SHIP by and large does contribute to addressing inequities.

Our study compared the distribution of SHIP resources with flows of traditional mortgage credit to predominantly Black and Hispanic neighborhoods in Florida. We used SHIP household data reported by city and county governments and federal Home Mortgage Disclosure Act (HMDA) loan approval data from 2014 to 2018 to compare neighborhoods by racial composition and their shares of SHIP-assisted households and home purchase mortgages. Our models controlled for social, economic, and housing market characteristics that might affect the availability of mortgage capital in a neighborhood, including income and poverty levels, housing prices, the availability of banks nearby, and social conditions that might make it harder for households to qualify for loans such as self-employment, overcrowded housing, and citizenship and immigration background.

First, we looked at the two types of funding separately. We found that, controlling for the other factors, neighborhoods with higher proportions of Black and Hispanic households

tended to attract more SHIP assistance. The picture was more mixed for private mortgage capital: a larger share of Black households was associated with lower mortgage availability, but mortgages were slightly **more** prevalent in neighborhoods with a larger share of Hispanic households.

Putting the two types of funding together, however, we found that SHIP was particularly helpful in filling in gaps in neighborhoods where mortgage capital was scarce to begin with. As the share of Black and Hispanic households increased, neighborhoods were more likely to be “low-mortgage/high-SHIP”; they combined relatively fewer mortgage loans with greater numbers of households assisted by SHIP. While SHIP operates at a much smaller

scale than private lending, these results confirm that SHIP funds can fill capital gaps in Black and Hispanic neighborhoods under served by traditional mortgage lending.

Not surprisingly, results varied across cities and counties for a locally

administered program. In most places, a greater share of households of color was associated with higher rates of SHIP flow to neighborhoods, but the relationships varied across communities; occasionally, the relationship was statistically insignificant or even negative. Alongside the data analysis, our team conducted qualitative research through surveys and interviews with local SHIP office staff. We are analyzing those personal reflections to learn more about how local conditions such as staffing levels, total SHIP award size, social ties to communities and non-profits, and staff perceptions might lead to more equitable outcomes for the SHIP program.



The next study from the project will examine similar questions comparing equity in the neighborhood distribution of SHIP and Federal Emergency Management Agency (FEMA) disaster recovery assistance. The analysis addresses the availability of SHIP and FEMA assistance to help households recover after Hurricane Irma cut a wide swath through the state in 2017. The research focuses on neighborhoods with concentrations of “socially vulnerable” households that have been traditionally under served by disaster recovery programs, including neighborhoods with greater numbers of Black and Hispanic households, renter-occupied units, and mobile homes. Preliminary results show that while social vulnerability factors were, in fact, associated with greater neighborhood concentrations of households served by FEMA’s Individual Assistance program, SHIP served as a key supplement in socially vulnerable neighborhoods to fund recovery from damage unaddressed by FEMA.

Decentralized programs are often criticized for enabling local officials to practice exclusionary housing and land use policies. In this research, we find the opposite—SHIP resources in many counties and cities send capital into neighborhoods under served by traditional housing financing. The SHIP research points to the potential of neutral and flexible program rules combined with local, “close to the ground” decision-making to address inequity.

Special thanks to Dr. Seungbeom Kang (formerly of University of Florida) and Jooyoung Kim of Yonsei University for their leadership on the SHIP and mortgage flows research; to Nasim Yeganeh of the Shimberg Center and to Dr. Kang for leading the SHIP/FEMA research; and to Dr. Maria Watson of the Shimberg Center and Blaise Denton (formerly of Florida Housing Coalition) for leading the survey and interview project.



ANNE RAY is the manager of the Florida Housing Data Clearinghouse, a free, online source of data on affordable housing needs and supply. Since joining the Shimberg Center in 2001, she also has performed research on public housing, preservation of affordable rental housing, energy efficiency in the affordable housing stock, the housing needs of persons with disabilities, farmworker housing, homelessness among Florida children and youth, and the Low-Income Housing Tax Credit. Ms. Ray is responsible for producing the Center’s triennial Statewide Rental Market Study and has co-authored numerous reports on statewide and local housing needs. Ms. Ray received a BA in History from the University of Michigan and a Masters in Urban Planning and Policy from the University of Illinois at Chicago.

The full paper, “Do Localized Housing Programs Lead to Racial Equity? Evidence from the State Housing Initiatives Partnership Program, Housing Studies” by Seungbeom Kang, Jooyoung Kim, Anne Ray, Maria Watso, Diep Nguyen, Ashon Nesbitt, Aida Andujar & Blaise Denton is available via open access at:

<https://www.tandfonline.com/doi/full/10.1080/02673037.2023.2248920>