

# CORY BOOKER'S 2020 HOUSING PLAN

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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:

Booker's housing plan significantly expands upon his 2018 proposal by enhancing his fiscal incentives for equitable zoning, dedicating money to build new affordable homes, connecting his Baby Bonds proposal to homeownership, and including new protections for existing and prospective renters. His original 2018 tax credit for cost-burdened renters remains the centerpiece of his plan.

### Key Points:

- ▶ **Creates a tax credit for every renter paying over 30% of their gross income in rent.**
  - ▶ *The maximum payout of the credit is the difference between 30% of income and average Fair Market Rent (FMR) for the area. If somebody is paying over Fair Market Rent, the credit is capped at the gap between 30% of their income and FMR.*
- ▶ **Ties billions in current transportation and community development funding to local action to advance equitable zoning,** focused on reforming minimum lot sizes and parking minimums and expanding the availability of multifamily housing and accessory dwelling units.
- ▶ **Provides billions of new funding to the National Housing Trust Fund** to build new homes for families below the federal poverty line or those making under 30% of area median income.
- ▶ **Connects Booker's previously announced "Baby Bonds" universal savings program to homeownership** by contending that the bonds could result in enough savings to make a down payment after several decades.
- ▶ **Creates a national Eviction Right to Counsel Fund** that would subsidize state and local governments to provide legal representation to tenants who challenge their evictions in court.
- ▶ **Boosts enforcement of anti-discrimination protections for housing, and expands those protections** to members of the LGBTQ community and people with experience in the criminal justice system.
- ▶ **Provides some additional funding and structural support for programs to combat homelessness.**

## WHAT IT REVEALS ABOUT BOOKER

Booker's new housing plan reflects a willingness to listen, consider, and incorporate new policy ideas to address complex problems, and an intent to focus his presidential run on repairing the economic harm caused by white supremacy.

Booker's initial 2018 plan displayed his experience with housing as a former mayor of Newark, New Jersey but also reflected his ongoing challenge of making bold, poetic pronouncements that are undermined by insufficient substance or follow-through. This plan – while still lacking in some significant ways – marks a major improvement over its first iteration, showing far more seriousness and intentionality. It suggests that, as Booker works to find his footing as a presidential candidate in a large field, he may focus on proving his bona fides as a deliberate policy-minded leader. Further, Booker wraps his proposal in the language and storytelling of racial justice and weaves the intersections of racial justice and economic justice into nearly every policy element. As one of the few Black candidates running for president – and as other candidates' racial records come into question – this is unsurprising and may reflect pointed political strategy in addition to Booker's own personal experience with the issue.

## WHAT'S GOOD:

- ▶ **Offers the most aggressive – and likely most effective – strategy yet to compel local governments to adopt equitable zoning.** Unlike Booker's 2018 plan (and every other candidates' housing proposals), Booker's fiscal incentives to end exclusionary zoning are not limited to Community Development Block Grants (CDBG). In addition to CDBGs, Booker ties billions of highway and other transportation funding to equitable zoning. Because wealth-

ier, more exclusionary communities rely more on transportation funding that other support from the federal government, this strategy significantly increases the likelihood of impelling those communities to actually build more low-cost housing.

- ▶ **Provides a significant influx of funding for new affordable housing.** By providing \$40 billion of new annual funding for the National Housing Trust Fund, Booker's new plan recognizes the insufficiency of market-only solutions to the housing crisis and puts enough resources forward to make a substantial (if still insufficient) dent in the nationwide shortage of homes that extremely low-income families can afford.
- ▶ **Brings immediate relief to all renters paying more than 30% of income to rent.** This bill would immediately impact the lives of millions of renters, regardless of their individual income level. Direct rental assistance is the fastest way to bring relief from the housing crisis and it has the added benefit of being politically popular because of its reach and immediacy.
- ▶ **Offers a meaningful wealth-building strategy for low-income people through Baby Bonds, which could – but not necessarily would – be put toward a downpayment on a home.** By offering a \$1,000 seed fund for every child born and up to \$2,000 (depending on household income) every year thereafter until the child turns 18, Booker's plan could provide low-and-middle-income children with a nest egg that, with accrued interest, could potentially make up a down payment on a home. While these bonds would not be exclusively usable for homeownership, this potential makes them an intriguing ingredient in a comprehensive housing plan.

- ▶ **Recognizes the precarious situation facing many renters, and offers some salve for it.** Booker’s plan includes funding to ensure evicted tenants can get a lawyer to challenge their removals and provides a plan to ensure prospective tenants get fair consideration for a home (adding protections for the LGBTQ community and for formerly incarcerated people, as well as boosting those protections currently on the books but under-enforced).
- ▶ **Offers specific plans for rural and Native communities.** In a politically strategic and generally thoughtful decision, Booker explicitly recognizes the unique – but very real – housing challenges facing rural America and Native American reservations, joining Julián Castro and Elizabeth Warren in doing so. By funding new and upgraded homes in rural communities and voicing explicit intent to help mobile home tenants buy the land underneath them, Booker shows respect for those often forgotten places.
- ▶ **Places specific emphasis on homelessness.** Although Booker does not offer much in the way of details for how his plans to address homelessness will directly help meet the full scale of the need, he directly presents plans on helping people experiencing homelessness find permanent, supportive housing.
- ▶ **Connects dots between high rents and short supply.** Unlike the other renter tax credit proposal from Kamala Harris, Booker’s includes reforms intended to build more housing. This is a critical connection as far as policy goes, but a particularly important one politically. Even within the Democratic Party, there has been historical resistance to directly assisting renters, so tying a large plan like Booker’s to market-based solutions to increase the housing supply will help sell the plan to skepti-

cal elements within the party and expand the national conversation to include more supply along with more relief.

- ▶ **Creates a universal program for all cost-burdened renters.** Unlike Harris’s means-tested program (where higher-income renters get less help than lower-income renters), Booker’s bill applies equally to all tenants burdened by rent. This likely increases the cross-cutting political appeal of the program and makes it more durable over the long-term (with universal programs historically proving more enduring and resistant to attack than means-tested ones).

## WHAT NEEDS WORK:

- ▶ **Offers no target estimate of new homes built under the plan.** It is refreshing to see Booker add \$40 billion of new funding for affordable homes through the Housing Trust Fund. However, providing a price tag without a clear vision of how many new homes it will generate both undermines a key sales pitch for the plan and makes it harder for voters to hold his hypothetical administration accountable to goals.
- ▶ **Funding for new affordable homes falls far short of the need.** While Booker joins Elizabeth Warren and Julián Castro in calling for more funding for affordable housing, he is proposing the lowest increase by far. To date, no candidate’s plan meets even half the need for affordable homes (which is at least 7 million new homes for extremely low-income families, according to the National Low Income Housing Coalition), but Booker’s falls the farthest short of the three major plans on the table.<sup>1</sup>
- ▶ **The plan is spotty on price rags and payfors.** Some of Booker’s proposals have cost estimates (new housing funds, Baby

Bonds, zoning incentives, anti-homelessness grants), others do not (renter tax credits, rural housing funds, Eviction Right to Counsel program). Further, of all the policies proposed, only the Baby Bonds has an identified funding source. It's not unusual or fatal to leave out funding sources in a bill proposal and increasingly there are strong arguments against outlining these types of details within the Democratic Party when setting the policy agenda (considering Republicans never do, and never pay a political cost for it). However, his proposed programs will cost a lot of money and, because other candidates like Warren have included cost estimates and funding sources, this puts the pressure on other Booker to do so as well.

- ▶ **Laudable plans to fund eviction counsel may offer limited real protection without rent stabilization and bans on no-cause evictions.** Booker deserves praise for being among the first 2020 candidates to include eviction counsel in his housing plan (Julián Castro does as well). However, counsel is only relevant in proceedings over for-cause evictions. Many states allow landlords to evict tenants without cause or gouge rent prices as a tacit path to eviction, a problem to which Booker offers no solution. If the eviction counsel program takes effect without state or local policies to require just cause eviction, many landlords will simply take no-cause eviction or rent spikes as a path to evict tenants and avoid court altogether.
- ▶ **Booker's claim that Baby Bonds would be sufficient for a home down payment is dubious.** Without question, Baby Bonds would help lower-income Americans accrue wealth, which could potentially be put toward a down payment on a home. Booker claims that a child born under the Baby Bonds program could afford

a down payment by age 30 with those funds alone. However, his contention assumes housing prices would remain flat for decades, which is unlikely given the historical appreciation of home costs.

- ▶ **Doesn't challenge the flawed 30% income-to-rent ratio that currently defines cost burden.** Both Booker's and Harris's renter tax credit bills rely on this concept, which has been the foundation of federal housing assistance for 50 years.<sup>2</sup> However, it is essentially arbitrary and doesn't factor in key indicators such as neighborhood conditions, trade-offs within household incomes, and the labor market.<sup>3</sup> Think of two households earning the same income, both paying 40% on rent. If one is a family with three kids and one is a single adult, are they equally burdened? If both choose to pay higher rents by living closer to a job center, they may be saving money on transportation costs and have better job prospects (and higher income). None of these are factored into the ratio, which means this bill may not provide meaningful relief to households that need it the most, while potentially providing relief for households that need it less. A new standard is necessary to avoid this.
- ▶ **Uses the Fair Market Rent standard that doesn't reflect disparities within cities.** HUD calculates Fair Market Rent at a regional level, which masks major differences and inequalities within parts of cities (ex: the FMR for NYC-Metro for a 1-bedroom is \$1,559 but the average 1-bedroom in Manhattan is \$3,757).<sup>4</sup> In 2016, HUD adopted Small Area FMR measurements that set standards to address this by zip code. It would only make sense to include Small Area FMR in any rental assistance program to make sure it is reaching rent-burdened households where they are most impacted.

- ▶ **Helps renters in expensive cities more than other geographies** Though the bill broadly covers the difference between the 30% income ratio of a household and the Fair Market Rent of the area, it is undeniable that households living in more expensive cities will get more proportional benefits than households in less expensive cities or towns. If the intention is to encourage mobility to these economically growing cities (it is in the title of the bill), then this has to be a clear part of the messaging, which is not the case currently. Either way, this difference could fuel already potent regional resentments that undermine its political appeal as a national program.
- ▶ **Gives no attention to public housing at all.** Unlike Warren’s and Castro’s plans, Booker has nothing to say about publicly owned homes at all. Given the critical role that public housing has played in maintaining stable housing for low-income communities – and the critical role it plays around the world in providing homes for people across the income spectrum – it is unfortunate that Booker ignores it completely. As a baseline, Booker should support protecting and upgrading the existing stock by passing Rep. Maxine Waters bill (now part of the Better Deal for Public Housing plank) that calls for full funding for public housing authorities.<sup>5</sup> But we would like to see him, and every other candidate, call for expanding the construction of publicly owned homes by repealing the Faircloth Amendment, which bans new public housing construction, and ending the RAD program, which privatizes public housing.

## WHAT WE WOULD ADD:

- ▶ **Index rent burdens to household makeup and local conditions.** Replacing the broad 30% income-to-rent ratio standard with a more targeted standard that factors in the housing and labor conditions of specific regions along with writing formulas accounting for household makeup will mean this subsidy reaches more low-income households, particularly families, in a wider geographical range.
- ▶ **Cap the annual growth of rental assistance credits.** The tax credit keeps this money out of landlord’s pockets directly, but there are obvious risks that this would inflate rents across the country. If the annual growth of the subsidy is capped at a low single-digit percentage, it would somewhat remove the incentive for landlords to hike rents.
- ▶ **Incentivize rent stabilization and just-cause eviction.** Both Booker’s renter credits and Eviction Counsel could be undermined by massive rent hikes and no-cause evictions. To strengthen both programs, Booker should provide incentives for states and localities to adopt rent stabilization and just-cause evictions policies. One path toward this end would be to only offer the Mortgage Interest Tax Deduction to states or localities with those tenant protection policies on the books.
- ▶ **Double the proposed funding for new affordable housing, including new publicly owned homes.** While the affordable housing portions of this plan show a marked improvement over Booker’s 2018 proposal, they still fall far short of the

baseline need to provide 7 million homes to families who will never be able to afford market-rate housing. An annual infusion of \$40 billion into the National Housing Trust Fund likely covers building 3 million homes over 10 years, less than half of the need. Booker should at least double this new funding to meet the baseline need, and include public housing in the mix to ensure all optional paths toward new housing are open. Much like abolishing apartment bans, creating housing options fully outside the capitalist market gives tenants more power to walk out on a landlord, which in turn makes that landlord less likely to hike rent to juice profits from the tax credit policy.

- ▶ **Adopt Small Area Fair Market Rate standard.** Using this standard would help rent-burdened households in extremely expensive neighborhoods, which goes along with much of HUD's mission to move low-income tenants into "Opportunity Neighborhoods" that typically have better services and job opportunities. However, it would be wise to include language that sets the FMR as the baseline in any instances where households are located in zip codes that would have lower Small Area FMRs than the broader FMR.

## ENDNOTES

1. National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes 2019," 2019, accessed 06/26/19
2. U.S. Department of Housing & Urban Development. PD&R Edge, "Rental Burdens: Rethinking Affordability Measures," accessed 02/04/2019
3. Eric S. Belsky, Jack Goodman, and Rachel Drew. "Measuring the Nation's Rental Housing Affordability Problems." Joint Center for Housing Studies, Harvard University, accessed 02/04/2019
4. U.S. Department of Housing & Urban Development. FY 2019 Fair Market Rent Documentation System, accessed 02/05/2019
5. US Congress, H.R. 3160, accessed 02/01/19