

LOW INCOME HOUSING ASSISTANCE:
THE EFFECT OF COMMUNITY COMPOSITION ON PUBLIC EXPENDITURES AND WELFARE

by
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ABSTRACT

The local public service level is financed by a property tax and set by majority voting. The in-migration of low income families into a community causes a fiscal deterioration. I consider the effect of the fiscal deterioration on welfare, on the public service level and on house prices. In particular, I show that the fiscal deterioration may be beneficial for high income residents, or may cause the public service level to rise. Both cases cannot simultaneously occur.

* New York University. The technical assistance provided by the C.V. Starr Center is gratefully acknowledged.