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ARTICLE

The policy adjacent: How affordable housing generates policy feedback among neighboring residents

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Abstract

While scholars have documented feedback effects among a policy's direct winners and losers, less is known about whether such effects can occur among the indirectly affected—"the policy adjacent." Using 458 geocoded housing developments built between two nearly identical statewide ballot propositions funding affordable housing in California, we show that policy generates feedback effects among neighboring residents in systematic ways. New, nearby affordable housing causes majority-homeowner blocks to increase their support for the housing bond, while majority-renter blocks decrease or do not change their support. We attribute the positive effect among majority-homeowner blocks to the housing's replacement of blight. In contrast, the lack of a positive effect among majority-renter blocks may be driven by the threat of gentrification. Policy implementation can win support for expansion among unexpected beneficiaries, while failing to do so even among the policy's presumed allies.

Public policies create winners and losers. This can generate policy feedback loops: The economic and social impacts of a policy may shape the political behavior of those who experience its costs or benefits, reinforcing or undermining its political fortunes (Pierson, 1993; Soss & Schram, 2007). Yet, the policy ecosystem is composed of not just direct beneficiaries, but also those whose circumstances are shaped by externalities. Even policies with very specific and localized beneficiaries can generate broader social and economic ripple effects through, for example, shared markets. We show how such externalities can create policy feedback loops among those only indirectly affected.

We consider the case of the Low-Income Housing Tax Credit (LIHTC, pronounced "lie-tech"), which has accounted for the construction or rehabilitation of over 3.6 million affordable housing units nationwide between 1987 and 2021. We show that voters change their political behavior in systematic ways when new LIHTC developments are built in their neighborhoods. California provides a unique laboratory for this study. Nearly identical bond measures appeared on the state's ballots in November 2002 and November 2006, each allocating over $2 billion for affordable housing. Using geolocated data on 458 LIHTC developments built between these two elections, we find that the construction of nearby affordable housing causes support for funding affordable housing to *increase* by 2 to 2.5 percentage points in Census blocks that comprise mostly homeowners. Meanwhile, blocks that comprise mostly renters do not show the same increase, and may even decrease their support for funding more affordable housing.

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The Cornell Center for Social Sciences verified that the data and replication code submitted to the AJPS Dataverse replicates the numerical results reported in the main text of this article.

Given that voters respond to changes in local housing markets (Larsen et al., 2019), we argue that these dissimilar effects between homeowners and renters are driven by two conditions.[1] First, LIHTC developments often replace blight, such as empty lots, dilapidated structures, or vacant buildings. Second, LIHTC tends to be sited in disadvantaged areas, which stand to benefit the most from vacant lot redevelopment and neighborhood revitalization. As a result, there is a well-established positive impact of LIHTC developments on property values in distressed neighborhoods (Dillman, Horn, & Verrilli, 2017; Voith et al., 2022). At least 10 published articles have studied the impact of LIHTC developments on local property values. Together they demonstrate unequivocally that LIHTC increases property values in distressed neighborhoods in the development's immediate vicinity.[2]

We argue that both the visible changes in the character of a neighborhood due to LIHTC and the resulting increase in property values drive the positive feedback effects among homeowners. Homeowners, especially those residing in lower income neighborhoods, generally stand to benefit from both of these forces and ultimately increase their support for affordable housing policy, even if they are unlikely to be its direct beneficiaries. As evidence of this mechanism, we show that homeowners living in areas where LIHTC development increased property values showed greater policy feedback effects compared to areas where LIHTC caused property values to decrease. Renters, meanwhile, have a more equivocal relationship with policies like LIHTC. We suspect, but cannot directly test, that support for policies that improve "blighted" neighborhoods is muted or complicated by fears of rising rents.

We integrate these findings into the broader policy feedback literature by defining a new theoretical concept: *the policy adjacent*. This category encompasses the individuals who are affected by the spillovers of the policy. Depending on their internal calculus, the policy adjacent may be "winners" or "losers." The homeowners in our study context tend to be *the policy adjacent winners*—indirect beneficiaries who become more supportive of the policy. These homeowners increase their support for affordable housing once they experience positive localized externalities of new LIHTC developments, potentially making them an unexpected ally in building support for policy expansion.

In contrast, though the evidence is more circumspect, renters tend to be *the policy adjacent losers*—individuals who, despite generally fitting the profile of those whom the policy is intended to help, do not receive assistance. Instead, renters living near the new LIHTC are left vulnerable to its negative or mixed externalities. We might expect to observe a political backlash or ambivalence toward the policy from these policy adjacent losers. These individuals, who are typically assumed to be a natural constituency for expanding housing assistance, may in fact opt out of a broad-based renter coalition around policy expansion because they receive no direct benefits but suffer negative or mixed externalities.

We test our theory in a way that addresses two common challenges of the policy feedback literature. First, prior studies of both direct and indirect policy feedback have typically relied on self-reported attitudinal outcomes (e.g., external efficacy) or behavioral outcomes somewhat removed from the policy of interest (e.g., turnout). As Campbell (2012, p. 347) writes, "[m]any existing feedback studies show the feed but not the back (or they just assume the back). Such studies show that policies affect the public in some way, altering attitudes or behaviors. But […they] do not demonstrate that those attitudinal or behavioral patterns owing to program design affect subsequent policy outcomes." California's statewide housing bonds represent meaningful, policy-relevant pretreatment and posttreatment behavioral outcomes: votes dictating public funding for housing assistance.

Second, it is usually hard to identify both the direct and indirect policy winners and losers because individual-level data on eligibility, policy uptake, and usage are typically restricted to protect privacy. By their nature, the externalities of new LIHTC developments are spatially concentrated in the neighborhoods in which they are sited. This allows us to easily identify voters "treated" by these externalities. That the siting of just one LIHTC development nearby affects support for a $2+ billion bond suggests an array of other possible attitudinal and behavioral outcomes among the policy adjacent that have yet to be investigated.

THE POLICY ADJACENT

We define the policy adjacent as those who experience the externalities of policy implementation. Though we are not the first to describe public policies as having externalities, spillover effects, or unintended consequences, little attention has been paid to articulating the political relevance of particular groups that experience the indirect costs and benefits of a policy. Understanding the political consequences of externalities requires identifying affected groups—for which we introduce the concept of policy adjacency—and analyzing how they express themselves in a coherent, political way.

[1] Throughout the text, we use the terms "homeowners" and "renters" as shorthand for "majority-homeowner blocks" and "majority-renter blocks," respectively.
[2] See Dillman, Horn, and Verrilli (2017) for a review.

Adjacency is often geographic—as in the case of a LIHTC development's neighbors—but it need not be. Anyone who experiences indirect benefits or harms from a policy can be considered a member of the policy adjacent. Examples of these groups, and the externalities that they endure, are present throughout the policy feedback literature. For instance, wind turbine subsidies directly benefit landholders, energy developers, and consumers, but turbine construction can also negatively affect nearby residents, who decrease their electoral support for the responsible party (Stokes, 2016). Likewise, while incarceration has been found to decrease an individual's turnout and trust in government (Weaver & Lerman, 2010; White, 2019), indirect or "proximal contact" with the criminal justice system by the family, friends, and neighbors of those incarcerated is linked to an array of behavioral changes, from distrust and alienation (Lerman & Weaver, 2014) to mobilization for change (Walker, 2020).

The concept of the policy adjacent can be used to better understand the local constituencies for and against other familiar social welfare policy instruments. First, the Supplemental Nutrition Assistance Program (SNAP, formerly known as "The Food Stamps Program") provides electronic benefits to help low-income families purchase food. Due to income segregation, SNAP's benefits tend to be a spatially concentrated infusion of federal funds into low-income neighborhoods. This localized boon affects the local grocery economy, as the use of SNAP benefits increases local grocery prices (Leung & Seo, 2023). Thus, while individuals receiving SNAP are the direct policy beneficiaries, nearby grocers indirectly benefit from the federal program's steady stream of revenue. These grocers are policy adjacent winners. Less commonly considered part of the coalition in favor of SNAP expansion, retail grocers in low-income communities are apt to increase their support for the program once they have experienced its spillover benefits.

But the infusion of resources into the local grocery economy has spillover costs. For low-income community members either just above the SNAP income eligibility threshold or no longer qualifying for the program due to time limits, an increase in local food prices is a concentrated burden. If nonbeneficiaries connect the price increase to the influx of SNAP benefits and believe they are unlikely to become eligible themselves, they may see the expansion of SNAP as increasingly harmful to their well-being. These low-income shoppers are the policy adjacent losers. While they are the natural constituency for supporting SNAP expansion, their vulnerable position combined with SNAP's negative spillovers may demobilize or persuade them that the program is not worth expanding absent a guarantee that they will be covered.

A second example comes from the Housing Choice Voucher Program (formerly called "Section 8"), which provides vouchers to low-income individuals covering the difference between 30% of the voucher-holder's income and a calculated fair market rent for units in low- to lower middle income neighborhoods. This steady stream of benefits makes landlords—the policy adjacent winners—a potential constituency in favor of expanding voucher funds. Indeed, while many landlords refuse to rent to voucher holders, others actively seek out this revenue stream, with some landlords recruiting tenants right outside of the voucher office (Rosen, 2014).

But far more individuals qualify for vouchers than the federal government provides, meaning vouchers are distributed via lottery. Consequently, only one in four families eligible for voucher assistance eventually receives it (Ellen, 2020). This rationing of rental assistance means that most low-income renters are the policy adjacent losers, competing against voucher holders for a limited supply of eligible housing units. And like SNAP, the infusion of steady funds into the local housing economy may increase the cost of market-rate rental units (Susin, 2002, but see Eriksen & Ross, 2015). If a non–voucher holding renter connects this rise in nearby housing costs to competition from voucher holders, the renter may decide that expansion of the voucher program is detrimental to their housing stability. Again, a natural constituency for policy expansion is either demobilized or turned against it via negative indirect policy feedback.

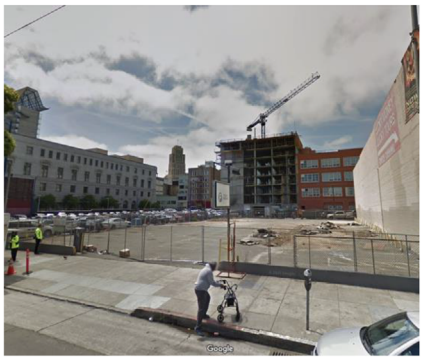
In these cases, the status of nonbeneficiaries as the policy adjacent losers is not the same as opponents in political conflict, such that a policy defeat may serve as a mobilizing symbol (e.g., Lacombe, 2022). Instead, their exclusion from the program's benefits is an "unanticipated policy loss" that risks undermining support among a key constituency (Jacobs & Weaver, 2015). If program expansion were to guarantee that they would receive the SNAP benefits or housing vouchers, then these constituencies may become more supportive.

POLICY FEEDBACK AND THE LOW-INCOME HOUSING TAX CREDIT

How Low-Income Housing Tax Credit (LIHTC) creates policy adjacent winners and losers

First enacted in 1986, LIHTC subsidizes the construction and rehabilitation of affordable rental housing for low- and moderate-income tenants. Although federal guidelines allow for a mix of low-income and market-rate housing in a given development, in practice the overwhelming majority of units are earmarked for

(a) Prior to LIHTC housing (2016)



(b) With LIHTC housing (2019)

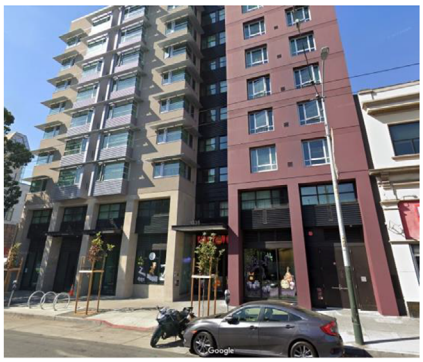


FIGURE 1 1036 Mission Street, San Francisco, California. *Notes:* These images were captured by Google Street View.

low-income residents. LIHTC credits are used to fund 90% of new project-based affordable housing units and they have funded 25% of all new multifamily housing units nationwide from 2000 to 2019, providing millions of affordable units (The New York Times, 2012; Freemark & Scally, 2023).

Like all public policies, LIHTC creates winners and losers. Some of these are direct "winners"—the relatively few people who are allocated affordable units within the LIHTC housing—and direct "losers"—those taxpayers who would prefer not to fund affordable housing. But affordable housing has impacts on the local neighborhood and market for both owned and rented homes, and so LIHTC also creates economic and social externalities in the neighborhoods in which new developments are built. To understand these externalities requires a closer consideration of what LIHTC-funded affordable housing looks like and where it is sited.

Federally subsidized low-income housing tends to be built in disadvantaged neighborhoods (Freeman, 2004). In our own data, LIHTC units tend to be sited in lower income, higher minority Census blocks. These sorts of places attract LIHTC developments because of developers' economic considerations (i.e., where building LIHTC units is financially viable due to cheap land) and because there they are unlikely to meet strong "Not In My Backyard" (NIMBY)-style opposition.

This has important implications for how LIHTC is received by neighboring residents and for its potential to change local neighborhoods. New LIHTC housing tends to make neighborhoods more desirable by replacing blight (see, e.g., Figure 1), reducing crime, and bringing in financial and infrastructural investment, which is both reflected in residents' qualitative assessments of their local areas and capitalized into higher property values (Diamond & McQuade, 2019; Dillman, Horn, & Verrilli, 2017).

The nearby residents who experience these effects of LIHTC constitute the policy adjacent, a group containing winners and losers. For instance, homeowners and renters will be differently impacted by housing price fluctuations. Homeowners, on average, are the policy adjacent winners, because they benefit from improvements to their immediate neighborhood, both in terms of increased property values and blight reduction.[3] Meanwhile, renters face a more complicated set of circumstances. They benefit from investment in their neighborhoods, but rising property values may contribute to higher rents and housing instability. To the extent that renters perceive or experience the policy as detrimental to their own well-being, we may consider them LIHTC's policy adjacent losers. Though they are often in principle eligible for housing assistance, it is highly unlikely that they will receive newly constructed affordable housing units themselves; instead, they are left vulnerable to the externalities of the new LIHTC development on the local housing market.[4]

From neighborhood change to behavioral change among LIHTC's policy adjacent

For LIHTC's neighborhood effects to generate feedback to *political* behavior, these effects must be both visible and traceable to the policy itself (Patashnik & Zelizer, 2013). We argue that nearby residents notice the ways in which new LIHTC developments reshape their neighborhoods, attribute these changes directly to LIHTC, and in turn change their support for building new affordable housing.

[3] While homeownership provides more housing stability than renting, and homeowners in our study have, on average, higher household incomes than renters, they still tend to live in distressed or gentrifying areas and are not affluent. In the context of LIHTC's effects, we still consider them "winners" because they experience a net benefit from new LIHTC construction. Homeowners are unlikely to face the threat of displacement or foreclosure when home values increase due to rising property taxes. In fact, property taxes are unlikely to pose a major concern within our study because California's Proposition 13 limits the taxable assessed value to a maximum 2% increase each year.

[4] Although individual LIHTC developments prioritize local residents in lotteries for a share of the units, "local" may be defined at the city or even metropolitan level.

Built by private developers, largely funded through the tax system rather than more conspicuous public budgets, and typically smaller in physical scale than the massive public housing projects of the 1950s and 1960s, LIHTC developments may not be immediately recognizable as affordable housing to casual observers. But local residents are keenly aware of the nature of these developments, for several reasons. First, LIHTC developments are almost always subject to public hearings prior to approval. While attendance at these hearings may be incomplete, developers are typically required to notify residents within 300 feet of the development site that the hearing is occurring. Outside of these hearings, LIHTC developers commonly rely on informal public information sessions to win local support for the projects (Scally & Tighe, 2015). Following approval, disruption from the generally year-long construction process is unavoidable for nearby residents, raising their awareness of the development and drawing attention to the site's mandatory signage. Finally, public officials often use local media coverage of the housing's opening to claim credit for creating affordable housing.[5] These meetings, notifications, and media accounts almost without exception highlight the affordable nature of these developments.

Evidence that residents associate LIHTC with the improvement of their neighborhoods is found throughout the academic literature as well as media coverage. As Reid (2019) reports, "In the higher poverty tracts in the sample, the LIHTC properties … stood out for their quality and upkeep in comparison with the market-rate buildings nearby, something that residents also pointed out frequently during the interviews" (p. 656). Reid goes on to document how LIHTC developments in California were perceived as investments in neighborhoods and avoided the stigma of more traditional forms of public housing, at least from the perspective of residents (p. 656). One resident is quoted as saying, "Every neighborhood should have affordable housing. It helps change the neighborhood, makes it better, cleaner and safer" (Reid, 2019, p. 657).

Similarly, Turbov (2006) describes how, "Over the past decade [since the mid-1990s] public housing has taken a radical departure, from causing neighborhood decline to reversing it. … New developments have radically changed the urban landscape and rebuilt neighborhood economies" (pp. 188–189). Local news reports quote neighbors and supporters of LIHTC proposals praising the developments for revitalizing empty lots. A recent *New York Times* report covered the court-ordered construction of a 102-unit LIHTC development in New Berlin, WI (Eligon, 2020). Prior to the development, one opponent of the project had emailed the city's mayor stating: "If I wanted to live by low-cost housing people, I would have stayed in Milwaukee County." Following the LIHTC's construction, that resident regretted his opposition: "I just shot from the hip on that and probably should have been more wary. … If they wanted to build another, more power to them."

Thus, the construction of new LIHTC is highly visible and its positive effects on the surrounding neighborhood are easily traceable. But our analysis goes one step further: We also expect that LIHTC will reshape the local community's political behavior. Specifically, our first hypothesis is that homeowners will become more supportive of building further affordable housing, both in their communities and in general. The primary mechanism, we posit, is LIHTC's effect on their neighborhood conditions—from aesthetic improvements to crime reduction (Freedman & Owens, 2011)—which are also capitalized into property values. To use the language of the policy feedback literature, this constitutes a "resource effect."[6] Given the well-documented absence of a strong partisan dimension and the dominance of economic self-interest in decision making in this context (Einstein, Glick, & Palmer, 2019; Marble & Nall, 2021), we expect homeowners—whose homes are not only their largest asset, but also highly illiquid, making them particularly sensitive to their value—to have a clear, positive political response to nearby LIHTC.

For renters, the advantages of blight reduction may be counterbalanced by the perception that rising property values threaten their housing stability, resulting in mixed political effects. In 2019, New York City's Deputy Mayor for Housing noted renters' perception of even affordable housing as a gentrification threat: "[T]he only way that we get a more integrated city is if we have more affordable housing across a wider range of neighborhoods. If people fear that they're going to be pushed out of their neighborhood, they will not accept housing" (Goodman, 2019).

Given these countervailing forces, renters are unlikely to behave like homeowners. How exactly renters will be affected by new, nearby LIHTC depends on the relative strength of these opposing forces: the benefits of blight reduction versus the costs of housing instability. In the context of an expensive housing market like California's, we expect the costs to outweigh the benefits. Thus, our second hypothesis is that renters in our sample will decrease their support for the housing bonds in response to the construction of nearby LIHTC.

[5] See SI Section A (p. A-2) for examples.

[6] We consider the possibility of a non-material mechanism of policy feedback (interpretive effects) in our "Conclusion."

DATA AND MEASUREMENT

To test our theory of the policy adjacent in the case of LIHTC housing, we use the presence of two similar affordable housing bonds placed on the California statewide general election ballot in 2002 and 2006. The foundation of the data set is California election data aggregated to the 2010 Census block level, which is our unit of analysis throughout (McCue, 2011). Using a series of crosswalks and spatial joins, we construct a data set of 15,769 unique blocks near LIHTC developments. For each block we measure voting returns, treatment status, and a bevy of block- and tract-level characteristics, described below.

These 15,769 blocks are far fewer than the roughly 710,000 Census blocks in California, but they contain 7% of the population of California as of 2000. Of course, the residents living in these blocks are not representative of California as a whole. They are poorer, more racially diverse, and less likely to be homeowners than the average Californian. We return to the generalizability of our findings beyond this sample below.

Dependent variable To measure voters' support for building new affordable housing, we use the presence of two $2+ billion housing bonds placed on statewide ballots in California, the first in November 2002 (Proposition 46)[7] and the second in November 2006 (Proposition 1C).[8] Both bonds were placed on the ballot by the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006, and were very similar in content and wording. In 2002, a $2.1 billion bond was to provide:

> shelters for battered women; clean and safe housing for low-income senior citizens; emergency shelters for homeless families with children; housing with social services for homeless and mentally ill; repairs/accessibility improvements to apartments for families and handicapped citizens; military veteran homeownership assistance; and security improvements/repairs to existing emergency shelters.

And in 2006, another $2.85 billion bond was to provide:

> shelters for battered women and their children; clean and safe housing for low-income senior citizens; homeownership assistance for the disabled, military veterans, and working families; and repairs and accessibility improvements to apartments for families and disabled citizens.

The 2002 bond passed with 57.6% of the vote, the 2006 bond with 57.8% of the vote.

Our primary outcome of interest is the difference in support for the 2002 and 2006 bonds, which provided near-identical opportunities for voters to express support for major investments in building affordable housing statewide. Although affordable housing was only one of several components of the two bonds, it was the main focus of the media coverage and messaging around them: They were commonly referred to simply as the "low-income housing bond" (e.g., Gledhill, 2002) or the "affordable housing bond" (e.g., de Sa, 2006). After the successful passage of the first bond in 2002, local media reported on—and politicians claimed credit for—the use of the funds to build a large number of affordable units (Stewart, 2004); these claims were reiterated in the run-up to the 2006 election (Coit, 2006).[9] We obtain block-level returns for both ballot initiatives from the California Secretary of State online repository[10] and compute the difference in average block-level support for the bonds between 2002 and 2006.[11]

Low-Income Housing Tax Credit (LIHTC) developments We are interested in the presence of new LIHTC-funded affordable housing developments during the 4 years between the 2002 and 2006 elections. LIHTC credits can be used both to construct new affordable housing and to rehabilitate existing structures as affordable housing. We only use projects that were new constructions and drop those dedicated toward building rehabilitation. Rehabilitation of existing LIHTC is more likely to be an internal investment in the existing building, which would be less likely to reduce blight.

We obtain data for every LIHTC-funded project from the U.S. Department of Housing and Urban Development (HUD) National Low-Income Housing Tax Credit Database. We focus on the 458 LIHTC developments placed into service in California from 2003 to 2006, inclusive, of which 446 have complete data.[12] The median dwelling had 79 units, of which 72 (92% of units) were reserved for low-income residents.[13] Along with new development between the two elections, we

[7] UC Law SF Scholarship Repository, CA Ballot Propositions & Initiatives (2002).
[8] (UC Law SF Scholarship Repository, 2002; UC Law SF Scholarship Repository, 2006).
[9] See SI Section A (p. A-2) for media coverage of the bonds.
[10] California Secretary of State (n.d.).
[11] See SI Section B.1 (p. A-3) for more details.
[12] We lack month-level data on when developments were placed in service. Thus, we are possibly excluding usable LIHTC developments from late November and December 2002 as well as inappropriately including developments from late November and December 2006. Either error would likely add noise to our estimates, not bias.
[13] See SI Section B.2 (p. A-3) for more detail.

also geocode LIHTC developments built from 1999 to 2002 and developments placed into service from 2007 to 2010, which are deployed in various analyses. We validate the accuracy of the geocodes by employing best practices articulated by Wilson et al. (2024).

Homeownership and rentership We classify "renter blocks" or "homeowner blocks" based on the tercile cutpoints of homeownership among all unique blocks. Blocks in the lowest tercile of homeownership (<21% homeowners) are "renter blocks," or the policy adjacent losers, while blocks in the highest tercile of homeownership (>67% homeowners) are "homeowner blocks," or the policy adjacent winners.

Since our analysis is conducted at the block level, we cannot directly observe whether the treatment effects among homeowner blocks and renter blocks are driven by individual homeowners and renters, respectively. But because these blocks are overwhelmingly dominated by one group or the other, we do not think that ecological inference concerns are a major threat. Renter blocks have a population-weighted mean homeownership rate of only 6%; homeowner blocks have a population-weighted mean homeownership rate of 83%. We present our results across a range of homeownership cutpoints in Supporting Information (SI) Section F.2 (p. A-15) to show their robustness to alternative specifications.

We additionally collect data on a number of block-level Census variables that are relevant to local housing politics, including race and ethnicity, vacancy rates, and population density.[14] All of these variables are measured as of 2000, prior to the 2002 election and subsequent construction of LIHTC developments. We use these to assess balance on pretreatment covariates to evaluate the validity of our research designs.

RESEARCH DESIGNS

To identify the causal effect of LIHTC development on the policy adjacent, we need to address a central endogeneity problem: LIHTC developments are not sited at random. Rather, they may be disproportionately located in areas with higher political support for affordable housing, in residentially sparse or gentrifying areas, or areas that are otherwise associated with our political outcomes of interest. To circumvent this problem, we use two analytical strategies. Both are based on a difference-in-differences design where the first of these differences is the change in voter support for the housing bond between 2002 and 2006. We term these two designs the near-far and the near-near design.[15]

Near-far design

Our first approach, the near-far design, compares blocks that are treated by new LIHTC developments to nearby blocks that are just too far to be affected. The key identification assumption of this approach is that in the absence of new LIHTC construction, support for affordable housing would have moved in parallel in the treatment group—the ring of blocks closest to the development—and the control group—an outer ring of blocks just further away. This assumption is likely to hold when adjacent blocks within a neighborhood are similar to one another, but there is some exogenous, hyper-local variation in the lots that are available for development.

In properly defining the treatment and control rings under this approach, the analyst faces a trade-off. The identification assumption is more likely to hold the smaller the treatment and control areas, but the rings should be large enough to capture the entire group of people substantially affected by the LIHTC development as well as a large enough sample of control units to precisely detect any treatment effects. We find that the bandwidths that balance these competing considerations are within a 350-m radius from the LIHTC development for the treatment group, and between 350 and 600 m away for the controls.[16] Figure 2 visualizes the near-far design in San Francisco, CA.

To empirically test the identification assumption, we subset the data to homeowner blocks and renter blocks as defined above. SI Section C.1 (p. A-6) presents the pretreatment covariate balance between treated and control units within each subset as well as the sample as a whole. For both homeowner and renter blocks, treated units are comparable to control units on observable block-level covariates measured prior to LIHTC construction. This suggests that within the 600-m radius, the exact location of the LIHTC development is plausibly exogenous to some common (observed) confounders.

We estimate the effect of nearby LIHTC on support for affordable housing using ordinary least squares. Our sample is constructed by taking every LIHTC development sited in 2003–2006, indexed by l, and gathering all blocks, indexed by b, within a 600-m radius. Then, we estimate the equation:

$$Y_{lb} = \beta_0 + \beta_1 T_{lb} + \beta_2 renter_b + \beta_3 \left(T_{lb} * renter_b\right) + \zeta_l + \varepsilon_{lb}, \quad (1)$$

[14] Income-related variables are unavailable at the Census block level. See SI Section B.3 (p. A-5).

[15] This approach is inspired by Asquith, Mast, and Reed (2023).

[16] See SI Section F.1 (p. A-14) for a discussion of bandwidth choice, and sensitivity analyses using other definitions.

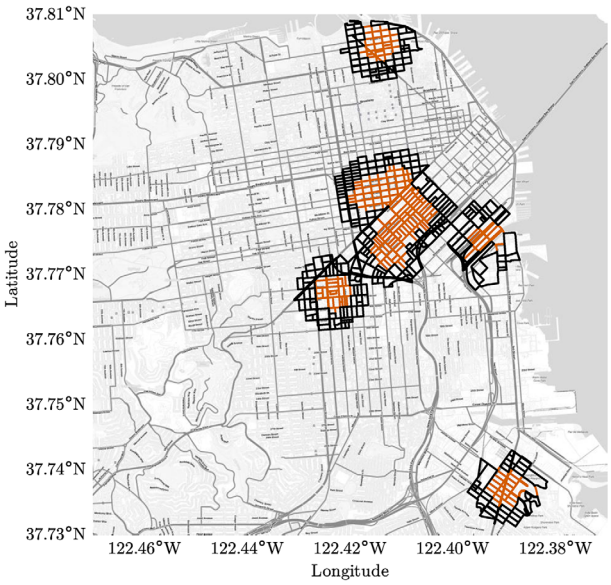


FIGURE 2 Visualization of the near-far design. *Notes:* Treated blocks—those that are near Low-Income Housing Tax Credit (LIHTC) developments built in 2003–2006—are orange, and control blocks—those that are just farther from LIHTC developments built in 2003–2006—are black.

where T defines the block's treatment status and *renter* captures the degree of rentership as opposed to homeownership in the block.[17] Since our theory predicts divergent effects among homeowners and renters, we include an interaction term between T and *renter*. We also include ζ, a LIHTC-level fixed effect, to account for unobserved confounders common to all blocks associated with a development. We use robust standard errors clustered at the LIHTC level.

Since both a block's exposure to LIHTC and its rentership status are matters of degree, there is not one unique approach to defining the T or *renter* variables. To ensure that our results are not sensitive to any particular choice, we now present several alternative definitions of these variables. In the "Results" section, we report estimates under each approach, and they all consistently agree with one another.

Defining the treatment.

1. **Binary**. Our first approach, illustrated in Figure 2, is to create a treatment ring and a control ring around each LIHTC development. Then, for the sample of blocks within a 600-m radius of any l, we define:

$$T_{lb} = \begin{cases} 1 \text{ if most of the area of block } b \text{ is} \\ \quad \leq 350 \text{ m away from } l \\ 0 \text{ if most of the area of block } b \text{ is} \\ \quad > 350 \text{ m away from } l \end{cases}.$$

2. **Continuous in distance**. Alternatively, T_{lb} may be constructed as a continuous variable based on a block's spatial proximity to the LIHTC development. For each block within 600 m of each LIHTC development, we compute d_{lb} as the great circle distance between the centroid of the block and the development. For comparability across our different approaches, we rescale d_{lb} to be between 0 and 1 by dividing by its maximum value in the data, and then we invert it so that higher values represent more intensive treatment:

$$d'_{lb} = 1 - \frac{d_{lb}}{\max_{l,b}\left(d_{lb}\right)},$$

Finally, we compute T_{lb} as the standardized version of d'_{lb}, subtracting its mean value and dividing by two standard deviations (Gelman, 2008).

3. **Continuous in size**. Intensity of treatment may also depend on the cumulative number of LIHTC units to which a block is exposed. Thus, for each block within 600 m of each LITHC development, we compute T_{lb} as the total number of units over all treatment rings (defined according to the Binary approach above) to which block b belongs. Once more, we standardize this variable.

Defining rentership. In addition to our binary coding of renter blocks according to the homeownership tercile cutpoints (1 = bottom tercile, 0 = top tercile), we compute a continuous version of $renter_b$ as the proportion of households in a block that are not homeowners, ranging from 0 (100% homeowners) to 1 (100% renters). The continuous approach increases our sample size compared to the binary approach, since it does not require excluding the middle tercile.

Near-near design

Though our near-far design shows balance on observable characteristics, unobserved confounders remain a risk. For example, LIHTC developers may target specific locations where new housing is most politically feasible to permit, thus confounding our causal estimates.

Our near-near design accounts for this possibility by comparing areas treated by LIHTC developments

[17] Some blocks enter the analysis multiple times if they are within 600 m of multiple LIHTC developments. Thus, we index Y and T by both l and b in order to uniquely identify every block-development pairing.

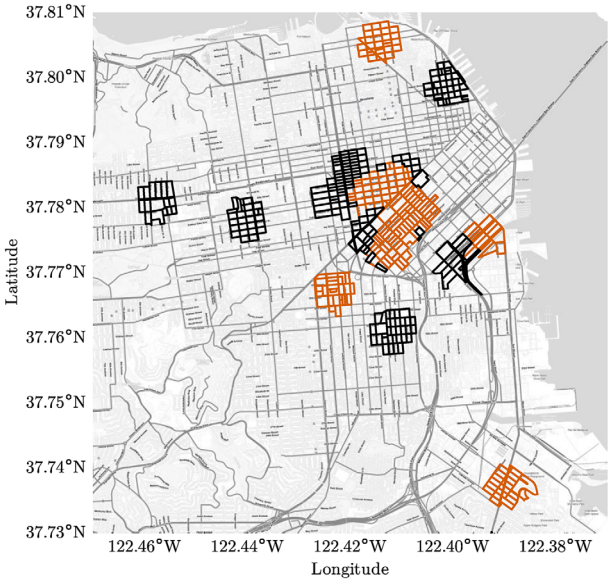


FIGURE 3 Visualization of near-near design. *Notes:* Treated blocks—those that receive Low-Income Housing Tax Credit (LIHTC) developments in 2003–2006—are orange, and control blocks—those that receive LIHTC developments in 2007–2010—are black.

between 2003 and 2006 to areas that *will be treated* by new LIHTC between 2007 and 2010. By defining these later-treated units as controls, we compare areas that are similarly prone to new LIHTC development, but with different treatment timings. The key identification assumption under this approach is that political support for affordable housing would have moved in parallel between the earlier-treated and later-treated areas in the absence of LIHTC construction. This assumption would hold if the two sets of areas shared all the political and geographic characteristics that make them attractive to developers, and if any differences in the timing of development were purely due to the idiosyncratic nature of building and permitting.

The primary risk to this near-near design would be if the timing of a LIHTC development were driven by neighborhood-level political factors correlated with our dependent variable. We believe this risk to be small. The funding process in California is highly competitive, with roughly 27%–58% of developer applications funded between 2007 and 2012 (Diamond & McQuade, 2019). The high rejection rate of applications for LIHTC funding each year suggests a large degree of variation in when a project is funded that is unrelated to the preferences of nearby residents. SI Section C.2 (p. A-7) shows the weighted mean difference in our block-level covariates within homeownership terciles and the sample as a whole. As in the near-far design, our treated and control units are comparable on observable pretreatment covariates.

Figure 3 visualizes the near-near strategy. To construct the sample for this design, we take every LIHTC development sited in 2003–2006 as well as 2007–2010. Then we gather all blocks within a 350-m radius of each development.[18] We estimate the equation:

$$Y_{lbc} = \beta_0 + \beta_1 T_{lbc} + \beta_2 renter_{bc} + \beta_3 \left(T_{lbc} * renter_{bc}\right) + \zeta_c + \varepsilon_{lbc}, \quad (2)$$

where l indexes all LIHTC developments in this sample, b indexes blocks, and c indexes metro areas (CBSAs in the Census). We can no longer include a LIHTC-level fixed effect, since there is no within-LIHTC variation in this design; instead, ζ represents a CBSA-level fixed effect. The *renter* variable may once again be binary or continuous, as described in the near-far design. Similarly, T may be defined in multiple ways:

1. **Binary**. Let L_{0306} represent the set of LIHTC developments sited in 2003–2006 and L_{0710} represent the set of LIHTC developments sited in 2007–2010. Then, for the sample of blocks within 350 m of any $l \in \{L_{0306}, L_{0710}\}$, we compute:

$$T_{lbc} = \begin{cases} 1 & \text{if } l \in L_{0306} \\ 0 & \text{if } l \in L_{0710} \end{cases}.$$

Because of clustering in the location of LIHTC developments (An et al., 2023), some blocks that were treated in 2003–2006 were treated again in 2007–2010; these blocks are included in the treated group but excluded from the controls.

1. **Continuous in size**.[19] For the same sample as in the Binary approach, we define T_{lbc} as the sum of units of LIHTC sited in 2003–2006 within 350 m of block b. Thus, all control blocks—those treated in 2007–2010 but not 2003–2006—receive a value of 0. This variable is then standardized.

Table 1 summarizes our specifications.

RESULTS

Changes in policy support

Our near-far design measures the effect of new affordable housing when comparing blocks surrounding the same LIHTC development using a LIHTC-level fixed

[18] Blocks enter the analysis multiple times if they are within 350 m of multiple LIHTC developments.
[19] The "continuous in distance" specification from the near-far design cannot be used for the near-near design because the control units are not spatially proximate to their comparable treated units.

TABLE 1 Model specifications.

Model	Treatment	Rentership	Sample size
Near-far design			
Binary	Binary	Binary	6,000
Proximity	Continuous (distance)	Binary	6,000
Units	Continuous (size)	Binary	6,000
Continuous rentership	Binary	Continuous	9,292
Near-near design			
Binary	Binary	Binary	4,038
Units	Continuous (size)	Binary	4,038
Continuous rentership	Binary	Continuous	6,144

Notes: This table summarizes the treatment and rentership subgroup definitions that constitute our main analysis, as detailed in the "Research Designs" section above. The resulting sample sizes for each specification are reported in the rightmost column.

effect.[20] Figure 4 shows the effect of proximity to a LIHTC development on the change in support for the housing bonds across the four near-far specifications.[21] For the "Continuous rentership" specification, "Homeowners" can be interpreted as blocks with 100% homeowners and "Renters" as blocks with 0% homeowners. Additionally, we present Holm–Bonferroni adjusted confidence intervals to account for our two hypotheses.[22]

The presence of nearby, new affordable housing causes voters in homeowner blocks to increase their support for funding affordable housing by 1.9 to 2.3 percentage points, an approximately .2 standard deviation increase in the voter-weighted average change in support for the housing bonds. Importantly, this effect is positive, meaning homeowners—who as a group are traditionally more averse to affordable housing than renters—increase their support for funding affordable housing once exposed to its implementation. However, as expected, the effect of LIHTC on predominantly renter blocks is substantially smaller. The renter coefficients suggest that a new, nearby LIHTC development causes these voters to decrease their support by .8 to 1.5 percentage points.

Figure 5 shows estimated treatment effects under the near-near design. A new, nearby LIHTC development causes homeowner blocks to increase their support for the housing bonds by 1.8 to 2.5 percentage points. In contrast, renter blocks experience a 1.3 to 2.2 percentage point decrease in bond support. In two of three models, the treatment effects among renter blocks are not statistically significant at conventional levels.

Together, the results of the near-far and near-near models support our first hypothesis. Homeowners show a clear increase in support for affordable

[20] See SI Section G.4 (p. A-19) for a nonparametric difference in means analysis.
[21] See SI Section D (p. A-8) for results in tabular form.
[22] See SI Section E (p. A-12) for a detailed discussion of this adjustment.

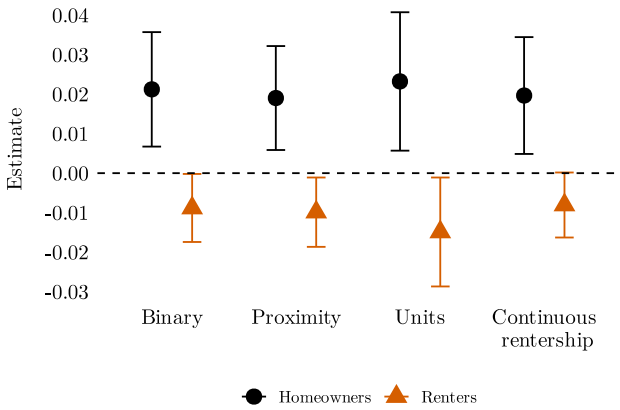


FIGURE 4 Effect of new, nearby Low-Income Housing Tax Credit developments on change in support for housing bonds, near-far design. *Notes:* Error bars represent 95% confidence intervals adjusted for multiple hypothesis testing. Sample size for "Binary" ($n = 6{,}000$), "Proximity" ($n = 6{,}000$), "Units" ($n = 6{,}000$), and "Continuous rentership" ($n = 9{,}292$).

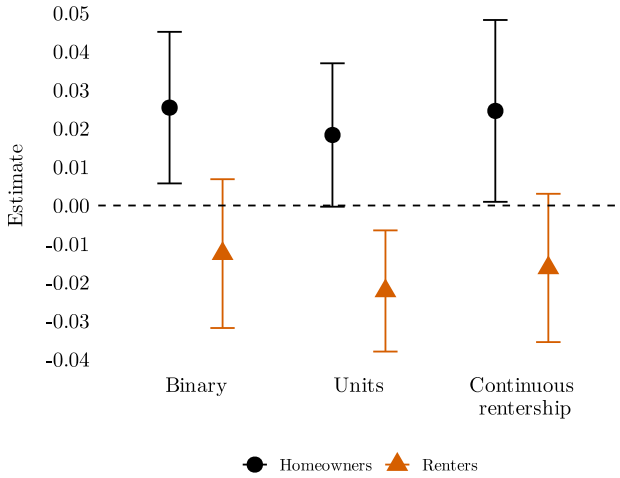


FIGURE 5 Effect of new, nearby Low-Income Housing Tax Credit developments on change in support for housing bonds, near-near design. *Notes:* Error bars represent 95% confidence intervals adjusted for multiple hypothesis testing. Sample size for "Binary" ($n = 4{,}038$), "Units" ($n = 4{,}038$), and "Continuous rentership" ($n = 6{,}144$).

housing in response to new LIHTC. For our second hypothesis—that LIHTC would decrease renter support for funding housing—we are more cautious. The overall trend is negative, but is only statistically significant in four of our seven models. This is at least partially attributable to the fact that the sample of the near-near approach is 50% smaller than that of the near-far approach. Still, while the renter results on their own are not consistently statistically significant, the difference between the positive effects on homeowner blocks and the mixed effects on renter blocks is statistically significant across all specifications.

Validity

To probe the validity of our designs, we conduct a placebo test replicating the near-far design using LIHTC developments built between 2007 and 2010. Because these LIHTC developments were opened after the 2006 election, there should be no difference in change in support for the housing bonds from 2002 to 2006 between the blocks "near" and "far" from them. SI Table G-14 shows this to be true. Homeowner and renter blocks treated between 2007 and 2010 show consistently null results, both in magnitude and statistical significance.

To investigate our theoretical claim that homeownership is the primary cleavage driving response to new, nearby LIHTC development, we repeat our near-far and near-near designs on our other block-level covariates: racial demographics (% non-Hispanic White, % Black, % Latinx), vacancy rate, and population density (SI Figures G-8 on p. A-17 and G-9 on p. A-18). We do not find any statistically significant differences between blocks with high and low values of these variables. Additionally, treatment effects are null for blocks in the middle tercile of homeownership, reinforcing the importance of this cleavage (Table G-15, p. A-18).

Because new LIHTC developments are constantly being built, some blocks may have been treated by a new LIHTC development just prior to the 2002 election. Exposure to LIHTC developments just prior to our period of study may mean that voters were already treated when voting on the "pretreatment" housing bond, or were desensitized to the effects of new LIHTC developments. In SI Section D (p. A-8), we replicate the same design excluding all cases of prior exposure. Results are nearly identical.

We conduct additional sensitivity analyses to see how our results respond to different distance bands. SI Section F.1 (p. A-14) replicates our near-far and near-near designs with the binary treatment, moving the distance radius defining treated units from 300 m to 425 m in 25-m increments. Results are consistent but grow noisier as the treatment radius increases, as expected. Once the treatment radius expands beyond a LIHTC development's sphere of influence, the "treated" group will begin to include blocks that should be categorized as control units, biasing downward the estimated effects.

We also repeat our analyses on the 350-m distance band specification but move the cutpoints that define our homeowner and renter blocks. Extreme cutpoints may leave insufficient data to estimate an effect, while moderate ones risk diluting the conditional effect we are trying to estimate. SI Section F.2 (p. A-15) shows that our results are stable across cutpoints 5 percentage points higher or lower than the tercile cutpoints produced by the distribution of treated blocks. Even cutpoints 10 percentage points above or below the tercile-defined settings yield substantively similar results.

An additional challenge comes from residential churn. If new LIHTC developments cause those least tolerant of affordable housing to move away, being replaced by more tolerant residents, then the positive effect of LIHTC on support for the housing bonds may be an artifact of replacement rather than behavioral change. We assess this possibility in SI Section H (p. A-20), where we derive a decomposition of our dependent variable—change in average support for the bond between 2002 and 2006—into a weighted sum of opinion change and replacement components. Although we cannot compute these components directly since we cannot observe the vote choice of people who move in and out of a particular area, we can compute bounds on opinion change based on residential churn data and some assumptions about the replacement process.

We find that the opinion change effect of interest for homeowners under the near-far design is bounded between -.09 and .16.[23] The lower bound is computed for the unlikely scenario that everyone who moves away from a LIHTC-treated area between 2002 and 2006 opposes the bond and everyone who moves in supports it; the upper bound is computed analogously for the opposite scenario. Of course, both extremes are unlikely. More informatively, we find that there must be some positive opinion change effect up to the point when 38% of voters who leave the block support the bond compared to 62% of voters who move in, yielding a 24 percentage point gap in support between the two groups. If the gap is any larger, our overall treatment effect must be driven by replacement. Given well-documented barriers to politically driven residential sorting (Mummolo & Nall, 2017), this is unlikely to be the case, so we are confident in attributing our treatment effect at least in part to opinion change.

To further investigate alternative mechanisms, in SI Section H (p. A-20), we explore whether LIHTC devel-

[23] Using the binary treatment specification. Results are similar for the near-near design.

opments affected turnout and ballot roll-off. We find little consistent evidence that either of these dependent variables is affected by LIHTC development.

Evidence that policy support is conditioned by housing prices

We posit that changes in housing prices can help explain divergent behavior between homeowners and renters. The first part of this chain is uncontroversial: There is ample evidence that LIHTC developments increase housing prices on average in lower income areas, an impact that we corroborate in our data. Here we present suggestive evidence that this dynamic drives our observed behavioral changes.

First, we determine where the LIHTC developments in our sample changed property values by estimating the effects of each development on surrounding home prices. To do so, we use geocoded CoreLogic data to identify all residential transactions that occurred within 600 m of every LIHTC development sited between 2003 and 2010, inclusive—that is, all developments that define both our near-far and near-near samples. Aggregating these data to the block-year level for the years 1996 to 2015, we estimate the model:

$$\begin{aligned}\log\left(price\right)_{bt} = \beta_0 + \beta_1 treat_b + \beta_2 post_t + \beta_3\left(treat_b * post_t\right) \\ + \beta_4 lotsize_{bt} + \beta_5 lotsize^2_{bt} + \beta_6 livingarea_{bt} + \beta_7 livingarea^2_{bt} \\ + \beta_8 bedrooms_{bt} + \beta_9 bathrooms_{bt} + \beta_{10} spring_{bt} \\ + \beta_{11} summer_{bt} + \beta_{12} fall_{bt} + \rho_t + \varepsilon_{bt},\end{aligned} \tag{3}$$

where $treat_b$ is the treatment status of block b as defined by our near-far design (treated blocks are within 350 m of the development, control blocks 350–600 m away); $post_t$ is a binary indicator that takes a value of 1 starting in the year the development was placed in service, and 0 beforehand; $lotsize_{bt}$, $livingarea_{bt}$, $bedrooms_{bt}$, and $bathrooms_{bt}$ are block-year average characteristics of the housing transactions; $spring_{bt}$, $summer_{bt}$, and $fall_{bt}$ are block-year averages of transaction-level seasonal dummies; and ρ_t is a year fixed effect. The coefficient β_3 represents an estimated price effect for that LIHTC development.

Next, we use these estimated price effects to test our proposed mechanism: that LIHTC increased homeowners' support for affordable housing by raising nearby home values. To do so, we divide our sample of LIHTC developments sited in 2003–2006—those that define our treated sample—into terciles according to their estimated price effects. In the top tercile, the LIHTC development *increased* nearby home prices by at least 7%; in the bottom tercile, it *decreased* nearby home prices by at least 5%.[24] We drop the middle tercile, where home prices are largely unchanged by LIHTC, in order to better isolate places where prices increased or decreased.

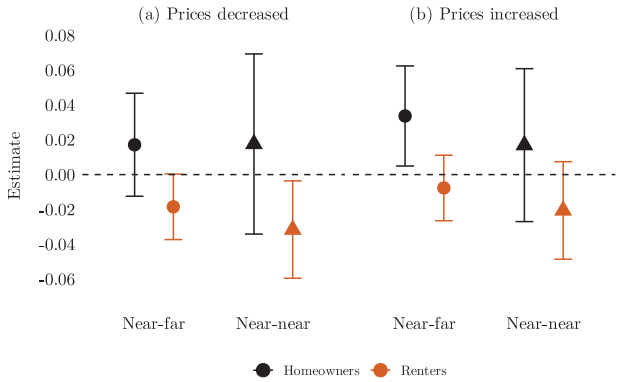


FIGURE 6 Effect of new, nearby Low-Income Housing Tax Credit developments on change in support for housing bonds, continuous rentership model. Effects are reported for bottom price effects tercile ("Prices decreased") and top price effects tercile ("Prices increased"). Error bars represent 95% confidence intervals adjusted for multiple hypothesis testing. Sample size for "Prices decreased" near-far ($n = 3{,}068$) and near-near ($n = 2{,}150$), for "Prices increased" near-far ($n = 2{,}604$) and near-near ($n = 1{,}604$).

In Figure 6, we estimate Equations (1) (near-far analysis) and (2) (near-near analysis) separately on the top and bottom price effect terciles. To reduce loss of statistical power, we use the "Continuous rentership" model specification from Figures 4 and 5. Note, however, the reduction in sample sizes to between about a third and a quarter of the samples in the comparable main analysis, leading us to expect noisier estimates.[25] The effect of new, nearby LIHTC on support for funding affordable housing is about 3 percentage points in homeowner blocks where prices increased. In blocks where prices decreased, the effects are not statistically different from zero. Despite some imprecision in the estimates due to drastically reduced sample sizes, the overall picture suggests that homeowners respond more positively where LIHTC development increased nearby home values.

Meanwhile, majority-renter blocks never show positive treatment effects in response to LIHTC. Still, we urge caution in assessing renter treatment effects conditional on housing prices. The behavior of homeowners in response to changes in housing prices has clear expectations from previous research, whereas the behavior of renters does not. While rent and home transaction prices are likely connected, landlords rarely lower rent for current tenants when property values decline, limiting renters' benefit from decreased housing prices. Instead, as we theorized above, renters are likely more responsive to the local

[24] Appendix Table H-18 (p. A-20) compares areas around the LIHTC developments from the top and bottom price effect terciles on pretreatment characteristics.

[25] This is evident by the larger scale of the vertical axis, reflecting larger confidence intervals.

quality of life and their sense of housing instability. We focus directly on the latter in the next section.

Gentrifying renter neighborhoods show larger negative effects

The effect of new, nearby affordable housing on homeowner blocks is straightforward. LIHTC replaces blight, increasing nearby property values. We find evidence of our proposed mechanism by demonstrating stronger policy feedback effects on areas where LIHTC increased surrounding property values. In contrast, treated renters do not show the same positive response to new LIHTC. Instead, our results suggest that renters may become more likely to oppose affordable housing bonds when exposed to new LIHTC developments.

One explanation for this divergence is that renters may associate new LIHTC developments with gentrification and displacement. This is consistent with research finding that renters in cities with high housing costs oppose nearby market-rate housing because they believe that new development will make their neighborhood more attractive, increasing their rent and threatening their housing stability (Hankinson, 2018). This mechanism of blight reduction leading to higher rents mirrors the concept of "green" gentrification where the replacement of derelict infrastructure with environmental amenities risks local gentrification and displacement (e.g., Immergluck & Balan, 2018). Given that new LIHTC development may increase nearby property values, this could similarly drive a backlash effect or at least hinder renters from expressing positive policy feedback associated with improved neighborhood conditions.

To assess these explanations, we identify blocks that were gentrifying from 1990 to 2000, prior to the 2002 election. Following the gentrification literature, we first identify blocks deemed eligible for gentrification as of 1990. Hwang (2020) defines a Census tract as eligible for gentrification if the tract's median income in 1990 is below its city's median income.[26] Based on this definition, 83% of our renter blocks fell within gentrification eligible tracts in 1990, which is unsurprising given the tendency of LIHTC developments to be sited in lower income neighborhoods. We then identify tracts, and thus blocks, that actually underwent gentrification from 1990 to 2000. Hwang (2020) specifies two conditions, both of which must be met over a 10-year period for a tract to be considered gentrifying:

[26] Existing literature defines "gentrification" using data available only at the tract level, requiring us to assign block-level attributes based on tract-level data.

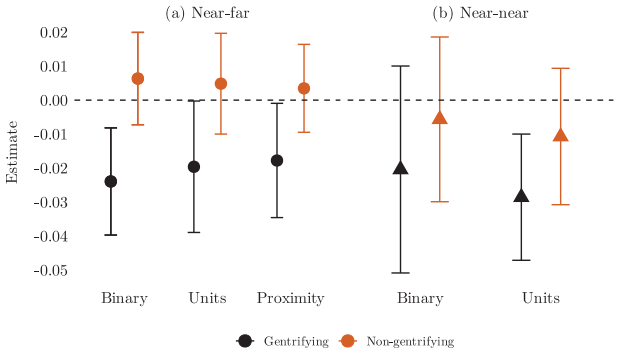


FIGURE 7 Effect of new, nearby Low-Income Housing Tax Credit developments on change in support for housing bonds among renters, by neighborhood gentrification status. Error bars represent 95% confidence intervals adjusted for multiple hypothesis testing. Sample size for "Near-far" binary ($n = 2{,}187$), units ($n = 2{,}187$), and proximity ($n = 2{,}187$); for "near-near" binary ($n = 1{,}820$) and units ($n = 1{,}820$).

1. The tract's median rent or home value increases more quickly than the variable's median increase among all tracts in the city.
2. The tract's % with at least a bachelor's degree or median household income increases more quickly than the variable's median increase among all tracts in the city.

From 1990 to 2000, 22% of our renter blocks met both criteria and qualify as gentrifying. To assess whether gentrification matters for renter response to LIHTC, we re-estimate our regressions on gentrification-eligible renter blocks only, and include a binary indicator for whether each block was gentrifying prior to the 2002 election.

As shown in Figure 7, renter blocks in non-gentrifying tracts show essentially no response to LIHTC. In contrast, renter blocks in gentrifying tracts decreased support for the housing bond by 1.8 to 2.9 percentage points when exposed to a LIHTC development. These estimates are statistically significant in four out of five specifications. Likewise, in both the near-far and near-near designs, gentrification status does not affect the change in support for the housing bonds among homeowner blocks (Figure H-16, p. A-30). This evidence suggests that when LIHTC developments are sited in neighborhoods already experiencing rising rents and the perceived threat of displacement, there may be a stronger negative reaction among renters.

DISCUSSION

To date, the political science of affordable housing policy has tended to focus on two groups: the mass public and the residents of affordable housing units. Absent

has been consideration of the surrounding residents once the housing has been built. But this group is important. The new affordable housing is the physical manifestation of the policy. Thus, those affected by these buildings each day may play an important role in the long-term politics of housing policy.

That a single nearby LIHTC development changes down-ballot voting behavior suggests that proponents of affordable housing should consider policy implementation as they engage in strategic coalition building. But while treated homeowners may be mobilized to increase funding for housing, it is no coincidence that LIHTC springs up in places where it is less likely to meet strong homeowner opposition (Trounstine, 2018). We suspect—though cannot directly test—that attempts to build affordable housing in higher income areas would not only meet greater homeowner resistance, but would also fail to increase local property values. Consequently, homeowners in these areas may not show the same increased support for funding additional housing as observed by the homeowners in our study.

Similarly, renters in gentrifying areas will likely be less sanguine about local development. But efforts to win the support of local renters—by, for example, prioritizing adjacent residents for new units—may generate repercussions. Prioritization of local residents below the municipality level in housing lotteries is largely viewed as invalid under the US Fair Housing Act, as it may entrench existing patterns of racial segregation. While historically designed to "exclude non-Caucasians from ever establishing residency" in all-White cites,[27] even local prioritization meant to mitigate displacement via gentrification has been heavily circumscribed by HUD or challenged in court (Freund, 2018). Thus, there is a tension between building sustained local support for affordable housing and pursuing regional goals of integration.

Alternatively, housing policies that increase the residential stability of existing tenants may limit the backlash of renters against new LIHTC development. When we restrict our sample to cities without rent control, the negative treatment effect found among renters appears to increase.[28] This exploratory analysis supports the idea that renters' backlash toward LIHTC may be due to their concerns about gentrification and displacement. At the very least, the analysis suggests that theory generation about the policy adjacent should be considered within the broader ecosystem of that policy. For affordable housing, the ecosystem includes local policies such as rent control, rent stabilization, and property tax regulations.

[27] *United States v. Housing Authority of Chickasaw*, 504 S.D. Ala. 716 (1980) at 731.
[28] See SI Section H.6 (p. A-31) for additional details.

CONCLUSION

Across multiple designs and specifications, we show that new, nearby affordable housing changes residents' voting behavior when asked to fund affordable housing statewide. This policy feedback effect is largely conditioned by the economic externalities created by these developments. To the extent that affordable housing represents an investment in the local neighborhood, homeowners—the policy adjacent winners—stand to benefit from increasing property values. At the same time, affordable housing units can be perceived to harm market-rate renters through rent inflation. This poses an uncomfortable quandary for proponents of subsidized housing: While building affordable housing directly benefits recipients, it may undermine support among the economically precarious policy adjacent losers, who should be natural political allies.

Beyond housing, our definition of the policy adjacent contributes to the literature on policy feedback. First, in recognizing the possibility for winners and losers among indirect policy recipients, we underscore their potential as coherent political constituencies. If we aim to understand the conditions under which we observe policy stability versus expansionary processes versus self-undermining policy processes (Busemeyer, Abrassart, & Nezi, 2021), we need to recognize that policies can have heterogeneous effects not just on those directly affected, but also those indirectly affected.

Our study also reinforces the importance of considering both the self-reinforcing and self-undermining forces of policy feedback effects, which "frequently flow simultaneously from the same set of policies" (Jacobs & Weaver, 2015, p. 454). We are constrained, however, by the aggregate nature of election returns. Future research could use targeted surveys to more precisely gauge the attitudes toward and awareness of nearby affordable housing among individual homeowners and renters. Comprehensive data pertaining to the latter—including information on rental costs over time—are particularly difficult to come by, currently limiting our ability to understand how neighborhood change affects these households. Studies of what LIHTC-induced neighborhood change actually looks like on the ground, perhaps by leveraging street-view imagery over time, would also help more directly illuminate the nature of local transformations due to new affordable housing development.

More broadly, the concept of the policy adjacent creates new avenues for theoretical development. Because the mechanism of LIHTC is, primarily, a physical upgrade to the surroundings, we categorize our findings as a resource effect. However, policy feedback can also occur through interpretive effects, where a policy changes one's political efficacy and

perceived relationship to government. For example, the recognition felt by direct beneficiaries of the G.I. Bill helped spark their civic participation beyond that purely related to the economic benefits offered by the program (Mettler & Welch, 2004). In contrast, if rising property values create instability for renters, then the new housing may also affect renters' sense of self-efficacy. While we do not observe a decrease in voter turnout in renter areas, gentrification has been linked to decreased social capital and engagement in low-income Black communities (Newman, Velez, & Pearson-Merkowitz, 2016). Further research is required to determine whether, in the case of the policy adjacent, such interpretive effects are plausible, or if interpretive effects require receipt of direct benefits.

Our results show how the implementation of policies with concentrated externalities can generate indirect policy feedback in unforeseen ways. Positive economic spillovers can convert unexpected supporters from the policy adjacent winners. At the same time, those same spillovers may not be a universal boon and instead lead to conflicted effects among the policy adjacent losers. This framework—the policy adjacent winners and losers—extends policy feedback effects to indirect externalities, and should help to deepen our understanding of the long-term viability of policies with concentrated benefits and costs.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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