

# JOE BIDEN'S 2020 HOUSING POLICY

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## DATA FOR **PROGRESS**

**Data for Progress is keeping a running tab of housing policy proposals for announced or likely 2020 Presidential contenders.** This is not a horse race, process-story exercise - we'll be providing play-by-play policy analysis, ideological context, and suggestions to improve candidates' policies, to help both campaigns and voters get to the best American housing policy.

## OVERVIEW:

Joe Biden's housing plan is relatively moderate compared to some of his former primary opponents' though it still offers a significant increase in federal support for renters and prospective first-time homeowners. His plan emphasizes direct cash support to individuals to pay for housing, but also offers meaningful tools to end exclusionary zoning, invest in affordable housing, and reduce carbon-intensive buildings and suburban sprawl.

This reflects Biden's general approach of seeking a middle ground between the bold ambition of Senators Sanders and Warren and the more status quo policies of Clinton in 2016. Likely due to when it was published, Biden's February plan does not reflect the massive changes in need for housing assistance due to the coronavirus pandemic and its economic effects. As millions of Americans lose their incomes and face major housing cost burdens, the presumptive Democratic nominee's housing plan must be more aggressive and transformational, not just filling past gaps.

### Key Points:

- ▶ **Prioritizes direct financial assistance to ensure no family pays more than 30% of their income for shelter.**
- ▶ **Fully funds Section 8 housing vouchers to serve 17 million low-income families**, mitigating this program's drastic dearth of funding of the program, which resulted in decade-long waiting lists and  $\frac{3}{4}$  of eligible families going without benefits.<sup>1</sup>
- ▶ **Creates a new renters tax credit to cover rent and utility costs over 30% of income** for families that make too much money to qualify for Section 8.
- ▶ **Creates a permanent, refundable \$15,000 tax credit to help first-time homebuyers** make a downpayment on a home, building upon a temporary Obama-era program established in the American Recovery and Reinvestment Act of 2009.
- ▶ **Commits up to \$300 billion to new construction of affordable housing.**
- ▶ **Dedicates most new construction funds to existing affordable housing programs**, primarily through grants to state housing authorities, the Indian Housing Block Grant program, the federal Housing Trust Fund, the Low Income Housing Tax Credit, Community Development Block Grants, and U.S. Department of Agriculture's Rural Housing Service.
- ▶ **Directs \$10 billion for energy efficiency retrofits** to existing affordable housing, explicitly through increased appliance and equipment standards.
- ▶ **Pursues equitable zoning and other climate-friendly housing reforms that make Americans' home and transportation choices more affordable and less carbon intensive.**
- ▶ **Conditions community development and transportation funds on ending exclusionary zoning**, through the Community

Development Block Grant and Surface Transportation Grant programs. The plan also directs the Department of Housing and Urban Development and the Department of Transportation to make equitable zoning a prerequisite for other existing funding. Aspects of this proposal mirror the Affirmatively Furthering Fair Housing rules that the Obama Administration established in 2015.<sup>2</sup>

- ▶ **Sets a goal of creating sufficient, reliable public transit** for cities of more than 100,000 people by 2030, primarily by increasing transportation funding and flexibility for localities. For example, it would allow all highway funding to be used for alternative transportation options instead.
- ▶ **Creates a competitive low-carbon transportation grant program** awarding money to states, cities, and regional governments that reduce average commute times and reduce carbon emissions from transportation.
- ▶ **Dedicates \$10 billion to low-income areas with poor transit connectivity**, to address the disproportionate commute times experienced in communities of color.
- ▶ **Moves federal homelessness policy and financial support toward the proven “housing first” model.**
  - ▶ **Enacts Rep. Maxine Waters’s comprehensive Ending Homelessness Act**, massively increasing funding for supportive housing and shelters.
  - ▶ **Enhances support for rapid rehousing programs**, with particular focus on shelter for veterans, members of the LGBTQ+ Americans, and returning citizens released from incarceration.
- ▶ **Establishes regulations to protect Americans from racist institutions and predatory companies.**
  - ▶ **Creates a Homeowners and Renters Bill of Rights**, focused on ethical requirements in mortgage lending and protecting renters who face certain types of evictions.
  - ▶ **Restores and expands regulations protecting prospective homeowners from discrimination** by lenders, appraisers, and other financial institutions.
- ▶ **Includes the baseline elements of all Democratic 2020 housing proposals.**
  - ▶ **Reverses the Trump Administration’s assault on various progressive housing regulations**, including the Affirmatively Furthering Fair Housing rule, the Fair Housing Act and housing functions of the Consumer Financial Protection Bureau.
  - ▶ **Prohibits landlords from discriminating** against tenants who receive federal housing benefits, along with other common forms of immoral-but-currently-legal discrimination like sexual orientation or gender identity.

## WHAT IT REVEALS ABOUT BIDEN

Biden's housing plan is a reflection of his entire campaign – walking a middle path on policy, adopting some significant good ideas from colleagues across the Democratic Party, and largely building on the policy infrastructure set up by the Obama Administration rather than taking a wholly new tack. Biden's plan has the flavor of an ObamaCare for Housing, keeping the overall system intact while ponying up ample federal resources to help working and struggling people afford this basic necessity.

From one perspective, Biden's housing policies play it safe – the affordable housing supply would expand, but not dramatically; the balance of power between tenants, landlords, and other property owners would remain unaltered; and the financialization of housing would only be softly constrained.

From another angle, Biden's housing policies would be transformative for the country, with the federal government adopting a universal, systematic approach to end housing cost burdens, smartly compelling municipalities to end exclusionary zoning; and enacting an integrated plan on housing and transportation to bring down costs and emissions simultaneously. In many ways, it proposes fulfilling some promises from earlier Democratic programs, from Johnson's Great Society to Obama's climate policy ambitions, that Republicans have thwarted for decades.

The plan falls somewhere on the spectrum between Big Structural Change and Change We Can Believe In.

Biden's plan came out much later than those of his Democratic primary competitors, but ultimately incorporated and expanded policies from many of them. Biden's campaign may have recognized that he needed a housing

platform – and a pretty good one – to create a unifying candidacy.

## WHAT'S GOOD:

- ▶ **Dedicates unprecedented resources to address the housing crisis.** While not nearly sweeping enough to solve the structural issues at the heart of the American housing crisis, Biden's proposal to pump \$640 billion into affordable housing construction and subsidies for renters and prospective first-time homeowners would mark a massive shift in the federal government's commitment to help Americans afford housing. After generations of federal disinvestment in affordable housing and callous disregard for housing insecurity from national politicians, Biden's plan would see the US government finally stepping up to resolve the crisis. It is long overdue and no small thing.
- ▶ **Establishes a plausible policy regime to end renter cost burdens nationwide (at least in the near-term).** At the core of Biden's plan is a slate of subsidies to ensure renters pay no more than 30% of their incomes in rent and utilities. Biden proposes to achieve this by fully funding Section 8 housing vouchers for low-income households (first proposed in the 2020 primary by Julián Castro), and creating a renter's tax credit to cover costs above 30% of income (a centerpiece of Sen. Kamala Harris's plan). Turning Section 8 into a fully funded entitlement for low-income families is unquestionably necessary and positive. The tax credit shows real potential to be a political and policy winner, even if some questions remain:
  - ▶ *What, if any, means testing would be attached to the credit?*

- ▶ *Would it be paid monthly to coincide with rent?*
- ▶ *Would the \$5 billion identified by sufficient to cover all cost-burdens for the ~4 million burdened tenant households who do not qualify for Section 8?*
- ▶ *Are there any constraints to prevent landlord price gouging?*

Yet, as a policy framework, this approach has the potential to relieve renters of major cost burdens. Given the sheer scale of housing cost burdens and the decades of disregard from the federal government, Biden’s earnest attempt to end cost burdens is historically significant. More pragmatically, his \$15,000 permanent first-time homeowner tax credit is likely a political winner and would offer a helpful path to the relative certainty and stability of homeownership to less-than-privileged people.

- ▶ **Utilizes smart tools to compel localities to end exclusionary zoning and build more workforce housing.** Biden adopts Sen. Cory Booker & Rep. James Clyburn’s best-in-class approach to exclusionary zoning – requiring recipients of Community Development Block Grants and, more importantly, Surface Transportation Block Grants to end exclusionary zoning and legalize more affordable housing options. Conditioning Surface Transportation Block Grants on equitable zoning is critical because the most exclusionary cities are often more car-dependent and thus more reliant on the federal government for road money than other community development funds. Further, Biden intends to direct secretaries of Housing and Urban Development and Transportation to amend other grant programs with equitable zoning requirements. This

approach is the most effective way for the federal government to bring new middle housing and apartments to wealthy and exclusionary cities – a critical need for both housing affordability and climate sustainability.

- ▶ **Explicitly connects housing, transportation, and climate change.** It will be impossible to solve climate change without tackling the interconnected carbon intensity of housing and transportation. Biden’s plan rightly addresses these issues together, through zoning and regional planning policies to grow smaller, lower-carbon housing options and discourage sprawl; investments in public transit to reduce commute times; dedicated resources for home energy retrofits; and clear, funded mandates for state, local, and regional planners to decarbonize their transportation systems. Biden’s dedication of \$10 billion specifically to shorten the commutes of high-poverty areas would be especially impactful, given the critical intersections of racial, economic, and environmental justice at play.
- ▶ **Embraces a progressive, proven approach to ending homelessness and dedicates real resources to giving shelter to all people.** Biden embraces Rep. Maxine Waters’s [Ending Homelessness Act](#), which would provide permanent housing for all Americans currently experiencing homelessness (including adequate permanent supportive housing for the approximately 85,000 chronically homeless Americans), alongside supportive health services. Rightly, Biden explicitly embraces the “housing first” model for addressing homelessness and would provide enough federal money to achieve it. The Biden plan also gives special attention to

reducing homelessness among veterans, the LGBTQ community, seniors and people with disabilities, and formerly incarcerated people.

- ▶ **Advances several good strategies to improve racial equity in the housing system.** While not a centerpiece of Biden's plan, racial equity is woven throughout a number of proposals. These include creating a Public Credit Reporting Agency to generate credit reports that minimize racial bias, creating new standards for home appraisal to address the undervaluing of homes in communities of color, attacking exclusionary zoning, investing in mission-driven financial organizations rooted in low-income communities, and ending homelessness among formerly incarcerated Americans.
- ▶ **Identifies effective, progressive funding sources.** Biden's plan is paid for by increasing the assessment on Fannie Mae and Freddie Mac, raising taxes on corporations and financial giants, and instituting a financial fee on "on certain liabilities of firms with over \$50 billion in assets." This is who rightfully ought to be paying to solve America's housing problems and it's encouraging to see Biden put the onus there.

## WHAT NEEDS WORK:

- ▶ **Falls short of reining in greedy landlords or resetting the landlord-tenant balance of power.** In some important ways, the centerpiece of Biden's plan is effectively an Obamacare for Housing – subsidizing working and struggling people to purchase a basic need from the private market, with some modest constraints on the worst actors in the system. This would most likely lead Biden's housing policy to replicate many of the strengths and weaknesses of Obamacare. It helps millions of people gain stable, arguably

affordable access to a basic human need but largely does so by putting the state on the hook for rising costs and does little to restructure the flawed system itself.

- ▶ **Creates a context where the government is on the hook for essentially limitless rent increases.** The plan directs the lion's share of new federal housing resources to subsidizing tenants for existing housing with neither any attempt to regulate rents nor sufficiently large-scale investment in increasing the home supply, either (and especially both) of which would restrain rent prices. While Biden's plan would help protect tenants from the harm of those rent hikes, landlords may choose to raise rents knowing the state will pay, increasing the expense of the subsidy significantly over time. Biden could resolve this by increasing his committed funds for new housing construction and pushing national or state-level standards to limit rent increases.
- ▶ **Offers tenants almost no clear, reliable protections from eviction or bad landlord behavior.** While Biden adopts the default Democratic position of funding legal counsel for tenants in eviction court, the plan offers no protections from no-cause evictions or eviction-by-rent-increase, both of which are extraordinarily common and require no court proceedings. Without those protections, eviction court counsel is largely useless, as landlords will simply evict their tenants without cause, price them out, or otherwise strongarm them out of their homes. A simple solution here would be to compel states to adopt bans on no-cause evictions and modest caps on annual rent increases, as Oregon and California have done. Biden could also pursue a nationwide eviction and rent increase standard, as Sanders did.

▶ **Makes insufficient investment in building new affordable housing.**

Depending on how one calculates it, Biden's plan devotes from \$175 billion to \$300 billion in support for building new affordable housing. While this would undoubtedly mark an massive increase in federal support for new home construction, it would at best build 2 million new homes – far short of the 7 to 10 million new homes the United States needs to address our housing shortage and reshape the system toward equity, justice, and sustainability. This would be insufficient under normal circumstances and is even less sufficient now, given the negative impact the coronavirus pandemic and subsequent recession or depression will have on housing construction. Federal commitment to building new affordable housing can both serve as a countercyclical stimulus for the working class and keep housing costs down in the long term and Biden should significantly increase his new housing goals and committed funds.

▷ **Woefully silent on public housing.**

Given how intensely a generations-long right-wing assault has tarnished the reputation of public housing, it is somewhat unsurprising to see not a single word in Biden's plan on the 1.3 million publicly owned homes but it is nevertheless disappointing. Given the important role public housing has played for tenants in the United States and around the world, this omission is problematic to say the least.

▷ **Leans too heavily on problematic programs without necessary reforms.**

A significant share of Biden's affordable housing construction plan relies on the Low Income Housing Tax Credit (whose troubles Data for Progress has [previously examined](#) in-depth, and is desperately in need of reform), and

other programs like the Capital Magnet Fund and the New Markets Tax Credit. These programs all rely heavily on private investment and are thus less reliable during economic downturns. Shifting this to direct investment in the national Housing Trust Fund or other government-controlled programs would increase the likelihood that these homes get built and remain affordable.

▶ **The Homeowners and Renters Bill of Rights proposal is too vague.**

While a nice rhetorical tool, it is currently unclear what the Homeowners and Renters Bill of Rights would include and what impact it would have, particularly as it pertains to renters. The clearest aspects of the proposal are limitations on predatory mortgage lending and foreclosure protections but the only explicit renter benefit is a ban on landlord discrimination against tenants receiving housing assistance (a good and necessary policy but useless for most renters). Without more explicit policy proposals, this bill of rights is difficult to analyze on the merits but this lack of clarity is concerning, in and of itself.

▶ **Needs a stronger effort to decarbonize transportation and housing.**

Connecting housing and transportation policy is commendable, but aspects of the plan are problematic—particularly the proposal to increase highway funding and the lack of clarity on how projects to reduce emissions might be assessed. Proponents of widening freeways tend to argue that doing so will relieve congestion, speed traffic, and reduce emissions, but the results always tend toward the other direction.<sup>3</sup> Without clear guidance on how the climate benefit of projects will be assessed, these aspects of the Biden proposal risk further harming the climate in the name of saving it.

## WHAT WE WOULD ADD:

- ▶ **At least triple the money dedicated to building new affordable housing.** While \$175-\$300 billion for affordable housing would mark a tremendous transformation in federal investment in low-income and workforce housing construction, it would make a mere dent in the housing shortfall currently faced by the United States (and likely to grow larger as private development dries up during the coming recession). The United States is suffering from a shortage of approximately 9 million homes, and a sufficient housing plan ought to approach that target. Rather than primarily subsidizing the private, for-profit sector to provide affordable homes, Biden should significantly shift federal housing dollars toward creating a viable public option for housing. Building at least something in the vicinity of 7 million affordable homes would both provide needed, stable housing to millions of renters and restrain bad private landlord behavior by offering tenants a viable option outside the private market. This investment could also pay major dividends in the future by allowing the federal government to taper off housing vouchers and renter tax credits over time, as more affordable housing comes online and drives down rents across the board.
  - ▶ **Build new public housing alongside other affordable housing and restore existing publicly owned homes.** At the very least, Biden should commit to repealing the Faircloth Amendment, which has banned federal funds from going toward the construction of new public housing for the last twenty years, and clearing the backlog of deferred maintenance in existing public housing. Ideally, Biden's plan would include public housing as a major part of his affordable housing expansion proposal, and restore
- this tool to America's affordable housing toolkit.
- ▶ **Invest more heavily in home energy efficiency.** With full home energy retrofits estimated at approximately \$14,000, Biden's \$10 billion would serve fewer than one million homes, or approximately \$90 for every home in America.<sup>45</sup> This is a drop in the bucket compared to the energy efficiency overhaul America's homes will need to tackle climate change. Biden should dramatically increase his investment in energy efficiency.
  - ▶ **Add community land trusts, shared equity, and other alternative ownership models.** Biden's permanent first-time homebuyers tax credit would be useful for many Americans but would also entrench the existing housing market that drives many homeowners into a narrow, self-interested, petty capitalist conception of housing, at the expense of the common good. One modest but important way to address that is to incentivize and support programs that prioritize the financial stability of homeownership while deprioritizing it as a wealth-building tool through alternative ownership models. This should include funding support for community land trusts (where the resident owns the building but the community owns the land) or co-ops, like the mobile home co-ops that have bloomed across the country in recent years.<sup>6</sup>
  - ▶ **Include bans on no cause evictions and rent price gouging, either nationally or through state incentives.** Biden's plan clearly recognizes the danger that evictions pose to renters. He should make good on that recognition by pushing bans on no-cause evictions and unfair rent increases that functionally serve as evictions. Ideally, this would take the

form of a national law (for which there is some precedent, and Biden has even suggested as a temporary measure during the coronavirus epidemic).<sup>7</sup> Another path would be to make these eviction and rent gouging prevention measures a requirement of various federal grants, as Biden has proposed for zoning reform.

- ▶ **Crack down on the predatory capitalists responsible for much of the housing crisis.** Unlike some of his more progressive primary rivals, Biden offers very little to definancialize the housing system and disempower the banks and private

equity firms that have contributed to the housing crisis. While Biden does propose raising taxes on these firms to pay for his housing proposals, he should go much further. This could include adopting Warren's provisions to crack down on real-estate owned mortgages and speculation, or Sanders's measures to ban large-scale sales of mortgages to Wall Street, cast sunlight on the practices of large corporate landlords, and provide restitution for the Americans who were harmed by predatory lending and other parasitic financial practices.<sup>89</sup>

## ENDNOTES

1. <https://www.marketplace.org/2018/01/03/its-long-wait-section-8-housing-us-cities/>
2. <https://nationalfairhousing.org/affirmatively-furthering-fair-housing/>
3. [https://www.sightline.org/research\\_item/climate-analysis-gge-new-lanes-10-07/](https://www.sightline.org/research_item/climate-analysis-gge-new-lanes-10-07/)
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