Essays on Housing Affordability, Child Development and Economic Mobility

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Chapter 1: “Ignorance is Bliss? Rent Regulation, Policy Awareness, and Labor Market Outcomes: Evidence from New York City”.

Rent regulation is central to the affordable housing policies of local municipalities. Its modern version, which limits rent increase, has recently regained legislative momentum in both the U.S. and worldwide. This paper, using a novel data set on rent stabilization in New York City, takes a first step in investigating the policy’s unintended consequences on tenant labor market outcomes, while also exploring the impact of policy awareness on those outcomes. Recognizing the potential endogeneity of living in a rent-stabilized unit, this paper uses three decades of housing vacancy data to construct an instrumental variable leveraging variation in the availability of rent-stabilized units across New York boroughs over time. The sorted effects method in Chernozhukov, Fernández-Val, and Luo (2018) is also applied to investigate heterogeneous effects beyond their averages. The main results demonstrate that rent-stabilized tenants are more likely to be unemployed compared with tenants in private market-rate units. These effects are particularly salient among white and high-skilled tenants. Moreover, policy awareness is identified based on a unique feature of the data which shows that a large share of rent-stabilized tenants are either misinformed or unaware of their rent regulation status. The analysis shows that the impact of rent stabilization on being unemployed is only salient among tenants who possess regulation awareness.


This paper investigates the impact of the Earned Income Tax Credit (EITC) on children’s cognitive and non-cognitive skills given that the theoretical impact of the EITC on child development is ambiguous. Three different mechanisms through which the EITC could affect children are considered: goods inputs, the quantity and quality of time use, and non-parental child care. Using data from the Panel Study of Income Dynamics (PSID) and its Child Development Supplement (CDS), with an augmented sample constructed containing all non-parental child care histories, increased EITC generosity is found to negatively affect cognitive skills of children from single-mother families. However, effects are positive on children’s non-cognitive skills, particularly on internalizing behaviors. Furthermore, several mechanisms are shown to be important. First, there is strong evidence that both single-mother and married-mother families increase their non-parental child care usage when facing higher EITC generosity, but in different forms. Single mothers mainly utilize relatives for child care, while married mothers tend to utilize formal child care programs. Second, single mothers tend to shift from actively engaged time with children to passively accessible time. Third, single mothers are found to have increased psychological distress. Finally, the analysis shows that increased goods inputs, measured by income, may not directly correspond with increased child-specific expenditures.

Many children worldwide are left behind by parents who migrate for work. While the previous literature has studied the effects of parental migration on children’s educational outcomes and cognitive achievements, this study focuses on how parental migration affects children’s non-cognitive development. We use longitudinal data on children in rural China and use variation in labor market conditions in destination provinces as an instrumental variable for parental endogenous migration choices. We find that parental migration has a significant negative effect on children’s non-cognitive development. Differentiating inter- and intra-provincial migrations suggests that the negative effect of parental migration is mainly driven by inter-provincial migration. We test four different mechanisms through which parental migration affects child development: parental financial inputs, parental time inputs, household bargaining, and children’s own time input. Our results provide insight into the relative importance of various developmental mechanisms in determining the effect of parental migration on children’s non-cognitive skill formation.