

# PAST DUE: HOW AMERICAN HOUSING POLICY LEAVES MILLIONS BEHIND

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April 2021

## Executive Summary

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With more than ten million renters (nearly 20 percent of renters) collectively owing more than \$57 billion in back rent, America is mired in its second housing crisis in just over a decade. But the extreme level of housing instability we face cannot be solely blamed on the pandemic. It is the culmination of two long-standing and interrelated problems.

- First, we have been in the midst of a housing affordability crisis for decades, even during periods of economic expansion. Soaring rents over the last two decades have swallowed what modest income gains we've managed to achieve in the labor market. As Americans spend an increasingly large share of their income on rent, they have less and less cushion to absorb a period of unemployment or a decline in household income.
- Second, there is no safety net for housing in the United States. While programs like unemployment insurance and food assistance largely expand to meet the increased need during economic downturns, there are no federal programs for housing that operate this way; this lack of safety net infrastructure for housing



makes it almost impossible to quickly and effectively deliver any assistance that Congress does allocate during a disaster like this one. And even before the pandemic, only one fifth of Americans who qualified for any kind of housing assistance received it. This coverage gap has only increased in the last year.

The level of housing instability in the United States during recessions—and the limited set of tools policymakers have for addressing it—is not an accident. It is the result of more than a century of deliberate policy choices in which policymakers largely prioritized private interests ahead of the provision of affordable housing. These policy choices have led to a two-tiered housing market in which relatively well-off, mostly white consumers achieved the American dream of homeownership with the help of considerable federal subsidies, while renters, disproportionately Black, brown, and low-income, transferred an increasingly large share of their income to landlords in the private market.<sup>1</sup> The scarcity of affordable and accessible housing in our economy is reflective not of our resources, but of the misguided debate around whose basic right to shelter is or is not worthy of public investment.

Absent a major course correction in our approach to housing policy, this pattern will repeat itself and the next recession will yet again dramatically worsen America's housing crisis. The new administration must work to address the underlying sources of this crisis, not just its symptoms, and they can start by building a housing safety net that actually meets the need for all who qualify.

## Introduction

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As COVID-19 cases continue to mount, a second crisis looms large. More than ten million renters are behind on their rent. The local, state, and federal eviction moratoriums that have been enacted since the beginning of the pandemic are a major policy achievement that have undoubtedly prevented homelessness on an even larger scale and even more COVID-19 outbreaks and casualties; recent research suggests that had moratoriums on evictions and utility cutoffs been strictly enforced across the entire country, approxi-

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<sup>1</sup> The Groundwork Collaborative uses the term “Black and brown people” to describe Black, Latinx, Indigenous, Asian, and Pacific Islander people. “Latinx,” which includes a person or group of people with origins in Latin America. This paper also includes “Hispanic,” “Latino,” and “American Indian,” as reports cited used these terms in their data collection.

mately 1.2 million cases of COVID-19 and 164,000 deaths could have been prevented.<sup>2</sup> But these moratoriums are just a patch. When they are ultimately lifted, the rent and the bills will still be due.

Just over a decade ago, America faced another housing disaster. Between 2007 and 2010, nearly four million Americans lost their homes to foreclosure, and with them, their nest eggs, their wealth, and their retirement.<sup>3</sup> Rates of homelessness nationwide for families in particular surged throughout the Great Recession, and millions of renters were evicted as job losses mounted.<sup>4</sup> As we face a second nationwide housing crisis in a relatively short period of time, it's worth asking how we ended up here again.

The short answer is that the United States is perpetually in the midst of a housing crisis. Recessions only exacerbate it. There are two primary reasons for this. First, rents have been soaring for decades, consuming an ever larger share of the incomes of the lowest-income Americans—especially in urban areas on the West coast and in the South.<sup>5</sup> Median asking rent has more than doubled over the last two decades, rising from \$483 per month in 2000 to \$1,190 per month in the fourth quarter of 2020.<sup>6</sup> This creates extreme instability for millions of renters throughout the business cycle. According to the Eviction Lab at Princeton University, there have been over two million eviction filings every year since 2002.<sup>7</sup> Periods of mass unemployment and income shocks magnify these existing trends.

Second, there is no safety net for housing. The economic impacts of recessions, such as job loss and income declines, are largely predictable and policymakers have put in place a number of programs to offset them. When Americans lose their jobs, they can apply for unemployment insurance. When their income and assets drop below a certain threshold, they qualify for nutritional assistance. When they can't afford their rent, they are out of

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2 Jowers, Kay, Christopher Timmons, Nrupen Bhavsar, Qihui Hu, and Julia Marshall. "Housing Precarity & the COVID-19 Pandemic: Impacts of Utility Disconnection and Eviction Moratoria on Infections and Deaths Across US Counties." Working Paper 28394. National Bureau of Economic Research. Copyright January 2021. <http://www.nber.org/papers/w28394>

3 Dhramasankar, Sharada and Bhash Mazumder. "Have Borrowers Recovered from Foreclosures during the Great Recession?" *Chicago Fed Letter* (No. 370). Federal Reserve Bank of Chicago. 2016. <https://www.chicagofed.org/publications/chicago-fed-letter/2016/370>

4 Wiener, Aaron. "The Post-Recession Homelessness Epidemic." *Next City*. July 21, 2014. <https://nextcity.org/features/view/the-post-recession-homelessness-epidemic>

5 Montgomery, David. "The Neighborhoods Where Housing Costs Devour Budgets." *Bloomberg CityLab*. April 4, 2019. <https://www.bloomberg.com/news/articles/2019-04-04/mapping-where-housing-costs-hit-budgets-the-most>

6 U.S. Census Bureau, "Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2020." February 2, 2021. <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

7 "National Estimates: Eviction in America." The Eviction Lab. May 11, 2018. <https://evictionlab.org/national-estimates/>

luck. The federal government currently offers no guaranteed form of housing assistance and there are no countercyclical housing programs that expand during downturns or are triggered by economic indicators. The only effective “entitlement” program related to housing in this country is the mortgage interest tax deduction for homeowners, benefiting primarily higher-income and white families and communities.

In fact, the largest source of rental assistance in the United States, the Housing Choice Voucher Program (or “Section 8”), is oversubscribed even in boom times, with only a fraction of eligible renters receiving assistance. The average waitlist to receive rental subsidies nationwide is two years long—and more than half of local housing authorities have closed their waitlists altogether (in some cities, it could take decades to get on a waitlist).<sup>8</sup> Eligible renters on the waitlist are selected for assistance via a lottery. There is no other federal safety net program in the United States that is distributed by lottery. The lack of political will to fully fund this program cannot be separated from the communities who would stand to gain from it: Black families in metro areas are more than twice as likely to have extremely low-income compared with white families, making them more likely to qualify for and benefit from Section 8.<sup>9</sup>

The perpetual affordability crisis we face, coupled with the woefully insufficient safety net, sets the stage for extreme pain during a recession. When millions of renters are evicted each year and millions more are one paycheck away from eviction, it doesn’t take much for the entire system to collapse.<sup>10</sup>

It doesn’t have to be this way. The fragility of our housing market is the result of deliberate policy choices. In the past century, American housing policy has prioritized the needs of mostly white, mostly middle-class homeowners (and the racial and economic homogeneity of the neighborhoods they live in) and has left lower-income renters to fend for themselves. Racist policies—from restrictive covenants and redlining, to “urban renewal” efforts and disinvestment in public housing, to predatory lending and the subprime mortgage crisis, to exclusionary zoning and NIMBYism—have further cemented inequi-

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8 National Low-Income Housing Coalition. *Housing Spotlight: The Long Wait for a Home* (Vol. 6, Issue 1). October 11, 2016. <https://nlihc.org/resource/housing-spotlight-volume-6-issue-1>

9 Bodaken, Michael. “Lack of Section 8 Is Not Just About Poverty: It’s About Race.” *Living Cities*. October 24, 2016. <https://www.livingcities.org/blog/1130-lack-of-section-8-is-not-just-about-poverty-it-s-about-race>

10 Research from the Federal Reserve shows that in 2019, nearly 3 in 10 adults were either unable to pay their monthly bills or were one modest financial setback away from failing to pay monthly bills in full. See “Report on the Economic Well-Being of U.S. Households in 2019 - May 2020.” Board of Governors of the Federal Reserve System. Last updated May 21, 2020. <https://www.federalreserve.gov/publications/2020-economic-well-being-of-us-households-in-2019-dealing-with-unexpected-expenses.htm>

ties in housing access and affordability by race, gender, and class. Policymakers' continued insistence on inefficient and ineffective private solutions for the provision of affordable housing, effectively funneling tax credits and other public funds to real estate developers, has enriched corporations and wealthy individuals at the expense of the millions of people who continue to be priced out or stuck on waiting lists for assistance.

Beyond the moral imperative—that all people need shelter to survive and thrive, and therefore housing is a basic human right—there are robust economic arguments for investing in housing affordability. By one 2017 estimate, if publicly supported housing were available to all eligible households, consumer spending and personal savings would increase by \$48 billion; if all necessary capital repairs were made to existing public housing stock, local economies would gain \$80 billion in spending.<sup>11</sup> Additional studies assert the positive impact that more affordable housing can have on discretionary income, especially for low-income families.<sup>12</sup> When we invest in housing policy that ensures people can meet their basic needs, our whole economy is stronger for it.

We can make different choices. We can decide to right the wrongs of our past and invest in our economy by eliminating housing insecurity for everyone who is currently housing insecure. It's time for a major course correction—not just to prevent the next housing crisis, but to remedy longstanding inequalities in federal housing policy and to guarantee basic shelter in the wealthiest country in the world.

## The Perpetual Affordability Crisis

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Recessions may be triggered by different events, but long-standing weaknesses in our economy set the stage for the devastation they cause. These existing weaknesses in our housing system make it virtually impossible to imagine a recession that does not worsen housing outcomes. The United States is predisposed to major housing crises during recessions because we're perpetually in the midst of a housing affordability crisis, even during periods of economic expansion.

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<sup>11</sup> "Publicly Assisted Housing Provides Economic Benefits to Recipients and Their Communities." National Low-Income Housing Coalition. June 12, 2017. <https://nlihc.org/resource/publicly-assisted-housing-provides-economic-benefits-recipients-and-their-communities>

<sup>12</sup> "Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base." Enterprise Community Partners. 2014. <https://www.enterprisecommunity.org/download?fid=3335&nid=4547>

Prior to the pandemic, traditional indicators of the economy told us that we were on the tail end of a more than decade-long period of economic expansion with GDP growing and unemployment falling, reaching just 3.5 percent overall by February of 2020 (though parsing that rate would show unemployment for Black workers at nearly double that).<sup>13</sup> This tighter labor market also led to an uptick in wages, even, at long-last, for the lowest-wage earners.<sup>14</sup> But that is an incomplete story of our economy as for many Americans, including low-income Americans who were seeing wage growth for the first time in over a decade, it never felt like an economic boom. One of the primary culprits was soaring rent, which easily overtook their income gains and then some.

## While renter incomes grew by 0.5 percent from 2001 to 2018, rents increased by 13 percent.

While renter incomes grew by 0.5 percent from 2001 to 2018, rents increased by 13 percent.<sup>15</sup> The result was a growing number of renters who spent an increasingly large share of their monthly income on rent. According to the Joint Center for Housing Studies at Harvard University, the number of cost-burdened renters—those who spend more than one-third of their income on rent and utilities each month—increased by 6 million between 2001 and 2018, to 20.8 million households. While that number declined very slightly in 2019, about half of all renter households were still cost-burdened last year, with a quarter of renters spending more than half of their monthly income on rent and utilities (so-called “severely burdened” renters).<sup>16</sup>

Increased rents hit those at the bottom of the income spectrum, who are the least likely to be able to absorb the increase, hardest. About three-quarters of renters earning less than \$15,000 are severely cost-burdened, as are a little over forty percent of those earning between \$15,000 and \$30,000. But the share of cost-burdened renters is increasing further

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13 U.S. Bureau of Labor Statistics. “Unemployment Rate - Black or African American [LNS14000006].” Retrieved from FRED, Federal Reserve Bank of St. Louis, January 20, 2021. <https://fred.stlouisfed.org/series/LNS14000006>

14 U.S. Bureau of Labor Statistics. “Wage Growth Tracker.” Retrieved from Federal Reserve Bank of Atlanta, February 22, 2021. <https://www.frbatlanta.org/chcs/wage-growth-tracker>

15 Mazzara, Alicia. “Census: Income-Rent Gap Grew in 2018.” *Off the Charts: Center on Budget and Policy Priorities blog*. September 27, 2019. <https://www.cbpp.org/blog/census-income-rent-gap-grew-in-2018>

16 “The State of the Nation’s Housing 2020.” Joint Center for Housing Studies of Harvard University. Copyright 2020. Retrieved January 20, 2021. [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2020\\_Report\\_Revised\\_120720.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf)

up the income scale as well: renters making between \$30,000 and \$75,000 *and* more than \$75,000 have spent more of their incomes on rent in recent years, too.<sup>17</sup>

Because of rising rents, there is no housing market in the United States in which a full-time minimum-wage worker can afford to rent a two-bedroom without spending more than a third of their income on rent. In 95 percent of counties, a full-time minimum-wage worker wouldn't be able to afford a one-bedroom, either.<sup>18</sup> In a housing market this fragile during boom times, there is simply no room for error. It's no surprise that Princeton's Eviction Lab has reported persistently high levels of eviction every year in the past two decades.

Black and brown people are particularly vulnerable to income shocks, including job loss—a fact that the COVID-19 crisis has only exacerbated.<sup>19</sup> They are the first workers fired, they are twice as likely as white families to rent (rather than own) their homes, and they are more likely than their white counterparts to be spending much of their incomes on rent and utilities.<sup>20</sup> <sup>21</sup> In 2019, 54 percent of Black renters and 52 percent of Hispanic renters were cost-burdened, compared to only 42 percent of white renters. These numbers have grown over the last twenty years, with Black and Hispanic renters both experiencing substantial growth (around 7 percent) in the share of renters facing cost burdens between 2001 and 2018.<sup>22</sup> Because of pervasive discrimination in the housing market, Black

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<sup>17</sup> *Ibid.*

<sup>18</sup> National Low-Income Housing Coalition. *Out of Reach 2020: The High Cost of Housing*. Retrieved February 22, 2021. [https://reports.nlihc.org/sites/default/files/oor/OOR\\_BOOK\\_2020.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_BOOK_2020.pdf)

<sup>19</sup> Brown, Steven. "How COVID-19 Is Affecting Black and Latino Families' Employment and Financial Well-Being." *Urban Wire: The blog of the Urban Institute*. May 6, 2020. <https://urbn.is/2yyrmsq>

<sup>20</sup> Savage, Niara. "First Fired, Last Hired: White Workers Hired Back Faster Than Black Workers." *The Atlanta Black Star*. September 16, 2020. <https://atlantablackstar.com/2020/09/16/first-fired-last-hired-white-workers-hired-back-faster-than-black-workers/>

<sup>21</sup> Cilluffo, Anthony, A.W. Geiger, and Richard Fry. "More U.S. households are renting than at any point in 50 years." Pew Research Center. July 19, 2017. <https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/>

<sup>22</sup> "The State of the Nation's Housing 2020."

and brown renters and homeowners alike are more likely than their white counterparts to be cost-burdened, even after controlling for income: last year 13 percent of Black households and 9 percent of Hispanic households with incomes of \$75,000 or more reported being behind on payments, compared with 4 percent of white households.

The perpetual housing affordability crisis we face in the United States sets the stage for a tsunami of evictions and a surge of homelessness during recessions. A wave of job losses that disproportionately hits low-wage workers, as in this recession, will immediately translate into massive housing instability for individual households and across entire communities.<sup>23</sup> Absent changes to zoning policy and a serious increase in supply, trends in affordability will not reverse. But while increasing rents and high levels of cost-burdened and extremely cost-burdened renters make Americans uniquely vulnerable during downturns, there is a second feature of our housing system that increases this vulnerability even further. We have no safety net for housing.

## Working Without a Net

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As soon as the layoffs began in response to plummeting demand for services as COVID-19 spread, public health and housing policy experts began warning of the negative health implications of a spike in evictions and homelessness. To ensure that millions wouldn't find themselves out on the street or doubling up with family or even strangers while the country was being asked to self-quarantine, cities and states began implementing moratoriums on evictions.<sup>24</sup>

Quick thinking and action by grassroots advocates and policymakers have undoubtedly prevented even greater suffering. But while these eviction moratoriums are a tool for keeping people housed in the near term—and even then, the current federal moratorium faces criticisms of arbitrary end dates, putting the onus on tenants to apply for their own protection, and loopholes for eviction criteria that enable landlords to force residents out

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23 Cajner, Tomaz, Leland D. Crane, Ryan A. Decker, John Grigsby, Adrian Hamins-Puertolas, Erik Hurst, Christopher Kurz, and Ahu Yildirmaz. "The U.S. Labor Market During the Beginning of the Pandemic Recession." Working Paper 2020-58. Becker Friedman Institute at the University of Chicago. July 2020. [https://bfi.uchicago.edu/wp-content/uploads/HurstBFI\\_WP\\_202058\\_Revision.pdf](https://bfi.uchicago.edu/wp-content/uploads/HurstBFI_WP_202058_Revision.pdf)

24 Passy, Jacob. "U.S. cities temporarily ban evictions as coronavirus outbreak worsens." *MarketWatch*. March 17, 2020. <https://www.marketwatch.com/story/us-cities-are-temporarily-banning-evictions-as-coronavirus-outbreak-worsens-2020-03-14>

anyway—they don't stop the rent from eventually coming due.<sup>25</sup> Congress also passed emergency funding for rental assistance and a number of income supplements, including a temporary increase in weekly unemployment benefits and two rounds of stimulus checks, which many households used to cover the rent. But these measures have paled in comparison to the need. A recent study by Moody's analytics estimates that Americans collectively owe more than \$57 billion in back rent by January of 2021, more than ten months into the pandemic.<sup>26</sup>

To understand why we are so poorly equipped to stem a rental housing crisis in a recession, it's important to understand how the federal budget works. The federal budget is made up of two types of spending, discretionary and mandatory. Discretionary spending is spending that is subject to the annual Congressional appropriations process. It accounts for about one third of total spending. Mandatory spending, which accounts for the remaining two-thirds of the federal budget, is spending not subject to the annual appropriations process, and includes spending on Social Security, Medicare, and entitlement programs such as unemployment insurance and the Supplemental Nutrition Assistance Program (SNAP).

During a recession, as unemployment increases and household income declines, programs like SNAP and unemployment insurance largely expand to meet the need among the increased population that satisfies the income and job eligibility requirements for these programs. Although these benefits are relatively modest, they do cover all who qualify, effectively serving as countercyclical income supports.

There is no such mandatory spending for housing. Because all housing subsidies are discretionary, any increased need for housing assistance must be authorized by Congress either through the annual appropriations process (which is tied to the start of a new fiscal year beginning on October 1, but frequently subject to short-term rather than annual extensions) or through a supplemental or "emergency" appropriation. The CARES Act that Congress passed in March of 2020 and the American Rescue Act signed by President Biden in March of 2021 was an example of this kind of emergency appropriations package.

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25 "COVID-19 Housing Policies, Explained." Homes Guarantee. Retrieved February 22, 2021. <https://homesguarantee.com/covid-19-emergency-housing-demands/>

26 Zandi, Mark. "Averting a Rental Eviction Crisis." *Moody's Analytics*. January 19, 2021. <https://www.moodyanalytics.com/-/media/article/2021/averting-an- eviction-crisis.pdf>

**Federal spending on housing assistance relative to gross domestic product has fallen by 30 percent since the mid-1990s. Funding for public housing in particular has suffered profound losses: in the last twenty years only three annual budgets have met operations needs for public housing across the country, and funding for repairs has been cut in half.**

There are therefore no federal programs for housing assistance that expand automatically to meet increased need in a disaster like this one. And even worse: our current rental subsidy programs are so underfunded that they aren't available to all who qualify, even during periods of economic expansion. Only about 20 percent of low-income renters who were eligible to receive any housing assistance received it in 2015.<sup>27</sup> The Housing Choice Voucher Program, while effective in theory at generating affordability (by capping rental contributions at 30 percent of one's income, so when incomes decline, so do corresponding rents), is distributed by lottery, and only covers about 10 percent of those who are eligible. There is no other safety net program in the country that is distributed by lottery—a testament to our failure to recognize housing as a basic human need.

Although Section 8 has never been funded enough to cover the full population of renters eligible for the program, decades of austerity policies—in particular, sequestration policies beginning in 2010—have hit discretionary programs, like federal housing assistance, hard. Since 2010, non-defense discretionary spending (all discretionary spending that does not go to the defense budget) has been declining as a share of GDP, reaching a record low of 3.1 percent in 2019.<sup>28</sup> Taking a longer view, federal spending on housing assistance relative to gross domestic product has fallen by 30 percent since the mid-1990s. Funding for public housing in particular has suffered profound losses: in the last twenty years only three annual budgets have met operations needs for public housing across the country, and funding for repairs has been cut in half.<sup>29</sup> Coupled with the Faircloth

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27 Kingsley, G. Thomas. "Trends in Housing Problems and Federal Housing Assistance." Urban Institute. October 2017. <https://www.urban.org/sites/default/files/publication/94146/trends-in-housing-problems-and-federal-housing-assistance.pdf>

28 "Policy Basics: Non-Defense Discretionary Programs." Center on Budget and Policy Priorities. Updated April 13, 2020. <https://www.cbpp.org/research/federal-budget/policy-basics-non-defense-discretionary-programs>

29 Rice, Douglas. "Chart Book: Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing." Center on Budget and Policy Priorities. April 12, 2016. <https://www.cbpp.org/research/housing/chart-book-cuts-in-federal-assistance-have-exacerbated-families-struggles-to>

Amendment, which has prohibited any increase to public housing stock since its passage in 1998, this chronic underfunding of public housing has led to a loss of some 10,000 units of public housing every year. In addition, housing assistance programs geared specifically toward people with disabilities and the elderly have faced some of the deepest cuts relative to other housing programs (which is especially concerning given the added difficulty of securing accessible housing with other forms of rental assistance, like a voucher in the private market). The slowdown in spending on housing spending overall has resulted in the share of households receiving housing assistance declining from about one in four eligible renters in 2005 to just one in five today. In short, as the rental affordability crisis has worsened, the federal response has shrunk.

Although there are a number of other federal programs (e.g. Community Development Block Grants, HOME Investment Partnerships, Emergency Solutions Grants (ESG), etc.) designed to promote housing affordability, tenant-based rental assistance is by far the largest (save for the Mortgage Interest Tax Deduction, the only housing entitlement in federal law and one of the largest federal tax expenditures). The fact that Section 8 doesn't come anywhere close to meeting the needs of low-income renters during periods of economic expansion sets the stage for the extreme stress—and an inevitable rental housing crisis—during recessions.

**Hundreds of thousands of people across the country are unhoused, and millions more are housing insecure, as a result of conscious choices that our government has made on what—and whom—to invest in.**

## **By Accident or Design**

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The current state of America's housing system, from the affordability crisis that has been worsening for decades to the acute cliff caused by the pandemic, was not some unforeseeable accident. Hundreds of thousands of people across the country are unhoused, and millions more are housing insecure, as a result of conscious choices that our government has made on what—and whom—to invest in. Even when policymakers and leaders com-

mitted themselves to increasing housing affordability and access in theory, federal and state governments have consistently deferred to market-based solutions and private interests over public need in practice.

The New Deal, the post-World War II era, and War on Poverty programs included significant aspirations for meeting “the right of every family to a decent home,” as President Roosevelt described in his “second Bill of Rights” speech.<sup>30</sup> The National Housing Goal, codified in the Housing Act of 1949, ostensibly aligned federal resources with local governments and the private housing industry to build up America’s affordable housing. The Housing Act of 1968 set ambitious goals for new housing production, funded subsidy programs, and outlined the need to implement anti-discrimination practices in federally-funded housing. Despite driving at the right to housing, though, policies in these eras of social safety net expansion never actually recognized shelter as an entitlement, as has been achieved for other areas of human need.

Fully funding the crucial programs that make up America’s safety net—and ensuring that anyone who qualifies for aid can access it—has required massive amounts of public investment. Following expansions of coverage in the 1950s and 1960s, Social Security stood at roughly 10 percent of total federal budget outlays.<sup>31</sup> In their first seven years of implementation, Parts A and B of Medicare and Medicaid enrolled 18.9 million, 17.6 million, and 4 million people respectively; achieving this outcome required investing about 5 percent of the nation’s GDP at the time.<sup>32</sup> It is also important to remember that the most crucial safety net programs founded in the last century were also mired in the politics of who was deserving of public investment—demonstrating that even the most robust facets of the U.S. social safety net (which is, of course, relatively modest compared to other developed countries) are subject to the mistrust of and disinvestment in the public sector.<sup>33</sup>

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30 “FDR and Housing Legislation.” Franklin D. Roosevelt Presidential Library and Museum. Retrieved October 23, 2020. <https://www.fdrlibrary.org/housing>

31 DeWitt, Larry. “Research Note #19: Social Security Benefits as a Percentage of Total Federal Budget Expenditures.” SSA Historian’s Office. June 2003. <https://www.ssa.gov/history/percent.html>

32 Catlin, Aaron C. and Cathy A. Cowan. “History of Health Spending in the United States, 1960-2013.” Centers for Medicare and Medicaid Services. November 19, 2015. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/HistoricalNHEPaper.pdf>

33 In 1935, when President Roosevelt signed the Social Security Act into law, less than half of the working population was covered by the original legislation. Agricultural and domestic workers were specifically excluded: as a result, 65 percent of Black workers could not receive Social Security, compared with a quarter of the white workforce. Anti-discrimination mandates written into the legislation resulted in healthcare providers in the South resisting Medicare and Medicaid—to the tune of hundreds of hospitals refusing to accept their coverage.

Advocates, policymakers, and scholars have pushed for housing assistance to be fully funded as an entitlement all throughout this history, highlighting the fact that solutions reliant on private market forces fail to meet the scale of investment needed to reach the goal of decent, affordable housing for all. The idea for a housing allowance entitlement program was brought before Congress in the early 1970s, not long before President Nixon would enact a moratorium on funding for any new public housing, out of hope that it would be “free of the inequities and rigidities of the current [housing] system.”<sup>34</sup> In the 1990s, then-Executive Director of the Poverty & Race Research Action Council Chester Hartman noted that “relying on the profit-motivated system that currently dominates the U.S. housing scene is by far the most expensive way” to attempt to address the need for shelter, as the profit motive of private industry actors actively works *against* the provision of decent and affordable housing “absent a legally enforceable right to housing and explicit commitment of resources to its realization.”<sup>35</sup> And in assessing the country’s half-century of empty promises to provide adequate housing for all of its residents, urban planner Lance Freeman argued that “simply legislating out of existence housing deemed unacceptable does nothing to ensure everyone access to housing. If we are going to mandate a certain quality of housing, we are obligated to provide everyone with the means to obtain that housing.”<sup>36</sup> Reaching the goal of decent homes for all means ensuring any person or family that needs financial assistance to afford housing receives it—and this outcome is determined by how the wealthiest nation in the world decides to allocate its resources.

Policy and public spending on housing in the United States has first and foremost been centered around the standard of homeownership: from the New Deal and the creation of the Federal Housing Administration (FHA) to the boondoggle that is the mortgage inter-

## **Policies focused on renters have taken shape mainly to the benefit of private market actors—developers and landlords—rather than in the interest of providing housing as a public good.**

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34 Orlebeke, Charles J. “The Evolution of Low Income Housing Policy, 1949 to 1999.” *Housing Policy Debate* (11:2, 489-520). DOI: 10.1080/10511482.2000.9521375

35 Hartman, Chester A. “The Case for a Right to Housing.” *Housing Policy Debate* (Vol. 9, Issue 2, 1998).

36 Freeman, Lance. “America’s affordable housing crisis: a contract unfulfilled.” *American Journal of Public Health* (Vol. 92, Issue 5, 2002): 709-12. DOI: 10.2105/ajph.92.5.709

est tax deduction, whose beneficiaries are primarily wealthy homeowners. By contrast, policies focused on renters have taken shape mainly to the benefit of private market actors—developers and landlords—rather than in the interest of providing housing as a public good. Ultimately, both sets of policy choices were predicated on racial and economic exclusion and continue to foster inequality and segregation today.

## HOMEOWNERSHIP ADVANTAGE

Owning a single-family house is one of the key pieces—indeed, is perhaps the centerpiece—of the American Dream. The ideology behind it is rooted in early-20th century reactionary politics, starting with the reaction to the 1917 Russian revolution. President Wilson saw property ownership (more specifically, white single-family homeownership) as a preventative antidote to any appeal of communism in the United States, and his Department of Labor professed it a “patriotic duty” that Americans stop renting and build their own family home.<sup>37</sup> President Hoover’s administration continued on this trend in the early years of the Great Depression, when he spearheaded the President’s Conference on Homebuilding and Homeownership: housing recommendations to come out of the conference included restricted (read: segregated) residential districts, to “serve as protection against persons with whom your family won’t care to associate.”<sup>38</sup> As president, Hoover even invoked the idea of housing as a right—though only insofar as it was every “thrifty” family’s right to “own their own home.”<sup>39</sup> In the century since, America’s emphasis on homeownership—in culture and policy—has primarily facilitated white wealth building; entrenched gaps in housing accessibility by race and class; and crystalized wealth inequality by race and gender.<sup>40</sup>

Housing policy enacted through the New Deal and in the post-World War II years, while geared toward the shortage of affordable housing all across the country following the Great Depression and the war production effort, was grounded in the needs of the white veterans.<sup>41</sup> The building trades in the mid-20th century saw affordable housing construc-

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37 Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America* (Liveright Publishing, 2017). 60.

38 *Ibid.*, 61.

39 *Ibid.*

40 Chacón, Felipe. “Minorities and Women Are Losing Out on Homeownership and Tax Breaks.” *Trulia*. April 12, 2016. <https://www.trulia.com/blog/trends/minoritieswomen-mortgage>

41 Blakemore, Eric. “How the GI Bill’s Promise Was Denied to a Million Black WWII Veterans.” *History Channel*. Updated September 30, 2019. <https://www.history.com/news/gi-bill-black-wwii-veterans-benefits>

tion as a key counter-cyclical program to spur the depressed economy, and the development of single-family housing was also closely tied to the goal of spurring consumption on the part of new property owners with houses to furnish.<sup>42</sup>

Explicitly segregationist rules underpinned all areas of these new, sweeping federal housing programs. The Home Owners Loan Corporation (HOLC), established to prevent sweeping foreclosures during the Great Depression, created the financial system known today as “redlining” that enabled federal lenders and private lenders alike to deny Black communities home loans. Subsidies from the U.S. Housing Authority (USHA) were awarded on the premise that the new public housing would “preserve the racial character” that existed in a certain locality, and the FHA’s appraisal standards for mortgage insurance included a whites-only requirement.<sup>43</sup> As such, the biggest public investment in housing in this country was motivated by building for the next white generation, rather than to implement a broad-based safety net.

Barred from obtaining traditional mortgages and subject at every turn to practices like the contract sale system and restrictive covenants, Black individuals and families seeking shelter in these eras were forced to pay exorbitant rental housing costs and were often displaced from their neighborhoods by being priced out. Recent research finds that HOLC-appraised cities across the country, large and small, are more segregated today than those that were not appraised.<sup>44</sup> Moreover, because federal spending policies have long made it such that a home is the most valuable asset that Americans have, people are especially averse to any changes that they think (largely due to persistent racist norms) would threaten their property values—cultivating rampant opposition to construction of affordable housing in higher-income areas. All of these foundational homeownership policies have been instrumental in driving racial and economic inequality for generations.<sup>45</sup>

Beyond these early programs to enable white middle-class homeownership, major subsidies for homeowners continued to feature prominently in federal policy throughout the second half of the 20th century—from expansionary programs like that of President Johnson’s “Great Society” to revisions in U.S. tax code under President Reagan. In fact, homeowners’ income tax deductions created via the Tax Code of 1986 are the only housing

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42 Cohen, Lizabeth. *A Consumer's Republic: The Politics of Mass Consumption in Postwar America* (Vintage Publishing, 2003).

43 Rothstein, 64.

44 Faber, Jacob W. “We Built This: Consequences of New Deal Era Intervention in America’s Racial Geography.” *American Sociological Review* (Vol. 85, Issue 5): 740. <https://doi.org/10.1177/0003122420948464>

45 See further: Oliver, Melvin L., and Thomas M. Shapiro. *Black Wealth/White Wealth: A New Perspective on Racial Inequality* (Routledge Publishing, 1995). 136-151.

“entitlement” offered by the federal government. Recent estimates show that over two-thirds of the government’s total spending on housing is allocated toward subsidizing homeowners through these tax deductions, the vast majority of benefits from this “entitlement” go to the wealthiest of households.<sup>46</sup> America’s overall emphasis on homeownership has therefore created a housing system in which those who can afford to buy end up simply buying more expensive houses (with the advantage of government subsidies).

Americans’ homes are their most valuable asset and source of equity—they can be used to weather financial emergencies, pay for college, and more. By structuring housing policy and housing markets in this way, our government has essentially transferred safety net functions to private homeowners. This “private safety net” is, importantly, a key cover for the federal government to abandon its role in providing a robust safety net otherwise—an approach to governance that specifically harms Black and brown low-income communities, and ultimately has worked to portray those communities as undeserving of public investment.

## ATTEMPTS AT AFFORDABILITY

The espoused goal of the “right of every family to a decent home” was ultimately limited politically by the shift in constituency of public housing away from the white working class, a shift which became equated with less of a need for the federal government to intervene broadly in the provision of affordable shelter. For this reason, housing policy outside of homeownership was redirected to “subsidizing the poor, focusing on private choice and initiative rather than public service provision.”<sup>47</sup> The most significant “affordable” housing expansions in the 1960s onward were largely driven through the real estate market, as public housing was disinvested and dismantled. Some of these policy developments were focused on demand through rental assistance (principally with vouchers) as described above, while others were geared toward addressing the supply of affordable housing.

On the supply side, the most significant policy interventions include tax credits for housing developers and the conversion of formerly public housing into private units

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46 Desmond, Matthew. “State of the Union 2017: Housing.” *Pathways Magazine*. Stanford University Center on Poverty and Inequality. 2017. [https://inequality.stanford.edu/sites/default/files/Pathways\\_SOTU\\_2017\\_housing.pdf](https://inequality.stanford.edu/sites/default/files/Pathways_SOTU_2017_housing.pdf)

47 Vale, Lawrence J. and Yonah Freemark. “From Public Housing to Public-Private Housing.” *Journal of the American Planning Association* (Vol. 78, Issue 4): 388. <https://doi.org/10.1080/01944363.2012.737985>

subject to long-term rental assistance. The Low-Income Housing Tax Credit (LIHTC) was introduced in the 1986 Tax Code under President Reagan, and operates essentially through funding by private investors (who provide the capital for developments that rent to a minimum number of low-income households) and management by private developers. The Rental Assistance Demonstration (RAD) program is aimed at garnering private capital investment in former public housing units by shifting to project-based rental contracts with real estate developers.<sup>48</sup>

These programs have largely failed to live up to their promise. LIHTC-funded units are concentrated in high-poverty areas, and while this funding mechanism has proven to be a boon for housing industry intermediaries and the developers behind new housing, the actual number of housing units constructed with the LIHTC has waned.<sup>49</sup> This is due in part to the cost of construction, especially in coastal cities—even cities that accomplish modest improvements to zoning laws, aimed at enabling construction of more affordable housing, see such high costs per unit that the private sector desists, unable to garner profit. All told, the LIHTC has created roughly 2.3 million housing units in just over thirty years, and RAD allows for just under half a million public housing units to be converted under current legislation (almost 45 percent of the public housing stock; only about 110,000 conversions have been completed as of 2019).<sup>50 51</sup> RAD has also contributed to the net loss of housing units in recent years because it does not require that public housing authorities (PHAs) that opt to convert their units do so at a one-to-one replacement rate.<sup>52 53</sup> Evidently, both programs fall far short of production levels required to provide adequate and decent shelter for residents who need it—especially considering millions of

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48 While RAD is a relatively new program, it is the latest in a longer lineage of policies geared toward privatizing public housing. One earlier example is the HOPE VI program, in the 1990s, which was responsible for the demolition of over 100,000 units of public housing (and connected to the demolition of some 125,000 more units outside of the program itself). See Goetz, Edward. “The Transformation of Public Housing Policy, 1985–2011.” *Journal of the American Planning Association* (Vol. 78, Issue 4): 454. <https://doi.org/10.1080/01944363.2012.737983>

49 NPR and PBS *Frontline* found that in the last 20 years, while the cost of LIHTC has gone up 66 percent, units built with the tax credit have decreased: in 1997, the program produced more than 70,000 housing units, while in 2014, fewer than 59,000 units were constructed. Sullivan, Laura and Meg Anderson. “Affordable Housing Program Costs More, Shelters Fewer.” NPR. May 9, 2017. <https://www.npr.org/2017/05/09/527046451/affordable-housing-program-costs-more-shelters-less>

50 Scally, Corianne P., Amanda Gold, Carl Hedman, Matt Gerken, and Nicole DuBois. “The Low-Income Housing Tax Credit: Past Achievements, Future Challenges.” *Urban Institute*. July 2018. [https://www.urban.org/sites/default/files/publication/98761/lihtc\\_past\\_achievements\\_future\\_challenges\\_final\\_0.pdf](https://www.urban.org/sites/default/files/publication/98761/lihtc_past_achievements_future_challenges_final_0.pdf)

51 Roller, Shamus and Jessica Cassella. “The Promise and Peril of HUD’s RAD Program.” *Shelterforce*. July 30, 2018. <https://shelterforce.org/2018/07/30/the-promise-and-peril-of-huds-rad-program/>

52 Hayes, Chris and Matt Gerken. “The Future of Public Housing Rental Assistance Demonstration Fact Sheet.” Urban Institute. October 2019. [https://www.urban.org/sites/default/files/publication/101436/the\\_future\\_of\\_public\\_housing\\_rental\\_assistance\\_demonstration\\_1.pdf](https://www.urban.org/sites/default/files/publication/101436/the_future_of_public_housing_rental_assistance_demonstration_1.pdf)

53 “Public Housing: Where Do We Stand?” National Low-Income Housing Coalition. October 17, 2019. <https://nlihc.org/resource/public-housing-where-do-we-stand>

**Market-based housing policies have also enabled real estate developers to gain access to public funds, while not even coming close to meeting the housing needs for millions of people. Because genuinely affordable housing is not profitable, we cannot rely on the private market to develop, administer, or maintain housing stock for those who are housing insecure.**

residents in LIHTC units require additional assistance to make their rent, and the RAD conversion process is plagued by widespread complaints of poor accommodations, discrimination, and evictions.<sup>54</sup>

The promise of market-based housing policies has been realized for wealthier white communities in the last eight decades, who have wielded homeownership as a means of building up and handing down their assets over the course of generations. Market-based housing policies have also enabled real estate developers to gain access to public funds, while not even coming close to meeting the housing needs for millions of people. Because genuinely affordable housing is not profitable, we cannot rely on the private market to develop, administer, or maintain housing stock for those who are housing insecure.

## **Exclusion In Housing Markets and Policies**

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The choices made over the past century to focus housing policy and federal spending on homeownership and real estate market actors have cultivated racial and economic exclusion through to the present. It is the descendants and communities of those who have historically been most unstably housed who are still the most vulnerable when it comes to securing shelter. This is most evident in gaps in homeownership by race, and in persistent discriminatory practices and classist politics around what does exist in the housing “safety net.”

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<sup>54</sup> While voucher-holders’ rental contributions are capped at 30 percent of their income, residents of LIHTC units have rents set at a certain percentage (usually 50-60 percent) of the Area Median Income (AMI) of where they live. Defining affordability in terms of AMI is problematic, as the “area” in question can include wealthier suburbs of a city—effectively skewing the “median” income to be substantially higher and further disadvantaging the poorest residents in a region.

## HOMEOWNERSHIP GAPS

As noted above, most of the windfall from the massive public investments in the mortgage interest tax deduction go to the wealthy—and what’s more, the majority of Black and brown families are excluded from homeowner subsidies. Compared with white families (and controlling for age and household income), Black, Hispanic, and American Indian families are respectively 57 percent, 51 percent, and 41 percent less likely to own mortgaged homes.<sup>55</sup> Disparities in credit score are also important factors in considering the homeownership gap: one study suggests that if Black households’ credit score distribution was comparable to white households, the share of Black households with a mortgage would increase more than 10 percent.<sup>56</sup> Gaps in homeownership rates by race and ethnicity also explain nearly a third of the racial wealth gap, and research shows that the racial gap in young-adult homeownership is larger for the millennial generation than any other in the past 100 years.<sup>57</sup> Long-standing discrimination in the housing market has largely contributed to the fact that even when Black households do own their home, they receive a lower return of investment on it.<sup>58</sup>

Examining the effects of housing policies in the 1960s and 1970s such as the Fair Housing Act of 1968, the Equal Credit Opportunity Act of 1974, the Home Mortgage Disclosure Act of 1975, and the Community Reinvestment Act of 1977 shows that these did ameliorate the historical racial homeownership gap, at least somewhat, in attempting to address discriminatory lending and investment practices past and present.<sup>59</sup> But what Kean-ga-Yamahtta Taylor has defined as “predatory inclusion”—or the active targeting of Black individuals and families for low-quality housing opportunities and financing traps in the private market—reigned in the decades following the Civil Rights-era housing legislation, culminating with widespread exploitative subprime loans leading up to the 2008

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55 Desmond. 16-17.

56 Choi, Jung H., Alanna McCargo, Michael Neal, Laurie Goodman, and Caitlyn Young. “Explaining the Black-White Homeownership Gap: A Closer Look at Disparities across Local Markets.” Urban Institute. October 2019. [https://www.urban.org/sites/default/files/publication/101160/explaining\\_the\\_black-white\\_homeownership\\_gap\\_a\\_closer\\_look\\_at\\_disparities\\_across\\_local\\_markets.pdf](https://www.urban.org/sites/default/files/publication/101160/explaining_the_black-white_homeownership_gap_a_closer_look_at_disparities_across_local_markets.pdf)

57 Hamilton, Darrick and Christopher Famighetti. “State of the Union 2019: Housing.” *Pathways Magazine*. Stanford University Center on Poverty and Inequality. 2019. [https://inequality.stanford.edu/sites/default/files/Pathways\\_SOTU\\_2019\\_Housing.pdf](https://inequality.stanford.edu/sites/default/files/Pathways_SOTU_2019_Housing.pdf)

58 Darity, William, Jr., Darrick Hamilton, Mark Paul, Alan Aja, Anne Price, Antonio Moore, and Caterina Chiopris. “What We Get Wrong About Closing the Racial Wealth Gap.” Samuel DuBois Cook Center on Social Equity and Insight Center for Community and Economic Development. April 2018. <https://socialequity.duke.edu/wp-content/uploads/2020/01/what-we-get-wrong.pdf>

59 Hamilton and Famighetti.

financial crisis.<sup>60</sup> Black women in particular were targeted for these loans: a 2006 report from the Consumer Federation of America demonstrated that Black women earning less than the area median income were two and a half times more likely than white men earning the same amount to receive subprime loans, and upper-income Black women were nearly *five* times more likely to receive subprime purchase mortgages than upper-income white men.<sup>61</sup> In the fallout of the burst housing bubble, the prevalence of these loans in both low- and higher-income Black and Latinx communities subjected entire neighborhoods to foreclosure and default, and decimated these households' wealth. The Black homeownership rate increased between 1990 and 2005, but following the Great Recession it fell back to its 1990 level; moreover, the Black-white disparity in homeownership is at an all-time high for millennials, as compared with corresponding young adult cohorts of past generations in the last century. The decline in homeownership for younger adults is also due in part to the trend of hedge funds, private equity firms, and other large investors snapping up properties in the wake of the foreclosure crisis.<sup>62</sup> For many Americans who came of age during the Great Recession—who are burdened by student debt, whose costs of living are rising, and whose wages are stagnating—homeownership is simply no longer attainable.<sup>63</sup>

## EXCLUSION IN THE HOUSING “SAFETY NET”

Housing policies and programs geared toward tenants face their own long history of excluding the most vulnerable. Contemporary rules that bar returning citizens or undocumented immigrants from living in subsidized housing only serve to further racial and economic discrimination. These present-day discriminatory practices reflect the tumultuous path that publicly-assisted housing has had in the United States over the last century.

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60 House, Sophie and Krystle Okafor. “Under One Roof: Building an Abolitionist Approach to Housing Justice.” *NYU Journal of Legislation and Public Policy Quorum*. November 1, 2020. <https://nyujlpp.org/quorum/house-okafor-building-abolitionist-approach-housing/>

61 Fishbein, Allen J. and Patrick Woodall. “Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market.” *Consumer Federation of America*. December 2006. <https://consumerfed.org/pdfs/WomenPrimeTargetsStudy120606.pdf>

62 Semuels, Alana. “When Wall Street is Your Landlord.” *The Atlantic*. February 13, 2019. <https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394/>

63 Sabelhaus, John and Austin Clemens. “A generational perspective on recent U.S. homeownership divergence by income and race.” Washington Center for Equitable Growth. July 27, 2020. <https://equitablegrowth.org/a-generational-perspective-on-recent-u-s-homeownership-divergence-by-income-and-race/>

**Conditions in public housing deteriorated in part because residents themselves lacked the available resources to fund maintenance budgets, but especially due to the absence of political will to adequately invest in the nation’s poorest residents—in particular because these residents were largely Black, and public housing became synonymous with Black communities in cities.**

Public housing constructed under New Deal and World War II-era policies was a massive investment, both in creating shelter for white middle- and working-class families and in perpetuating segregation by prohibiting integrated projects and relegating Black communities to inferior housing. As the postwar economy boomed in the 1950s, abating the housing shortage of the previous two decades and enabling higher-income white families to move from cities to the suburbs, public housing became housing of last resort. In 1960, the average income of a household residing in public housing was at 41 percent of the national median; in 1970, average public housing residents’ income was at 29 percent of the national median; and in the 1990s, this figure was well below 20 percent.<sup>64</sup> This drop in average income highlights the interconnectedness between the lack of investment in housing, growing inequality, and stagnating household incomes in the last decades of the 20th century.

Conditions in public housing deteriorated in part because residents themselves lacked the available resources to fund maintenance budgets, but especially due to the absence of political will to adequately invest in the nation’s poorest residents—in particular because these residents were largely Black, and public housing became synonymous with Black communities in cities. The trend of targeting public housing toward the most vulnerable applicants in the 1970s and 1980s—those with the lowest incomes, or disabilities, or going through homelessness—also led policymakers and experts across the political spectrum to rally around the dangers for public housing as it existed to concentrate poverty, limit economic opportunity, and exacerbate segregation. This has contributed over decades to a vicious cycle of disinvestment and deterioration in public housing, emboldening conservative ideologues to further pathologize poor people and the public sector alike. One

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<sup>64</sup> Vale and Freemark, 385.

prime example of this disinvestment is President Clinton's dedication to restructuring social programs around market incentives and a weakened public sector, stemming from the rise in neoliberal politics across both sides of the aisle. In terms of housing, this materialized in the Quality Housing and Work Responsibility Act of 1998 (QHWRA) and the Moving to Work (MTW) program in 1999. Both programs permitted local authorities to require employment for access to subsidized housing. These inherently exclusionary policies served to entrench the question of deservingness into what sparse safety net equivalent there was for addressing low-income housing needs.

The myth of the inherent failure of public housing—thoroughly debunked by public housing endeavors in other countries—has left the majority of housing-insecure Americans reliant on piecemeal, market-oriented solutions for renters like the extremely limited vouchers program. Even for those who are fortunate enough to obtain a housing voucher, discrimination based on source of income remains a significant barrier across the private rental market. A 2018 national study found that across numerous sites, landlords often refuse to rent to voucher holders; extensive studies in localities, from Washington D.C., to Boston, and many more, also investigate the prevalence of private landlords discriminating against voucher holders.<sup>65</sup> <sup>66</sup> The National Fair Housing Alliance reported more than four million annual instances of housing discrimination—the true figure, including unrecorded discriminatory practices, is certainly much larger.<sup>67</sup>

The scarcity of affordable and accessible housing in our economy is not reflective of national resources—it is reflective of a centuries-long political debate about who is deserving of public investment, and therefore economic dignity and security. Both this history of racial and economic exclusion and the reality of the current housing crisis show that market-based policies focused on private provision of shelter cannot address the need of decent housing for all.

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65 Cunningham, Mary, Martha Galvez, Claudia L. Aranda, Robert Santos, Doug Wissoker, Alyse Oneto, Rob Pitingolo, and James Crawford. "A Pilot Study of Landlord Acceptance of Housing Choice Vouchers: Executive Summary." U.S. Department of Housing and Urban Development. August 2018. <https://www.huduser.gov/portal/portal/sites/default/files/pdf/ExecSumm-Landlord-Acceptance-of-Housing-Choice-Vouchers.pdf>

66 "Next Generation Segregation: A Civil Rights Testing Investigation and Report." Equal Rights Center. March 26, 2018. <https://equalrightscenter.org/wp-content/uploads/next-generation-segregation-report.pdf>

67 Abedin, Shanti, Cathay Cloud, Alia Fierro, Debby Goldberg, Jorge Andres Soto, and Morgan Williams. "Making Every Neighborhood a Place of Opportunity: 2018 Fair Housing Trends Report." National Fair Housing Alliance. April 2018. <https://nationalfairhousing.org/wp-content/uploads/2018/04/NFHA-2018-Fair-Housing-Trends-Report.pdf>

# A Recipe for Disaster

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When a recession hits our perpetually stressed housing market, it's a bit like when COVID-19 strikes someone with underlying health problems: the damage will almost always be severe. But one additional consequence of our lack of federal investment in affordable housing, or any semblance of a safety net for housing, is that it is almost impossible to deliver any rental assistance Congress *does* allocate during a crisis quickly and effectively. The system simply isn't equipped for it.

Bootstrapping a safety net together in the middle of a crisis is difficult without any existing infrastructure. For example, there is no centralized registry of tenants or landlords in the private market, and most tenants are not in regular contact with federal or even local housing authorities. States and cities aren't well equipped to disburse federal emergency rental assistance, either. As of March 2021, only fifteen states had begun disbursing the Emergency Solutions Grant (ESG) funding that Congress allocated in December of 2020. That's because while HUD grants these funds to states and localities, the funds are further subgranted- to non-profit direct service organizations, who are not equipped with the administrative resources to quickly set up emergency programs.<sup>68</sup>

Because most of these service providers are focused on homelessness prevention and target the extremely housing-insecure, the vast majority of landlords and renters pushed by the pandemic to seek out aid were largely unfamiliar with them. And while it is possible for a landlord to apply on behalf of a tenant, they must secure the signature of the tenant.

In fact, the only true registry of the “patchwork” of rental assistance programs available to renters across the country was first made available in late October, seven months into the pandemic. The National Low Income Housing Coalition put together a comprehensive—if dizzying—spreadsheet of over 438 state and local rental assistance programs created or expanded in the wake of the pandemic which they identified through “news sources, social media, and organizational contacts.”<sup>69</sup> It is a triumph of will and human effort, but it is also the kind of information a well-functioning government should routinely provide.

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68 Nova, Annie. “More than \$45 billion in rental assistance could soon be available. Here's how to apply.” *CNBC*. March 3, 2021. <https://www.cnn.com/2021/03/03/45-billion-in-rental-assistance-may-soon-be-available-how-to-apply.html>

69 “State and Local Rental Assistance.” *National Low-Income Housing Coalition*. Retrieved January 21, 2021. <https://nlihc.org/rental-assistance>

The process is further complicated by the fact that there is no centralized application for rental assistance—each city uses a different application. The eligibility criteria (i.e., income level, length of unemployment, risk of homelessness), length of rental assistance, and allowable uses of the funds also vary widely across programs. This variability leads to enormous administrative strain on the organizations trying to distribute ESG dollars and has further contributed to the long delays in their ability to distribute funding.<sup>70</sup> The application and eligibility requirements were so complex that some localities set up call centers to field questions from tenants and landlords. All the while, thousands upon thousands of applicants have been denied assistance for not meeting eligibility criteria.<sup>71</sup>

The truth is that the current patchwork system is not set up to deliver rental assistance efficiently. Thus far, eviction moratoriums and cash assistance have been the primary tools for staving off further pain. The best way to prepare for the next housing crisis is not to design a better crisis delivery system—it is to establish an adequate safety net for housing that operates rain or shine, and to address the underlying affordability crisis before the next disaster strikes.

## The Way Forward

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In the immediate term, the federal government will need to fully fund efforts to ensure that renters can cover the back rent. Without adequate funding for rent in arrears (and a streamlined process for accessing it), it's likely that renters will spend much of their future income paying off back rent and sinking deeper into financial ruin all the while. This (preventable!) outcome will unnecessarily extend a devastating crisis for millions of people and significantly drag down economic recovery.

The best way to avoid *another* recession-triggered housing crisis is to take on the underlying affordability crisis before the next recession. There is no one silver-bullet solution, and a number of actions must be taken at the federal, state, and local levels—both regulatory and budgetary—to put us on the path toward an equitable housing system that affirms the right to shelter. Experts across the field, including grassroots leaders,

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<sup>70</sup> Vesoulis, Abby. "Millions of Tenants Behind on Rent, Small Landlords Struggling, Eviction Moratoriums Expiring Soon: Inside the Next Housing Crisis." TIME. February 18, 2021. <https://time.com/5940505/housing-crisis-2021/>

<sup>71</sup> Dikanovic, Allison and Josefa Velasquez. "Cuomo Rent Relief Expansion Still Strands Many in Need of Aid." THE CITY. December 22, 2020. <https://www.thecity.nyc/2020/12/22/22196601/new-york-rent-relief-expansion-still-strands-many>

**There is no one silver-bullet solution, and a number of actions must be taken at the federal, state, and local levels—both regulatory and budgetary—to put us on the path toward an equitable housing system that affirms the right to shelter.**

researchers, and policymakers, have laid out extensive agendas for these actions. The New Deal for Housing Justice playbook is organized around ten critical policy questions to which the Biden administration can adhere in order to craft a just, anti-racist, and resilient housing system, offers agency-specific recommendations across the entire federal government, and illustrates how agencies ought to engage grassroots movement leaders, civil rights organizations, service providers, and many more relevant stakeholders.<sup>72</sup>

The call for a National Homes Guarantee, a project and coalition directed by People's Action, offers a detailed proposal focused on how to ensure that everyone in the United States has a safe, accessible, sustainable, and permanently affordable place to live. This proposal outlines "both reparative and proactive approaches, including restorative justice to communities impacted by decades of discriminatory housing policy, as well as investments that slash carbon emissions and support resiliency from ongoing climate breakdown."<sup>73</sup>

President Biden, for his part, has committed to fully-funding the Housing Choice Voucher program and to spending at least \$300 billion on new construction for affordable housing.<sup>74</sup> Both of these provisions, at a minimum, should be included in the next legislative package that moves through Congress to ensure that all tenants who qualify for rental assistance receive it and that we jump-start an increase in the supply of affordable housing.

In order to increase the supply of affordable housing we must fund the construction of new units (including by repealing the Faircloth Amendment), remove zoning require-

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72 "New Deal for Housing Justice: A Housing Playbook for the New Administration." Community Change. January 2021. <https://communitychange.org/wp-content/uploads/2021/01/New-Deal-for-Housing-Justice.Policy-Paper.Community-Change.1.2020.pdf>

73 "A National Homes Guarantee." People's Action. September 5, 2019. <https://homesguarantee.com/wp-content/uploads/Homes-Guarantee--Briefing-Book.pdf>

74 "The Biden Plan for Investing In Our Communities Through Housing." Biden Harris 2020. Copyright January 2021.

ments that inhibit this construction, and rehabilitate and preserve homes in deteriorating condition in disinvested neighborhoods.<sup>75</sup> Though zoning changes are largely the purview of local governments, the federal government can act either by requiring changes in land use policy as a condition of federal grants (a carrot) or by withholding federal funding from housing and transportation funds from local governments that refuse to reform their zoning laws (a stick).<sup>76</sup>

Ultimately, to address the current housing crisis *and* to make good on the longstanding promise of a right to shelter in the long term, the Biden administration should look to promising local and state models for affordable housing preservation and provision and to other nations' successes with housing solutions outside of the private market (as well as to strong enforcement of existing private market restrictions and regulations). States and cities all over the U.S. have pushed forward a number of wins toward the goal of public interventions in housing policy, including rent control; social and collective ownership models such as community land trusts (CLTs) or limited equity cooperatives (LECs); and zoning legislation.

In 2019, tenant advocates in Oregon and California celebrated the passage of statewide legislation enacting limits to annual rent increases.<sup>77</sup> Limits to rent increases are a key tool for protecting tenants and curbing the outsize market power of landlords (especially, but not solely, in high-value areas)—even if wages rise or rental assistance is better funded, without rent control and other tenant protections much of those gains

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<sup>75</sup> Community Change, 106.

<sup>76</sup> Andrews, Jeff. "Cory Booker and Elizabeth Warren want to force cities to adopt YIMBY policies. Can they?" *Curbed*. July 22, 2019. <https://archive.curbed.com/2019/7/22/20699372/yimby-cory-booker-elizabeth-warren-election-2020>

<sup>77</sup> Dreier, Peter. "How California's Tenants Won Statewide Rent Control." *The American Prospect*. September 25, 2019. <https://prospect.org/infrastructure/housing/how-californias-tenants-won-statewide-rent-control/>

will be captured by ever-rising rents. What's more, empirical research demonstrates that such price regulation does not generally have any major effect on new housing construction.<sup>78</sup>

Shared-ownership housing like limited equity cooperatives, in which member-tenants jointly own their building, or community land trusts, under which a nonprofit organization holds land that can include non-market housing, can improve affordability and access in both disinvested markets and expensive markets across the country—from Dudley Neighbors, Inc. a CLT in Boston, to the Urban Homesteading Assistance Board in New York, which supports low-income residents looking to turn their buildings into co-ops like LECs.<sup>79 80 81</sup> And cities like Minneapolis and Portland have made huge strides against exclusionary, single-family zoning policies, whether by eliminating single-family zoning outright (as Minneapolis did) or by increasing the number of homes that can be built on existing lots (as in Portland).<sup>82 83</sup> While there are certainly questions of scale and how to most effectively target various solutions across different regions, the Biden administration's recommitment to the Affirmatively Furthering Fair Housing (AFFH) rule and endorsement of local grants that will "give states and localities the technical assistance and planning support they need to eliminate exclusionary zoning policies" are a start.<sup>84</sup> These communities most impacted by housing insecurity and their advocates have set precedents around the country and around the world for how the U.S. should build a sustainable and affordable housing system.

Also important to consider are successful social housing models piloted abroad. The People's Policy Project has analyzed contemporary social housing infrastructures in

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78 Pastor, Manuel, Vanessa Carter, and Maya Abood. "Rent Matters: What are the Impacts of Rent Stabilization Measures?" USC Dornsife Program for Environmental and Regional Equity. 2018. [https://dornsife.usc.edu/assets/sites/242/docs/Rent\\_Matters\\_PERE\\_Report\\_Web.pdf](https://dornsife.usc.edu/assets/sites/242/docs/Rent_Matters_PERE_Report_Web.pdf)

79 Jain, Anamika, and Malcolm Torrejón Chu. "Solutions to an Unjust Housing System." *Shelterforce*. July 30, 2018. <https://shelterforce.org/2018/07/30/solutions-to-an-unjust-housing-system/>

80 Mironova, Oksana. "How Community Land Trusts Can Help Address the Affordable Housing Crisis." *Jacobin*. July 6, 2019. <https://jacobinmag.com/2019/07/community-land-trusts-affordable-housing>

81 Ortiz, Lillian M. "Will Limited-Equity Cooperatives Make a Comeback?" *Shelterforce*. April 25, 2017. <https://shelterforce.org/2017/04/25/will-limited-equity-co-ops-make-comeback/>

82 Kahlenberg, Richard D. "How Minneapolis Ended Single-Family Zoning." The Century Foundation. October 24, 2019. <https://tcf.org/content/report/minneapolis-ended-single-family-zoning/?session=1&session=1>

83 Andersen, Michael. "Portland just passed the best low-density zoning reform in U.S. history." Sightline Institute. August 11, 2020. <https://www.sightline.org/2020/08/11/on-wednesday-portland-will-pass-the-best-low-density-zoning-reform-in-us-history/>

84 Demas, Jerusalem. "America's racist housing rules really can be fixed." *Vox*. February 17, 2021. <https://www.vox.com/22252625/america-racist-housing-rules-how-to-fix>

Europe that illustrate the possibilities for social housing in the U.S.<sup>85</sup> Vienna has developed municipal housing that is available to 80 percent of the country’s residents based on their income. In Finland, social housing has been developed with particular attention to eradicating homelessness (via a Housing First approach) and ensuring accessibility for disabled residents, the elderly, and others needing supportive services—and is financed through a national board that funds the construction of municipally-owned and nonprofit housing through loans, guarantees, and interest subsidies. The Homes Guarantee campaign, supported by recent research of its members, further makes the case for social housing in the U.S. as a “public option” for housing: both as a means to address the housing affordability crisis and to stimulate green construction industries and job production.<sup>86</sup>

Whatever path we choose, we must begin with two commitments: federal housing policy should no longer be a tool for racial exclusion or elite extraction. Continuing to subsidize home ownership and the private real estate industry, all while low-income families routinely spend the majority of their monthly income on rent, is increasing the already sky-high levels of economic insecurity and wealth inequality in this country. Housing policy can be a tool for alleviating inequality; it doesn’t have to exacerbate it.

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85 Gowan, Peter and Ryan Cooper. “Social Housing in the United States.” People’s Policy Project. April 2018. <https://www.peoplespolicyproject.org/wp-content/uploads/2018/04/SocialHousing.pdf>

86 Cohen, Daniel A. and Mark Paul. “The Case for Social Housing.” Data for Progress. October 2020. [https://tjcinstitute.com/wp-content/uploads/2020/11/20.10\\_The-Case-for-Social-Housing-1.pdf](https://tjcinstitute.com/wp-content/uploads/2020/11/20.10_The-Case-for-Social-Housing-1.pdf)



## Conclusion

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When the rent finally comes due, it will be tempting to blame the pandemic entirely for the financial precarity of millions of people. But this was a crisis in the making for decades. Families across the country have long been breaking into their piggy banks to come up with their ever-increasing rents, even as the economy expanded in recent years. A system this stretched never stood a chance.

Getting out of the current crisis can't be done via administrative action. Our government needs to prioritize using the resources at its disposal to help people recover now and build a stronger, more sustainable economy for the future, because digging ourselves out of the current hole won't be enough. We must address the underlying and longstanding affordability crisis if we want to break the cycle of once-a-decade housing crises. The path forward isn't easy, but the lessons from history are clear. We can't rely on private actors alone. A true right to housing is only possible with deep public investments in safe, sustainable, and affordable shelter.



## About the Authors

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## Acknowledgements

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The authors thank the following for their thoughtful comments and insight on this project: Anne Kat Alexander of The Eviction Lab at Princeton University, Jhumpa Bhattacharya of the Insight Center of Community and Economic Development, Brian McCabe of Georgetown University, Adam Morris of the Los Angeles Review of Books, and Mark Paul of the New College of Florida.



## About Groundwork

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**Groundwork Collaborative** is a research and policy advocacy organization working to advance a coherent and persuasive progressive economic worldview capable of delivering meaningful opportunity and prosperity for everyone. Groundwork envisions an economic system that produces strong, broadly shared prosperity and power for all people, not just the White, wealthy few. Groundwork works in deep collaboration with economic policy experts, progressive movement leaders, labor leaders, and activists on the frontlines of progressive causes in communities across the country.