DATA FOR **PROGRESS**

HOMES FOR ALL: THE PROGRESSIVE 2020 AGENDA FOR HOUSING

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THE NECESSITY OF A PROGRESSIVE HOMES FOR ALL AGENDA

Housing affordability – especially of rental homes – is an urgent public policy crisis and a golden political opportunity for progressive candidates and policymakers willing to show leadership.

Housing is the largest single expense for the average American, accounting for a third of their income.[1] Many working-class, middle-class, and working poor Americans spend over half their pay on shelter.[2] Twenty-one million American families – over a sixth of the United States – are considered cost-burdened, paying more for rent than they can afford. These families are paying so much in rent that they are considered at elevated risk of homelessness.[3] [4] This has led millions to take on an extra job or cut back on healthcare or food to stay housed.[5] It also explains how there are over 553,000 homeless Americans, (likely an undercount) a number that continues to rise.[6]

The crisis has also grown consistently, with rents rising by 31 percent in the past decade, rapidly outpacing inflation.[7] Since 2000, the median rent has risen dramatically, while real household incomes have dropped.

This crisis has grown so vast and has taken on so many different forms because for decades politicians declined to pay it any attention, especially at the federal level. Housing has long been dismissed by federal policymakers of both parties as a local issue unworthy of their concern, but this has always been incorrect. Many of the most critical paths to stable housing rely on the federal government; however, the racialization of housing politics in the 20th century drove many skittish federal politicians away from the issue.

Racist federal housing policies in the first half of the 20th century created the conditions for our current crisis. Steady federal abdication of responsibility for housing in the second half of that century cemented those conditions and allowed the crisis to explode. Today, the United States is suffering from a nationwide housing shortfall of nearly 9 million homes.[8] Corporate landlords and other greedy property owners exploit renters from coast to coast, free of consequences. Housing-driven sprawl has ravaged the climate as well as quality of life for millions of Americans.

But times are changing. The rental housing crisis – which has brutalized communities of color for generations – has reached people of every race, at nearly every income level. Steadily climbing eviction rates and soaring rents have led to a rise in powerful tenant organizing reshaping urban and state politics around the country.[9][10]

Major 2020 presidential candidates now include housing at the center of their campaign agendas, with more likely to follow.[11]

National politicians' attention to rental housing is a welcome change but the quality of their plans may vary. The policies these politicians choose to include in their agendas will make the difference between a housing crisis that continues to rage and a nation secure in stable housing.

A truly effective housing agenda will end racist exclusionary zoning and spur the creation of enough homes -- both private and public -- to house all Americans. To accomplish this, the federal government should use a range of aggressive regulatory reform, fiscal incentives, and new spending, to fill the 9 million home deficit and address the annual shortfall of new homes required to meet population growth.[12] It will involve providing immediate cash relief to cost-burdened renters, and compelling state and local governments to enact fair renter protections. It will also require radically decommodifying housing in order to prioritize resident stability over investor profits.

By combining each necessary element of addressing the crisis into a comprehensive solution, the Homes for All plan should alleviate the crisis and house the nation. Data for Progress intends Homes for All to help candidates create a comprehensive solution to the housing crisis, as well as assist voters in assessing which candidates adequately address the issue.

PART ONE

END RACIST EXCLUSIONARY ZONING

As with any other shortage of a vital human need, the government has an obligation to ensure that enough homes are created to provide every American with stable and affordable shelter. Filling a severe shortfall of 9 million homes will likely require manifold approaches, including new private, nonprofit, and publicly owned homes, all at significant scale. Exclusionary zoning laws block major expansions of all of these forms of housing, and therefore must be repealed.

Exclusionary zoning bans economical housing

Under current laws in most states and cities, it is impossible for working class and even middle class people to live in communities with abundant jobs and quality-of-life amenities like parks because exclusionary zoning bans the smaller homes they can afford, such as apartments and fourplexes.[13] These laws, which explicitly favor the affluent over working class families – prevent smaller, more economical, multifamily housing – private, nonprofit, and public alike.

EXCLUSIONARY ZONING WAS DESIGNED TO SEGREGATE COMMUNITIES

We can largely blame the federal government for the ubiquity of exclusionary zoning. The concept was created at the same time – and for the same reason – as neighborhood redlining, racial public housing segregation, and mortgage discrimination. All were explicit policy prescriptions, from the federal government, to exclude African Americans from housing security and access to the middle class.[14]

After the Supreme Court found explicit racial zoning unconstitutional in *Buchanan v. Warley*, the infamously corrupt Warren Harding administration assembled a federal advisory committee to craft new zoning recommendations and encourage their adoption across the country. Led by then Commerce Secretary Herbert Hoover, the committee was comprised of open segregationists who proclaimed zoning critical to "maintain the nation and the race."[15] The recommendations encouraged the establishment and expansion of single-family only neighborhoods and cities, along with additional requirements such as large minimum lot sizes to make communities unaffordable to lower-income people, especially African Americans.

EXCLUSIONARY ZONING SUCCESSFULLY SEGREGATED COMMUNITIES

The policy accomplished the committee's segregationist goals with astonishing endurance. A century later, nearly 90 percent of census tracts are racially segregated.[16] Latinx and African American families are, respectively, two and three times more likely to live in a deeply impoverished neighborhood than white families.[17]

VOCABULARY FOR PROGRESS: EXCLUSIONARY ZONING

The practice of banning certain types of land-uses intended to prevent racial and economic integration, most commonly resulting in banning all home types other than large, single-family, detached units – the most expensive form of housing.

The link between exclusionary zoning and segregation is direct. Scholars from Princeton and the Brookings Institution found, in a study of 50 U.S. metropolitan areas, that single-family-only zoned areas are "more segregated on the basis of income [and] this arrangement perpetuates and exacerbates racial and class inequality in the United States." They concluded that "the relationship is causal."[18] This stands to reason given that, as of 2017, the median price for a single-family house is higher than any other form of housing in the United States.[19]

Replace exclusionary zoning with equitable zoning

Remedying this travesty begins with ending exclusionary zoning and replacing it with equitable zoning. Equitable zoning would evolve single-family-only neighborhoods into economically integrated communities with diverse "Missing Middle" home options by allowing the following housing types anywhere a single-unit house can be built:

- Duplexes, triplexes, and fourplexes,
- Townhomes and rowhouses,
- Garden apartments, cottage clusters, and other low-rise apartments

"Missing Middle" housing derives its name from the underserved space between single-unit buildings and high-rise buildings. However, the name also aptly describes its role in offering stable housing to the increasingly endangered middle and working classes.

EQUITABLE ZONING IS LAND REFORM LEGALIZING INEXPENSIVE HOMES

Nationwide, land costs account for over half of the total cost of a single-family house and can drift above 50 percent in high-employment cities.[20] In cities such as San Francisco, land values can reach nearly 80 percent of home costs.[21] By placing multiple homes on a single plot of land, Missing Middle homes allow working and middle class Americans to pool their money in order to carry the load of hefty land costs together. Less expensive to construct than large apartment buildings, Missing Middle homes get the best of both worlds in affordability.

VOCABULARY FOR PROGRESS: EQUITABLE ZONING

Laws requiring that diverse, economical home options such as duplexes, rowhouses, and garden apartments be allowed in all residential areas in order to promote racial and economic diversity. Data for Progress urges adopting it as an alternative to exclusionary zoning.

For these reasons, Missing Middle homes are the least expensive form of housing in the United States.

- Median rent for homes in duplexes, triplexes, and fourplexes is 18 percent lower than median rent for single-family houses.[22]
- Across the country, nearly half of homes in 2-to-9-unit buildings rent for under $850 per month.[23] The same is true of only a quarter of single-family detached houses and slightly over a third of homes in 50+ unit apartments.

EQUITABLE ZONING CREATES DIVERSE OCCUPANCY OPTIONS FOR DIVERSE COMMUNITIES

Equitable zoning should also include reforming occupancy laws, which determine the individual size and nature of residential structures. In most housing-stressed localities, there are severe restrictions around "housing minimums." For example, since 1987 in New York City, a housing unit must be a minimum of 400 square feet, contain a bathroom, and a kitchen.[24] Equitable zoning should legalize:

- "Granny flats" (small units built in backyards or converted garages) which some states like California and cities like Tacoma, WA. recently legalized but are banned in many other states.[25][26]
- Basement apartments, which are are illegal in many states unless they have seperate entrances.[27]
- Single resident occupancy (SROs) units, which offer tenants small, furnished bedrooms alongside shared kitchens and/or bathrooms. These were once a common feature in American cities and towns, but have all but vanished.[28]

Enlist federal fiscal incentives for equitable zoning

Because states and cities have jurisdiction over zoning, federal regulations cannot end exclusionary zoning by fiat. Instead, federal action must rely on the power of the purse to compel localities to abolish exclusionary zoning and enact equitable zoning and more diverse occupancy options.

INCENTIVIZE EQUITABLE ZONING THROUGH FLEXIBLE BLOCK GRANTS FOR COMMUNITY AMENITIES

The federal government could induce zoning changes by offering incentive funds for communities that enact equitable zoning, or withholding transportation funds from communities that retain exclusionary zoning.

- Incentive funds offer a more peaceable and potentially more politically palatable approach to establishing equitable zoning in states and cities across the country.
- By providing significant new funding streams through mechanisms like the Community Development Block Grant program, the federal government can impel localities to legalize Missing Middle homes and reform housing minimums in return for funding parks, schools, and other quality-of-life improvements.
- Many budget-constrained communities may find the promise of free money in exchange for modest zoning changes too good to pass up. This would prove especially powerful in the event of an economic downturn. If state and local budgets face serious cuts during leaner economic times, even wealthier, more exclusionary enclaves may become open to changes in return for help balancing their budget.

COMPEL EQUITABLE ZONING BY WITHHOLDING TRANSPORTATION FUNDS FROM EXCLUSIONARY COMMUNITIES

Many of the most segregated, exclusionary communities are also wealthy and already amenity-rich, thus, less tempted by new park or school funding as incentives for equitable zoning. Prompting these localities to legalize Missing Middle housing may require withholding transportation funding from exclusionary communities.

- Since exclusionary communities are generally more sprawling and car-dependant, they rely disproportionately more on road and highway funding.
- Because of their reliance on road funding, holding back funds from exclusionary communities offers perhaps the best chance at legalizing Missing Middle homes nationwide
- Because car-dependant communities need more road maintenance than the denser, transit-oriented, equitably zoned communities, connecting transportation funding and zoning properly internalizes these externality costs to society.

COMBINE THE CARROT AND STICK FUNDING APPROACHES FOR MAXIMUM EFFECT

Pragmatically, a stick-only approach may prove untenable. The most effective and politically expedient strategy would be to both offer community development incentive funds to states and cities that enact equitable zoning and withhold transportation money from those that retain exclusionary zoning. Combined, this carrot-and-stick approach would provide the best opportunity at widespread abolition of exclusionary zoning while also providing popular benefits to communities that make the change.

VOCABULARY FOR PROGRESS: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Started in 1974, CDBGs provide annual federal funding for local projects designed to improve economic development in low-income and moderate-income communities, which Data for Progress proposes expanding to make available to any community that makes key changes to its housing policies.

PART TWO

BUILD MILLIONS OF HOMES THROUGH PUBLICLY OWNED AND OTHER AFFORDABLE SOCIAL HOUSING

While just legalizing Missing Middle homes and reforming housing minimums will likely help meet the needs of many middle class and working class Americans, it will never create adequate housing for the 7 million Americans, including the 553,000 who are homeless, who are too poor to afford any for-profit housing.[29] Our policymakers must acknowledge the reality that many communities in America already know: the market alone will never build enough adequate housing for every American.

Build & preserve millions of homes outside the private, for-profit market

The housing crisis should prove once and for all that housing does not work like a proper market. The incentives and costs of housing construction do not operate anywhere near what a classic Econ 101 supply/demand model would suggest. If anything, it shows that developers and landlords *benefit* from housing scarcity. We agree that federal policy must encourage more private, lower-cost housing construction (and more innovation in the construction industry overall), but it cannot rely on that to solve the whole problem.

VOCABULARY FOR PROGRESS: SOCIAL HOUSING

Social housing refers to permanently affordable, not-for-profit homes, generally owned by the public sector or nonprofit organizations. As an umbrella term, social housing can also include mixed-income publicly owned homes, as is the case in many European countries. Data for Progress calls for a major federal investment of 7-to-10 million new homes through social housing.

The solution is to build more social housing outside of the private market. That requires two major changes in federal housing policy:

- First, it means reforming current affordable housing policy priorities.
- Second, and most radically, it means a massive new commitment to publicly owned homes.

A truly tenacious commitment to domestic stability and economic opportunity through social housing requires a robust mix of private/nonprofit affordable housing, public affordable housing, and stabilized-but-market-rate publicly owned homes to create mixed income housing.

These additional homes could be split roughly into thirds.

- 3.5 million private/nonprofit homes for extremely low-income (ELI) families,
- 3.5 million publicly owned homes for ELI families, and
- 3.5 million market-rate publicly owned homes affordable at middle and upper middle class prices that can subsidize the ELI homes and offer the benefits of economic integration while also providing greater predictability for more affluent renters.[30]

All told, this expansion of housing outside the private, for-profit market would cost roughly $150 billion per year over 10 years (with costs running significantly lower if much of the building and land acquisition could be done countercyclically, during an economic downturn). The payoff for this investment would be to profoundly uplift millions of struggling families, significantly reduce rental costs across the country, and provide housing for every homeless or housing insecure American.

Maximize the Low-Income Housing Tax Credit (LIHTC)

Currently, the Low-Income Housing Tax Credit (LIHTC) is the primary federal program for building and rehabilitating affordable housing, representing 90 percent of all federally-backed new construction. The LIHTC was formed after the 1986 tax cut as a way to leverage private capital for privately owned affordable housing - and it has done that well. In the last 30 years, it has leveraged over $100 billion.[31] For better or worse, because it relies on private investment, it is often at-risk to economic downturns or tax reform.[32]

Despite these clear limitations, it remains widely popular with both parties in Congress and is often cited as a bipartisan success story. Republicans can point to promoting market-based solutions and Democrats can point to the creation of affordable housing units. This allows both sides to declare victory on affordable housing and, for the most part, move on.

VOCABULARY FOR PROGRESS: LOW-INCOME HOUSING TAX CREDIT (LIHTC)

Started in 1986, it is a state-administered program that provides tax credits for investors who support private affordable housing development and rehabilitation. Data for Progress calls for reforming it to focus on more deeply, permanently affordable housing.

ADDRESS THE SHORTCOMINGS OF LIHTC TO BUILD 3.5 MILLION NEW PRIVATE/ NONPROFIT AFFORDABLE HOMES

The LIHTC has only constructed about 3 million homes over 30 years. Because the LIHTC is effectively the only federal affordable housing construction program - and since we are still short over 7 million affordable homes - it is hard to see it as a genuine success. We think the LIHTC needs to finance at least 3.5 million over the next 10 years, which is probably the maximum output in the private market.

Achieving this growth of new affordable, privately owned homes would require an investment of approximately $50 billion per year over 10 years through the LIHTC and the National Housing Trust Fund. Making that investment worthwhile, however, requires significant reform of the LIHTC.

Much of the problem with LIHTC lies with where developments are built, who gets to live in them, and how long they remain affordable, all of which are not properly tracked by the federal government.

- Too many LIHTC developments are concentrated in high-poverty communities with limited job, transit, and educational opportunities.[33]
  - This is partly because of land costs, but state requirements and local land-use restrictions play a major role in narrowing where developments can be located.
  - This doesn't give low-income renters enough options or opportunities.
- The second problem is that many LIHTC developments are still too expensive for many extremely-low income (ELI) households.[34]
- Finally, the cardinal sin of the LIHTC is that units become eligible to return to market-rate after 15 or 30 years (depending on the deal).

If properly reformed to focus on deeply and permanently affordable housing in mixed income neighborhoods, the LIHTC could become truly effective.

VOCABULARY FOR PROGRESS: EXTREMELY-LOW INCOME (ELI)

HUD defines an Extremely-Low Income (ELI) household as a family whose income does not exceed the higher of the federal poverty level or 30% of the area median income. Data for Progress urges the federal government to build new social housing for the roughly 7.2 million ELI families in need of stable, affordable housing.

MAKE LIHTC HOMES BUILDABLE BY-RIGHT, WITH NO LOCAL NIMBY VETO

Along with ending exclusionary zoning, many of the problems with LIHTC could be solved with more federal oversight of developments.

- HUD should be given regulatory oversight and resources to collect data and track enforcement of all individual state LIHTC programs and project outcomes. It currently only has oversight when direct HUD subsidies are involved and there is evidence of corruption and waste across multiple states to warrant more oversight.[35]
- More importantly, HUD should also be empowered to overrule state requirements and local land-use policies that prevent LIHTC developments in wealthier communities and/or near transit and job centers as part of a revitalized Affirmatively Furthering Fair Housing push.[36]

- The goal should be to allow development as-of-right (meaning it doesn't have to go through local approval processes) in any community if the developer commits to permanently and deeply affordable housing (more on that below).

ENSURE LIHTC SERVES LOW-INCOME FAMILIES IN HIGH-INCOME AREAS

The typical income requirement level for LIHTC developments is 60 percent of a community's area median income (AMI), which is enough in low-income area developments, but in high-income area developments, affordable prices at even 60 percent AMI is too high for ELI households to pay. This means few ELI households get access to living in high-income areas and end up concentrated in low-income, low-opportunity areas.

Starting in 2018, Congress attempted to address this through "income-averaging" which allows a greater span of income levels in a given development.[37] This could be significantly improved.

- Rather than offering units at a blanket 60 percent AMI, developers can offer units as high as 80 percent AMI if 40 percent of units are offered at lower AMIs.
- Though there is merit to integrating more income-levels overall, the need for deeply affordable housing is so great that there is even more merit to encouraging developments that focus exclusively on 30 percent AMI units.
- This could be done by exclusively awarding existing "basis boosts" (effectively 30 percent in extra credits given to developing in high-income areas) to developments that target this ELI-focused level.

PUSH TO MAKE LIHTC HOMES PERMANENTLY AFFORDABLE

Because LIHTC units can become eligible to return to market-rate after 15 or 30 years, investors get all the benefits of the tax credit, while the public subsidizes units that return to market-rate or convert to condos, which in either case eventually kicks out low-income tenants. In cases where the affordability of a development is extended, the cost to the public and the developer is also considerable.

The LIHTC should be reformed so that:

- All new developments that receive the more lucrative 9 percent credit must contain 100 percent permanently affordable developments (over a 50 year cycle), something that can be done through lifecycle refinancing.[38]
- Additional basis boosts are awarded to non-profit developers, due to their proven track record of providing more permanent affordable housing versus the spottier record of for-profit private developers.[39]

Preserve and build 3.5-to-7 million more publicly owned homes

The most important step the federal government should take is recommitting to publicly owned homes. Confirming housing as a basic right will only happen with a guaranteed public option. First, that means protecting the nation's existing 1.2 million publicly owned homes and, second, expanding their availability with a new generation of publicly owned homes that include more geographies and income levels.[40]

RESTORE THE FEDERAL GOVERNMENT'S NEW DEAL-ERA COMMITMENT TO PUBLIC HOMES

The federal government once helped states build hundreds of thousands of publicly owned homes across the US.[41] This was broadly popular with the public, who saw them as working class and even middle class housing options. By the 1950s, as the federal government shifted more focus toward white homeownership in the suburbs, the demographic makeup of public housing shifted to minority-majority, which subsequently cost the program popularity.

Things came to a head when the Nixon administration put a moratorium on public housing construction in the early 1970s.[42] This was formalized when the Faircloth Amendment passed in 1999, fully banning the construction of new public housing.[43] Since then, the federal government has made a slow, steady retreat from funding public housing authorities (PHAs). In many cities, this meant a rapid decline and demolition of public housing.[44] A few, notably the New York City Housing Authority, by far the largest and oldest collection of publicly owned homes at 175,000, were better built and managed for decades, allowing them to hold out longer.[45] However, more recent federal cuts have led to rapid decline in many NYCHA developments and the threat of a federal takeover.[46]

REPLACE THE RENTAL ASSISTANCE DEMONSTRATION (RAD) AS A FUNDING VEHICLE

The primary funding option for public housing right now is the Rental Assistance Demonstration (RAD) which started during the Obama Administration in 2015.[47]

While RAD does provide some funding for public housing, it also facilitates long-term privatization and reduced long-term affordability.

- Under RAD, Public Housing Authorities sell 50 percent of the land lease of a development to a private actor who can leverage private capital markets for renovations and upgrades.
- As part of the deal, units are converted into Section 8 housing, which is privately owned but rents are subsidized through a voucher system.

- The private landlord can charge higher rents, but residents are guaranteed the right to remain in their homes and at a rental cap of 30 percent of their monthly income.
- The taxpayer picks up the difference between the new, higher market rate and the 30 percent cap of the existing tenant.

This makes RAD an expensive, short-sighted way to (only partially) fund existing PHAs.

The RAD program should be ended and replaced with direct federal funding to keep publicly owned homes at affordable levels for existing residents and save the public from paying higher rents in converted RAD units to private developers.

ESTABLISH A 21ST CENTURY VISION FOR PUBLICLY OWNED HOMES

Most elected officials ignore public housing, but given its longstanding role in providing affordable homes, protecting and expanding it must become a central focus of the progressive agenda. Bold candidates should aim higher than the minimum need for affordable housing and pursue a sweeping social housing project like Vienna's, where people of all classes can pay fair, transparent prices for high-quality publicly owned homes.[48]

Even a baseline, bare-minimum commitment to stably housing every American will require the federal government to do a lot more than the status quo, including:

- Fully funding existing Public Housing Authorities,
- Repealing the ban on building new units,
- Expanding the definition of types of homes that can be publicly owned, and
- Ponying up the money to build at least 3.5 million new publicly owned homes over the next ten years, on top of the 3.5 million additional private/nonprofit affordable homes described above.

START BY FULLY FUNDING CURRENT PUBLIC HOUSING OPERATIONS AND MAINTENANCE

Despite general disinterest and disinvestment in public housing at the federal level, some champions in Congress have kept up the fight for public housing and its residents. The federal government as a whole should finally join in that support.

- A federal commitment to public housing should start with passing Rep. Maxine Water's 2017 Public Housing Tenant Protection and Reinvestment Act to fully fund public housing authorities.
- The federal government should invest $20 billion per year over five years for operating and capital investments plus loan guarantees to rehab existing publicly owned homes, including a one-to-one replacement for units beyond repair.[49]

- As part of the investment, public housing authority leadership should be reformed to include equal representation from tenants, community leaders, and elected officials.
- Public housing authority management practices should also be reformed to end bans on formerly incarcerated residents and “shadow” tenants, as well as end eviction proceedings for withholding rent due to maintenance lapses.

LEGALIZE NEW PUBLIC HOUSING BY REPEALING THE FAIRCLOTH AMENDMENT

The narrative that public housing is a policy failure is wrong and has always ignored the federal government’s hostility and outright racism towards public housing residents, as well as the obvious fact that the market has failed to house our nation’s poor. The Faircloth Amendment, which banned new federal public housing construction in 1999, is the epitome of this view.[50] It is important to reject this narrative and reclaim a more accurate and nuanced view – where publicly owned homes have had adequate support, they have succeeded in their mission. Where they never had adequate support or lost it, unsurprisingly, they failed. Nowhere is this truer than with NYCHA. Despite decades of disinvestment, and many inexcusable management failures, it has remained a deeply, permanently affordable home for over 500,000 working class New Yorkers. That is a success story and must be the basis for recommitting to building more publicly owned homes nationally.

BUILD AT LEAST 3.5 MILLION NEW PUBLICLY OWNED HOMES FOR EXTREMELY LOW-INCOME FAMILIES

Rehabilitating the current public housing stock, though necessary, will not be enough to house the 7 million extremely-low income (ELI) households unserved by the private market.

In light of this, the federal government should direct a minimum of $50 billion a year, over the next 10 years, toward the construction or acquisition of at least 3.5 million new publicly owned homes to serve ELI households.

- As part of this plan, we should include a broader definition of structures, models, and locations that PHAs can operate.
- This could include dense, multi-family buildings, distressed single-family homes, cooperative housing, community land trusts, rural homesteads, and mobile home communities, among others.

VOCABULARY FOR PROGRESS: FAIRCLOTH AMENDMENT

Passed in 1999, the law bans HUD from funding the construction or operation of new public housing units. Data for Progress calls for repealing the act to allow the US government to build or acquire new public housing, under an expanded definition of what a publicly owned home can be.

- It could also include targeted developments that can respond to local conditions such as housing for seniors, veterans, the disabled, students, the formerly incarcerated, individuals suffering from drug addictions, and worker housing.

Expanding the geography and demography of publicly owned homes in the US could bring relief to all corners of the country that are currently suffering from the housing crisis in their own unique ways.

PURSUE MIXED-INCOME PUBLIC HOUSING WITH 3.5 MILLION NEW STABILIZED-BUT-MARKET-RATE HOMES

While many past critiques of public housing can be accurately dismissed as coded racism, one criticism rings at least somewhat true – past public housing perpetuated the concentration of poverty.[51] To fully manifest the economic benefits of public housing, developments should be income integrated, with one market-rate public home for every deeply affordable ELI public home.

Socioeconomic integration pays huge dividends for vulnerable communities. It increases quality of life for low-income families, boosts lifelong individual earnings for future generations, and reduces overall crime rates at the community level.[52] Furthermore, mixed income public housing opens up public housing to middle class people who would prefer to live outside the private market.

Ideally, 21st century public housing in the United States will follow the Vienna model of massive mixed-income public homes, ensuring the 3.5 million affordable homes for ELI families are integrated with an additional 3.5 million market-rate homes for any families that can afford it.

Market-rate publicly owned homes should be attractive to moderate- and-middle-income people.

- All homes should be rent-stabilized, with non-ELI tenants paying fair-market rates in their first year and then only seeing year-over-year rent increases of 5 percent or less.
- Non-ELI tenants should receive a tax benefit for justifiable maintenance or improvements they make to their homes.
- Public housing authorities should behave and advertise themselves as best-in-class landlords, providing excellent service to tenants and raising the standard for other landlords in the area.
- Democratic decision-making in publicly owned rental homes ought to provide greater responsiveness to tenant needs than private landlords generally provide.

Providing a 1-to-1 match of market rate publicly owned homes and ELI affordable publicly owned homes will require an additional annual federal commitment of $50 billion over the next 10 years. These mixed-income publicly owned housing developments would benefit a diverse array of individuals, and society as a whole:

- Lower-income families will have access to the greater amenities – parks, restaurants, healthy food – present in mixed income communities.
- Lower-income families will see reduced exposure to environmental hazards that tend to be sited in poor communities.
- Lower-income families can send their children to higher performing public schools.
- Moderate- and middle-income families gain access to cost-stabilized public homes that will never see the massive rent spikes that frequently occur in the private market
- Moderate- and-middle-income families will benefit from the diversity of cultural experiences found in racially mixed communities
- The entire community benefits from lower aggregate crime rates (as less concentrated poverty means less crime)[53]
- The entire community benefits from better-maintained publicly owned homes (as local governments tend to respond more quickly to the needs of middle-class people)
- The entire community benefits from better-capitalized publicly owned homes, with stabilized market-rate homes subsidizing ELI homes, requiring less tax revenue to recoup the initial investment.

With adequate funding of at least $100 billion per year over ten years, democratic-decision making, and a diversity of models and locations, 21st century federal housing policy can look to publicly owned homes as a rapid response and long-term solution to the failures of the housing market.

PART THREE

PROVIDE IMMEDIATE RELIEF TO RENTERS

It took generations for the United States to reach this level of housing crisis. Undoing it will take time. Structural solutions to the housing crisis will take a decade or more to realize their full effects. In the meantime, the federal government should provide relief to renters in the form of immediate cash assistance.

Give immediate cash assistance to renters

With 21 million American families suffering from housing cost burdens, it is both morally imperative and politically strategic to provide near-term cost relief to renters while systemic reforms gradually remake the housing market. These cash subsidies will ensure that the effects of a comprehensive housing plan are widely and swiftly felt, providing breathing room for the other components, and helping to pull housing insecure renters back from the brink of homelessness.

Copious evidence from across the globe shows that giving money to struggling people pays huge dividends across their lives. Cash subsidies to cost-burdened renters should help bring down their out-of-pocket rent payments to a reasonable level and potentially even allow them to begin to build savings.

MATCH RENT SUBSIDY TIMING TO RENTER NEEDS

Since the average renter makes 35 percent less than the national median family income and holds almost no savings -- in other words, living hand-to-mouth -- subsidies to renters should be paid on a monthly basis to coincide with rent and other bills coming due. The simplest solution would be to issue a monthly check, akin to Social Security, to renters who can prove cost-burdens.

STRUCTURE RENT SUBSIDIES TO MINIMIZE LANDLORD PROFITEERING

Directly subsidizing renters is not without policy risks. Absent external cost controls like rent stabilization or abundant housing options, greedy landlords would have a perverse incentive to massively raise rents in perpetuity and capture untold sums of public money. On even the most aggressive timeline, those cost controls will take years to take effect, since they depend on the generally protracted process of incenting state and local action. For that reason, renter subsidies are vulnerable to opportunistic rent hikes by greedy landlords under any policy scenario. There are, however, ways to minimize that vulnerability.

The most straightforward way to calculate renter subsidy levels is also, unfortunately, the most prone to landlord exploitation.

- If our policy goal is to protect renters from paying more than 30 percent of their income in rent, an obvious formula for the subsidy would be their monthly rent obligation minus 30 percent of their monthly income.
- Perversely, this formula also opens the door for every landlord in the country to double their rents, create soaring cost burdens for every renter, and let the federal government pay the difference to the tune of hundreds of billions of dollars. This is not a policy outcome anybody wants (except, perhaps, landlords).

CAP THE GROWTH OF SUBSIDIES TO AVOID INCENTIVIZING RENT INCREASES

A more prudent, if less boundlessly generous approach would be to set a low ceiling on how much the subsidy can increase on an annual basis.

- Establish the subsidy for each renter at their rent minus 30 percent of their income for the first year they receive rent relief in a given residence, then
- Cap the year-over-year increase at a low, stable percentage — perhaps 5 percent (the highest citywide median rent increase last year) plus inflation.

While this admittedly risks not meeting the ongoing financial needs of some renters (who may well see rent increases above 5 percent), it should still provide significant relief while removing the incentive for greedy landlords to hike rents willy nilly.

REEVALUATE THE 30 PERCENT RENT-TO-INCOME RATIO FOR CALCULATING COST-BURDENS

Since 1981 – a very different rental housing market – HUD has used the baseline 30 percent rent-to-income ratio, which no longer adequately addresses the needs of poor renters.[54] There are considerable differences between a young single tech worker paying more than 30 percent of her income towards rent and a single-mother with two children doing the same. Treating them as the same level of burden risks putting subsidies into the wrong hands and keeping them from renters with greater need. HUD should adjust for household size and factor in the presence of dependants, helping to refocus the ratio to help the poorest renters, as was originally intended.

Create an entitlement for cost-burdened renters

Under ideal circumstances, a burdened renter cost relief entitlement program could replace the chronically underfunded, waitlist-laden Section 8 housing voucher program. Because Section 8 provides vouchers exclusively to the lowest income Americans, it has perpetually lacked a politically powerful constituency to advocate for its defense and expansion, which may be one reason why funding has remained low enough to keep three-fourths of qualified applicants on interminable waiting lists and why more states do not require private landlords to accept vouchers.[55]

- Transforming Section 8 from an income-qualified program for the lowest-income Americans into an entitlement for all cost-burdened Americans would take the number of renters receiving housing cost relief from 5 million to 21 million, at least in the early years of the entitlement.[56] [57]
- This level of change would likely not cost dramatically more than a fully funded Section 8 program (15 million households currently qualify but receive no benefits), while strengthening the political durability of the program through the addition of 6 million middle class Americans to a newly cemented renter constituency.

RENT SUBSIDIES SHOULD SCALE DOWN AS SOCIAL HOUSING SCALES UP

It is difficult to imagine a renter subsidy of this size and scope coexisting with the scale of publicly own home expansion discussed earlier. This is not a contradiction; renter subsidies should scale down as affordable housing options scale up in a housing market restructured around inexpensive workforce housing and robust public home options.

Subsidies for cost-burdened renters should be understood as a bridge to create breathing room for tenants while the market restructuring takes effect, ultimately becoming largely unnecessary.

- With the addition of 7 million permanently affordable homes (private/non-profit and publicly owned) for extremely low income Americans and millions more modest homes for the working and middle classes (both private missing middle homes and public mixed-income social homes), enough renters will be empowered to walk out on their landlords that rents can be expected to drop and the number of cost-burdened renters to drop with it.
- We should expect a high number of renters receiving subsidies in the first five years or so, followed by a steady decline of subsidy recipients as social housing scales up and missing middle homes expand under equitable zoning.
- By the end of the home expansion (approximately 10 to 15 years from inception), most, if not all, cost-burdened renters should have moved into other housing options and off the subsidy.
- Reduction in subsidy roles should be understood as a barometer of success for structural changes.

Embrace rent control and stabilization

In pursuit of swift relief for renters, policymakers should also employ measures to restrict runaway rent hikes and evictions. There has always been a lazy economic argument against rent stabilization, but increasing research is rethinking it as an effective affordable housing policy tool.[58] [59] [60]

Because it remains unseen if direct federal regulation of private landlords could pass constitutional muster, the clearest federal levers to protect renters requires using funding to impel state and local action. Since renters would not feel the effects of new protections until after state and local policymaking processes, federal action on renter protections would be inherently slower than cash subsidies, which can be provided more or less immediately. That said, renter protection policies can broadly benefit renters more quickly than supply solutions, which depend on time-intensive physical construction before the policy can pay off. Renter protections may help renters within several years of passage, while equitable zoning and social housing expansion may take 5-to-10 years to show deep impacts.

VOCABULARY FOR PROGRESS: RENT STABILIZATION (OR RENT CONTROL)

Rent stabilization or rent control refers to a set of local or state policies that provide renters with significant protections against abusive behavior from landlords as well as protections against extreme rent increases. Once a national policy during WWII, Data for Progress proposes finding new ways for the federal government to support local efforts to pass or expand rent stabilization. Although rent control and rent stabilization are sometimes used to describe different policies, we have chosen to use them interchangeably in this report.

STABILIZE RENTS AND ENSURE EVICTIONS ARE FAIR AND RARE

National renter protection policy should include measures that prevent groundless evictions and ensure stable, predictable rent prices.

- Tenants must have the security to remain in their homes if they pay their rent and follow reasonable rules.
  - This means limiting evictions to just causes and providing tenants with legal representation if they want to protest a for-cause eviction but cannot afford counsel.[61] [62]
- Tenants must also have certainty that their rents will hold relatively stable year-over-year, free of steep, sudden hikes. Whether under the banner of rent control or rent stabilization, rent increases should be kept to, at most, a low single-digit percentage annual growth.
  - This is best done at a statewide level as in Oregon, to prevent balkanized municipal policies that treat renters dramatically differently based on what side of the road they live.
  - That said, municipal-level rent stability is better than no stability at all; federal policy should incentivize reform at either level.

Enlist federal fiscal incentives for renter protections

As with equitable zoning, because it is unclear if the federal government possesses the constitutional authority to unilaterally enforce renter protections, it is safest to enlist fiscal carrots and sticks to impel states and localities to protect renters.

PROVIDE INCENTIVE FUNDS FOR COMMUNITIES WITH RENTER PROTECTIONS

One carrot would be the same expanded Community Development Block Grant (CDBG) flex fund program that we suggested using to incentivize ending exclusionary zoning.

- Eligibility for CDBGs could also include rent stabilization and tenant protections as qualifications.
- To ensure that rent control and equitable zoning are not treated as mutually exclusive options, communities that adopt both reforms together should be considered the gold standard and prioritized for higher funding above communities only doing one or the other.

WITHHOLD THE MORTGAGE INTEREST TAX DEDUCTION FROM STATES WITHOUT RENTER PROTECTIONS

Again, as with equitable zoning, the stick approach would likely prove more effective but perhaps more politically difficult. Tying renter protections to the Mortgage Interest Tax Deduction (MID) could provide a strong political incentive for localities to enact protections. If property-owners in a given state or city can only receive mortgage interest deductions if that state or city protects renters from steep rent hikes and unwarranted evictions, we would likely see quick and widespread adoption of those measures.

Of course, any tinkering with the popular MID comes with political risks, as indicated by the 2018 backlash Republicans saw in suburbs, partially because of their tax bill scaling back the deduction. Yet, unlike the 2018 Republican tax bill, this reform would not necessarily cut mortgage tax benefits; it would merely put the onus on local politicians to decide if unlimited rent hikes are worth local homeowners losing their popular tax deduction. This gives federal policymakers a defensible case that their policies did not make the MID less generous, while putting serious pressure on local policymakers to enact the changes.

Make government support for renters explicit

By embracing renter protections, policymakers can also make common cause with the army of activists around the country who are mobilizing for rent control.[63] It is never a bad idea for politicians pursuing big policy change to tap into a massive movement. Rent control is at the center of growing tenant power in cities around the country.

Just like any other single pillar of housing policy, rent relief and renter protections on their own are not a comprehensive solution to the housing crisis. They certainly provide a vital safety net for current renters and ensure reforms are felt quickly. However, rent relief subsidies do nothing to counteract landlord greed and rent stabilization offers little for prospective tenants hoping to find new homes. The reforms' swift and palpable, if limited, impact is symbiotic with the slower, more structural changes that come from equitable zoning and widespread social housing. Pursued together, they would result in transformative change.

PART FOUR

MAKE HOMES FOR PEOPLE, NOT CAPITAL

While housing is a basic human need akin to food and water, federal housing policies have long treated it primarily as an investment rather than as a place to live.[64] This has created the perverse reality that, as taxpayers, we spend $150 billion a year subsidizing property ownership (most of which goes to the wealthiest 15 percent of households). That is over three times the amount going to rental programs.[65]

The Great Recession showed the deep and fatal flaws in our policy of subsidizing homeownership. As a means of building wealth, it is largely an illusion.[66] As a source of retirement savings, it could prove unreliable.[67] And as a symbol of racial opportunity in America, it has either blocked communities or color from participating or preyed on them.[68] [69]

In addition to building more homes of all kinds, we must address the underlying speculation and financialization of housing that continues to fuel the country's crisis. We offer three strategies to deal with this issue:

- Limit or eliminate tax privileges for rental properties,
- Dismantle speculative real estate practices, and
- Encourage alternative ownership models.

END TAX PRIVILEGES THAT FUEL SPECULATION IN THE RENTAL MARKET

Federal policies are profoundly biased toward the massive corporate landlords perhaps most prominently personified in Donald Trump.[70] These large landlords are subsidized throughout the tax code's treatment of purchasing, operating, and reselling rental property. If that wasn't generous enough, the tax code relies heavily on self-reporting, which as the Trump Organization has shown, is easily and commonly inflated or deflated to fit the owner's agenda. That combination has attracted some of the largest and worst speculators in finance to rental properties. Some of these firms specialize in raising rents, harassing tenants, flipping buildings, and destabilizing neighborhoods.

The tax code has been weaponized by greedy landlords and it must be reformed.

EXPLORE LAND VALUE TAXATION AS A BETTER, FAIRER INCENTIVE FOR POSITIVE LAND USE

Popularized in America by Henry George during the late 19th century, a universal tax on the inherently scarce resource of land – regardless of the improvements upon it – would incentivize a landowner to improve the land (by building some new productive value on it) while effectively punishing unproductive land use. This is vastly different than our current locally-controlled property tax systems that reward landowners for the surrounding (often public) investment that raise a property's value regardless of the landowner's own investment.

The current system also perpetuates inequality across cities and towns, between owners and renters, and between big developers and small property owners all by what gets assessed and how often, which is subject to extremely entrenched political interests. Some states, like California, most infamously, put in caps that starve governments of revenue while giving homeowners veto rights to kill development.[71] A land value tax (coupled with our suggested zoning reforms) would supersede these considerations and broaden who benefits from the productive use of land from landlords to the general public. We recognize that this type of radical reform is nearly impossible to sell politically, but the scale of the housing crisis nationally has prompted increased interest in the land-value tax across the political spectrum that we wish to see continue.

REQUIRE LANDLORD TRANSPARENCY THROUGH THE TAX CODE

A slightly more modest approach than a land-value tax would be requiring landlords (perhaps with more than 3 rental units) to publicly share their property-related tax filings with tenants. Americans are accustomed to renters compulsorily turning over every detail about their financial and professional history to landlords (while often paying to do so), but we have no such expectations for landlords. As any economics professor will attest, having perfect information between actors is essential to making an informed economic decision. We have a system that subverts that to the benefit of landlords. It is often very challenging for a tenant to know how many buildings their landlord even owns. Ending this by requiring public disclosure of a landlord's combined rental portfolio tax returns will give renters better information when negotiating their lease and will also give the public better information about how landlords profit from public investment that raises property values.

Limit tax deductions for property depreciation

One of the of the least appreciated tax advantages landlords have is claiming depreciation on their physical building while still benefiting from the increase in overall property value.[72] Landlords can write-off much of the cost of purchasing and upgrading their building just as an individual might write off the cost of a computer or car. Unlike those assets, which do decrease in value over time, property tends to rise in value in the US. In some places, particularly in our major cities, the increases are astronomical (homes are worth a total of $31 trillion in the US).[73] It is preposterous that the tax code pretends otherwise.

USE PROPERTY DEPRECIATION AND OTHER DEDUCTIONS TO INDUCE GOOD LANDLORD BEHAVIOR

Smarter, more just tax rules can improve landlord behavior and support tenants. Toward that end, we suggest:

- Removing the ability to write off the purchase price of a property, before a minimum of 5 years under one owner, to reduce the incentive to "flip" homes.
- Limiting depreciation deductions to only the most critical improvements related to core functionality and safety that can also only be claimed after a minimum of 5 years of continuous ownership.
- Alternatively, allowing extensive depreciation for retrofitting for decarbonization. Landlords that invest in more efficient energy systems and practices should be able to claim depreciation on these items regardless of years of ownership.
- Creating a tax deduction that rewards long-term tenant stability based on a formula of years of single-ownership and long-term tenant occupancy, to incentivize landlords to reinvest in their building.

VOCABULARY FOR PROGRESS: DEPRECIATION

Depreciation is the reduction in value of an asset over time due to wear and tear. In real estate, that means landlords can write off the cost of purchasing and maintaining a building while still benefiting from the increase in property value. Data for Progress calls for reforming depreciation to focus on investments towards decarbonization or to only apply to properties that have a combination of long-term single ownership and long-term tenancy.

Close loopholes in how landlords are taxed

Large landlords have long been using and abusing the tax code – and its treatment of rental income – as a way to avoid paying their fair share of taxes.

The tax code should be reformed to treat landlords the same way it treats renters:

- Rent should be treated as "active income" akin to wages, instead of the lower "passive income" rates that currently apply to landlords who outsource their involvement with the property or pretend to do so.[74]
- Anonymous Limited Liability Corporations (LLCs) should be banned from owning real estate, a practice that allows large landlords to remain directly involved in their properties while retaining the lower tax rate.
- The profit from selling a property should also be taxed at personal income levels rather than the current, lower capital gains rates.
- Property sales should be taxed at progressive rates regardless of the transaction type, including "property exchanges," which are currently not taxed at all.[75]

The tax code currently gives a particularly perverse incentive for speculators to find buildings in gentrifying or soon-to-gentrify neighborhoods and flip them in a short period of time. Ending these practices with the above amendments will scare off speculators and allow more small, local landlords and non-profits to enter the market. It is also clear that reforming the tax code would keep landlords from disproportionately benefiting from rising property values that stem from public investment and land scarcity, with or without a more radical land-value tax.

Disincentivize destabilizing and parasitic capital behavior

Next, we should end the incentives that take housing out of the long-term rental market by taxing speculation on non-primary residences and short-term rentals.

- Create a federal "Empty and Luxury Homes" tax on vacant investment properties and luxury secondary homes, mirroring similar local (failed) efforts in NYC and (successful) efforts in Vancouver, BC.[76] [77] This has obvious potential for populist appeal, as it targets the wealthiest bad actors in the system — domestic dilettantes and foreign oligarchs — while opening homes back up to long-term tenants.
- Ban the purchase of homes by anonymous LLCs. This would expand limited efforts already underway by Treasury to cut down on money laundering and tax abuse by the wealthy and foreign investors.[78]
- Eliminate tax benefits for homes used for short-term rentals over a minimum of days annually would curtail the speculative expansion of Airbnb and other similar services.[79]

END FEDERAL SUPPORT FOR PRIVATE EQUITY ACQUISITION OF DISTRESSED HOMES

The Federal Housing Administration needs to immediately end practice of selling thousands of Single Family Rentals (SFRs), backing mortgages, and insuring mortgage securities made by institutional investors like Blackstone.[80] [81] [82] These firms organize SFRs as tax-exempt Real Estate Investment Trusts (REITs) and explicitly rent them long-term. Not only does this contradict the entire premise of 80 years of federal housing policy that was intended to promote middle class homeownership, it follows similar practices that blew up the economy a decade ago.

It may be difficult to ban large corporate landlords outright in the US (something that is underway in Berlin) but, short of that, the FHA should prioritize keeping families in distressed homes by offering eviction protections and short-term crisis assistance, giving communities a first right-of-refusal to buy distressed homes, and only working with institutions that commit to alternative equity ownership models or to building permanently affordable housing.[83]

Build more sustainable, affordable, collectively owned housing options

It might be too difficult to abandon the widely held but deeply flawed idea that homes are a vehicle for wealth creation (especially without creating alternative avenues to do so), but we should rebalance federal policy towards viewing homeownership first and foremost as a route to stable housing and commitment to one's community, and deprioritizing property's role as a financial investment.

One proven path to stability-focused homeownership is collectively owned housing like shared or limited cooperatives. Though it makes up a small fraction of homeownership in the US today, the model has had popular support at various times in American history. Unions used to build similar types of affordable housing.[84] Private philanthropy and religious institutions built housing.[85] Locally organized communities used to pull resources for collective ownership of buildings when landlords abandoned them.[86]

Local governments once supported collective ownership models on a much larger scale. In places like New York, the Mitchell-Lama Program helped finance and construct 105,000 middle and working class housing units between 1955 and 1978.[87] Half were rental and half were cooperative housing, but all of them were deeply affordable units that operated outside of the speculative market. However, over half of those units have been sold and converted to market-rate since the program ended.[88] We think this trend needs to be reversed and collective ownership should be expanded.

RESTORE COMMITMENT TO COLLECTIVELY OWNED HOMES THROUGH EXPANSION OF THE HOUSING TRUST FUND

A path to widespread collectively owned housing could run through the national Housing Trust Fund, which currently primarily provides grants to states to build rental housing for ELI households. That critical work must continue and be fully funded. Yet, without sacrificing those efforts, the Housing Trust Fund could also be expanded to drive the construction, preservation, and conversion to collective ownership housing models.[89]

- Provide funding for local governments or non-profit actors to set up support and education for buildings or communities interested in converting into collectively-owned housing models.
    - One of the biggest challenges current actors in this space run into is a lack of awareness of the model and a lack of logistical support (down to translating regulations) needed to create the type of enduring capacity for neighbors to commit to the model.
    - It is also important that municipalities are aware of these models as they look to sell publicly owned land or appropriated private properties. A direct transfer system to locally owned co-ops or ELI buyers should be provided to these cities by covering some of the cost differences between fair market value and a low-income targeted price.
- Allocate funding for existing collectively owned housing models for continued maintenance, sustained permanent affordability, and enforcing fair democratic governance.
    - Many cooperatives are in older buildings with aging residents and some suffer from unrepresentative or unresponsive governance. This has put pressure on residents to leave existing co-op programs to either fund repairs or cash-in on conversions for their retirements.
    - Providing a dedicated revenue stream for repairs and equitable transfers of units is key to maintaining permanently affordable homeownership for a new generation of residents.
- Dedicate funding to new construction of collectively owned housing, in the lines of a national Mitchell-Lama middle and working class housing program. Cities and states that adopt the program should also be eligible to grant funding to local tenant groups that wish to convert existing properties to co-ops or to build new models.

TAKE MORE PROPERTY OUT OF THE SPECULATIVE MARKET

The cost of land is the single biggest barrier for collectively-owned housing. Non-profits, community groups, and even local governments simply can't compete with private investors willing to drive up the cost of land. Because local governments rely on property taxes for the bulk of their revenue, there is little incentive for them to challenge the primacy of property values, even if their residents stand to benefit. We think the federal government can play a vital role in changing this paradigm in three ways: supporting land acquisition for non-profits, increasing access to financing for collectively owned housing, and supplementing lost local government revenue.

EXPAND FEDERAL SUPPORT FOR COLLECTIVE OWNERSHIP MODELS

Homeownership comes with many real economic benefits and opening the door to collectively-owned will lower the barrier to homeownership for many lower-income households. Federal support for collective ownership can and should take several forms.

- In addition to funding the construction and preservation of collectively-owned housing, the National Housing Trust Fund should also support land acquisition costs for the model through municipal land banks and community land trusts (CLTs).[90] It should be up to local governments or sponsors to target goals of units or income levels based on their local market conditions and assessed housing needs.
- More funding and resources should go toward the Federal Housing Finance Agency's program, Duty to Serve, which backs loans for shared equity housing models, CLTs, and mobile-home cooperatives.[91] This will encourage more lenders to take on and trade mortgages for social models.
- Additionally, the federal government can provide payment in lieu of taxes based on a collectively owned housing development's fair market value to local municipalities to offset the potential loss of property tax revenue.
- Federal housing dollars should go toward co-ops and CLTs that can provide unique benefit to struggling communities. Examples of this range from Houston's municipal land trust in the historically black, displacement-vulnerable Third Ward, to rural mobile home co-ops.[92] [93] These are successful models that have provided affordable housing outside of the market for decades.

VOCABULARY FOR PROGRESS: COMMUNITY LAND TRUSTS (CLTS)

Present in the US since the 1960s, CLTs are non-profit, community controlled organizations that own and operate land in perpetuity outside of the speculative market. Data for Progress wishes to see more federal support for local efforts to acquire and manage collectively owned housing on CLTs.

PART FIVE

AMERICANS SUPPORT HOMES FOR ALL

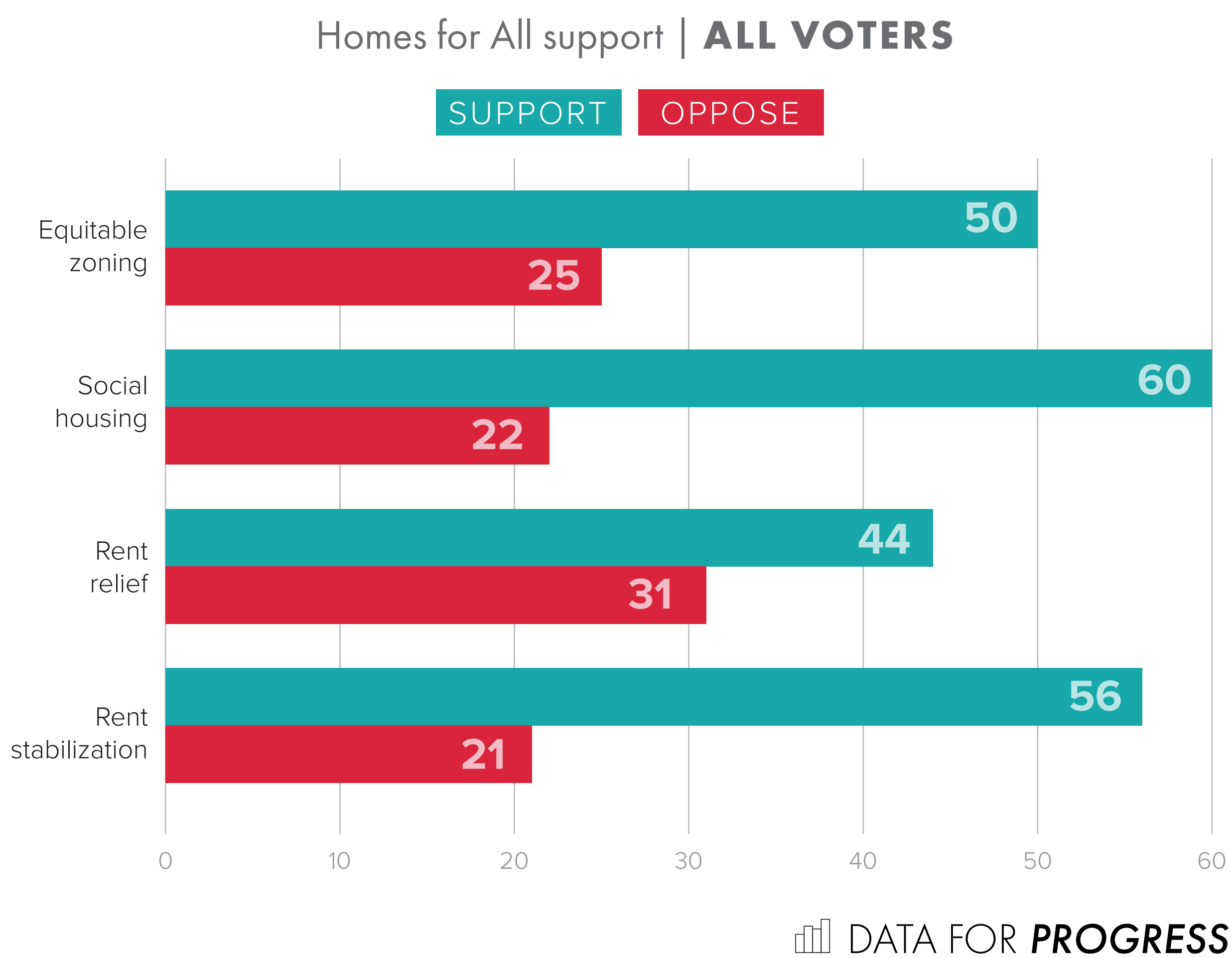
Solving the housing crisis is not simply a moral responsibility, it is a powerful political opportunity. According to new polling from YouGov Blue, commissioned by Data for Progress, the Homes for All agenda is broadly popular.[94] Not only are the main policies of Homes for All popular with the population at large, they boast deep support amongst key constituencies for the 2020 Democratic primary as well as critical persuasion and turnout targets for the 2020 general election.

The Homes for All agenda is popular with all Americans

Data for Progress and YouGov Blue polled registered voters in April 2019 on equitable zoning, massive expansion of social housing, rent relief subsidies, and rent stabilization, asking the following questions:

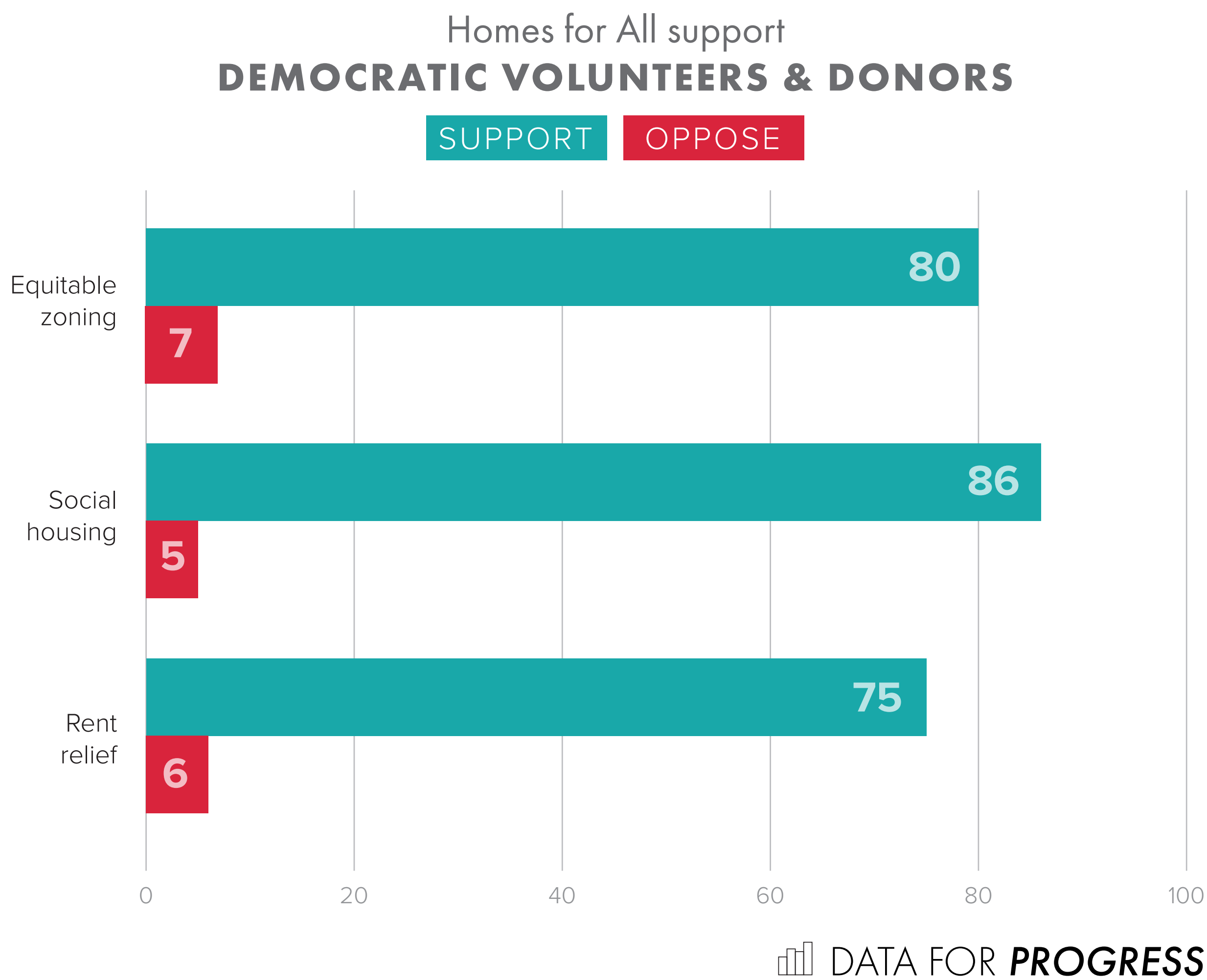
- Equitable zoning: “Would you support or oppose a policy to ensure smaller, lower-cost homes like duplexes, townhouses, and garden apartments can be built in middle- and upper-class neighborhoods?”
- Social housing: “Would you support or oppose a policy to build enough new nonprofit and publicly owned homes to ensure every American has a place to live?”
- Rent relief: “Would you support or oppose a policy to spend $50 billion on rent subsidies to families paying over 30 percent of their income in rent?”
- Rent stabilization: “Would you support or oppose a policy to cap rent increases to 5 percent a year?”

All policy proposals saw significant net support, ranging from +13 on the low end (rent relief) to +38 on the high end (social housing).



The Homes for All agenda is popular with Democratic voters & activists

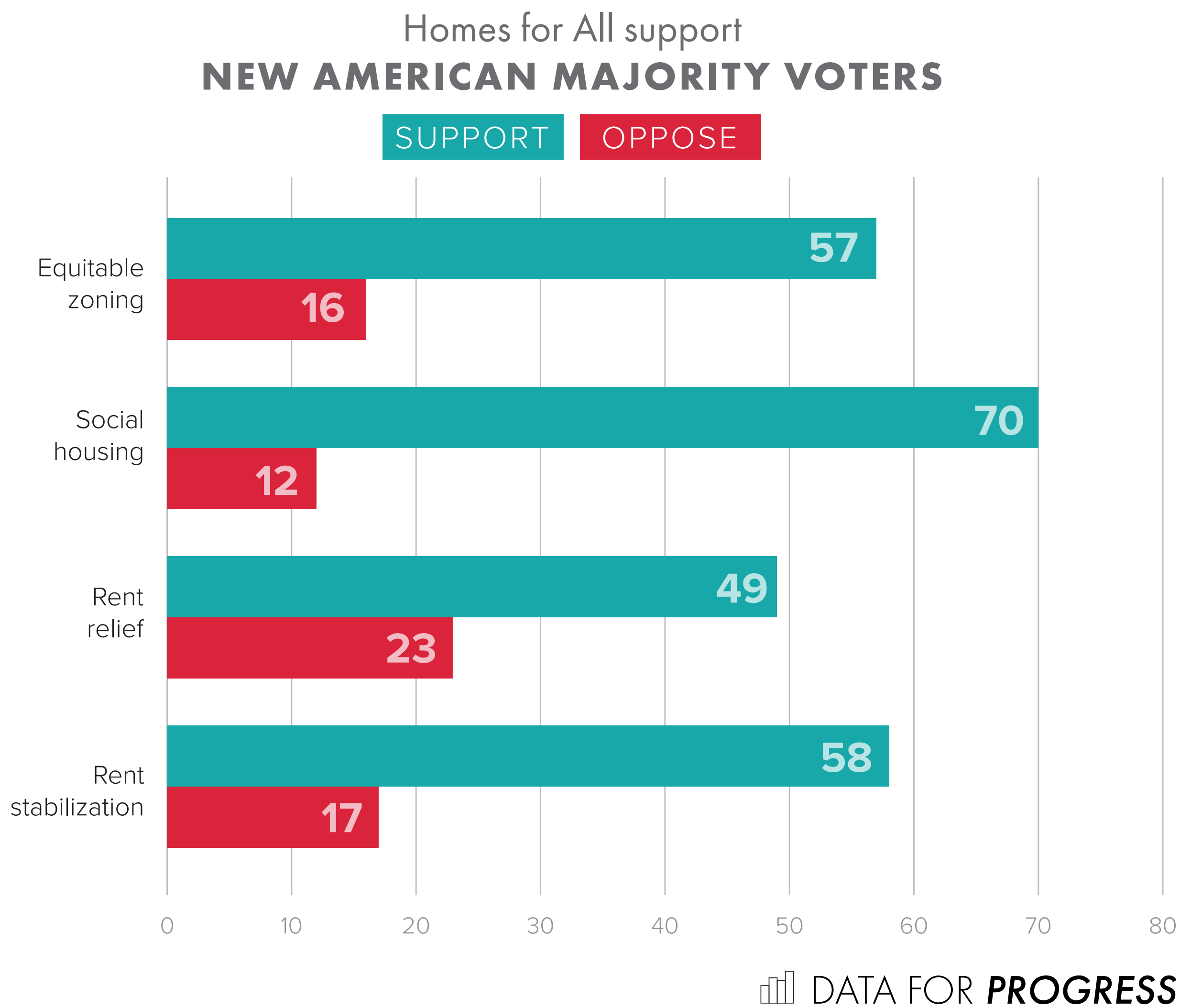
Candidates vying for the Democratic presidential nomination would benefit from adopting the Homes for All agenda, which is massively popular among Democratic voters and even more beloved by Democrats who volunteer or donate to political campaigns. *(Rent control question did not include crosstabs broken down by these forms of activism)*



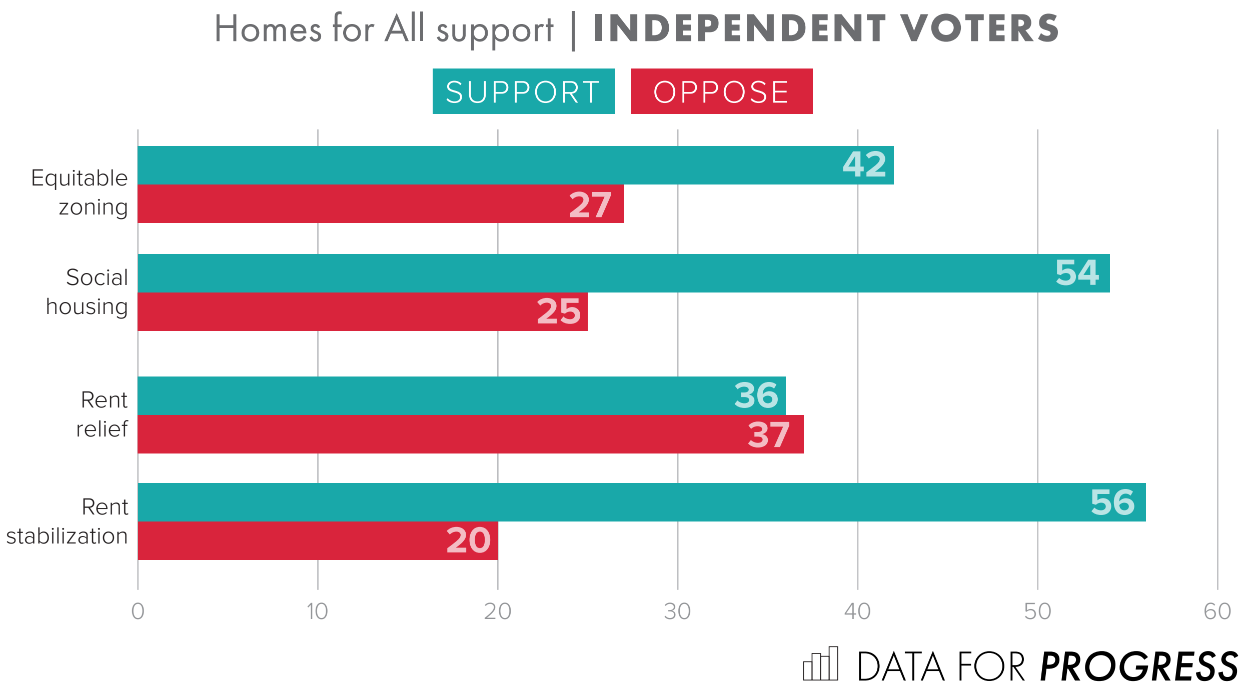
The Homes for All agenda is popular with key 2020 general election voting blocs

The key policies of the Homes for All agenda are also popular among all the key demographics and geographies needed for progressives to secure victory in 2020.

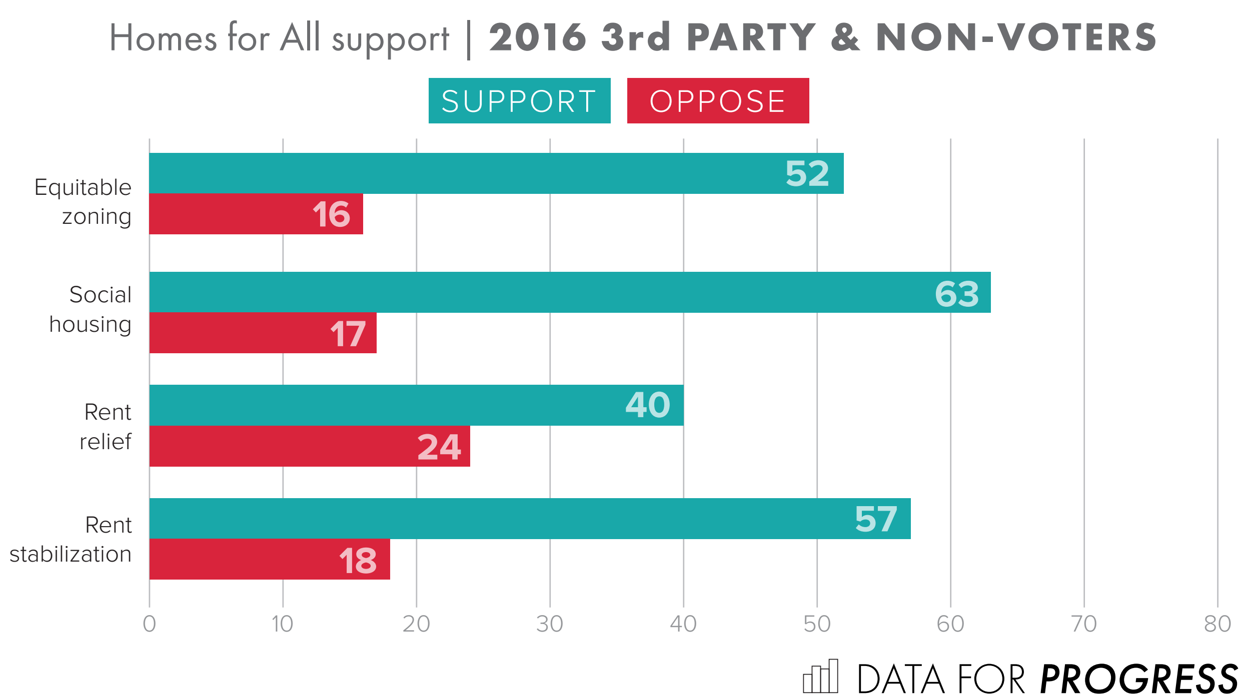
The New American Majority (people of color, unmarried women, and young voters, who comprise a functional progressive majority, if they are adequately represented at the ballot) supports Homes for All by massive margins, ranging from +26 (rent relief) to +58 (social housing). Given the critical importance for progressives of mobilizing these voters during general elections, the Homes for All agenda seems to have the potential to be a strong motivating issue.



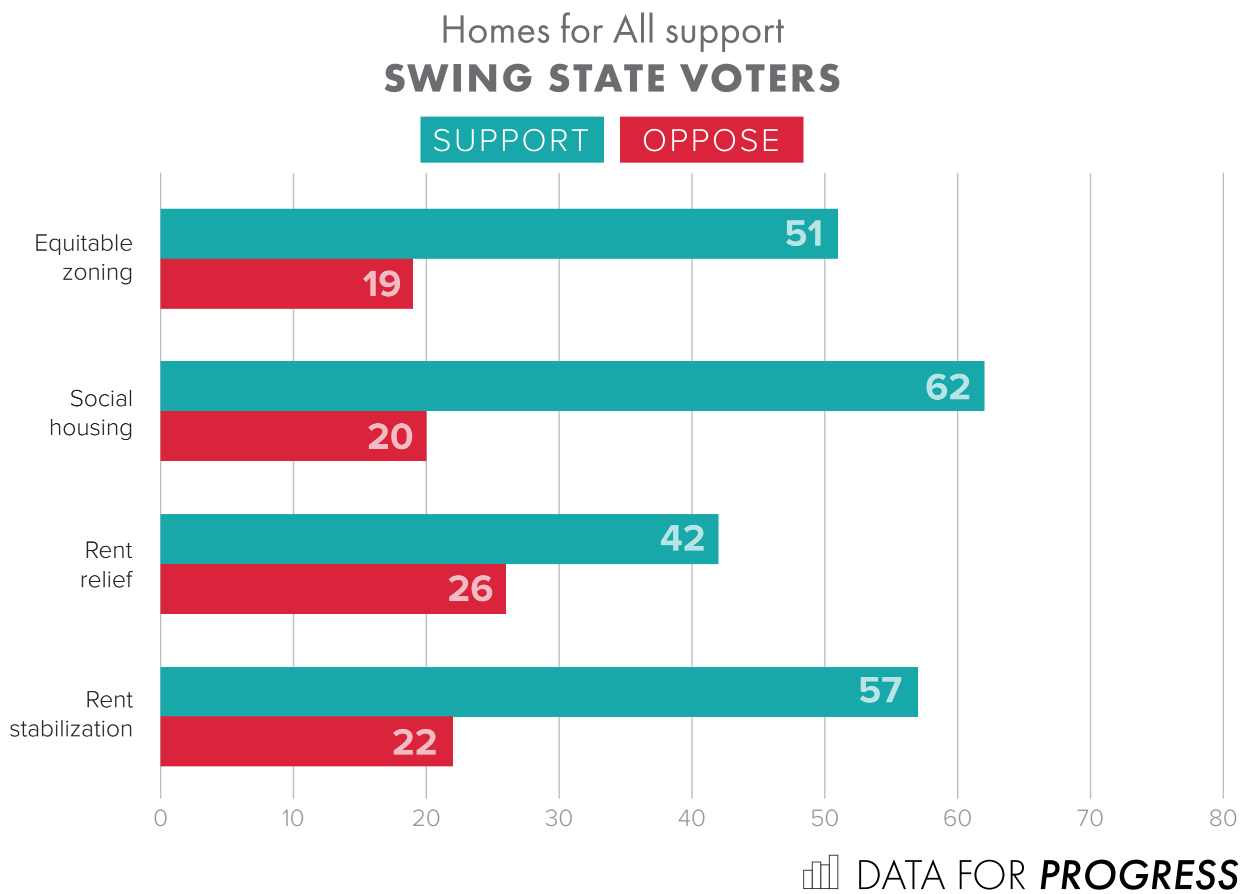
The long-vaunted independent swing voter also supports most of the Homes for All agenda, albeit to a smaller degree than Democrats. Independents strongly support social housing, equitable zoning, and rent stabilization by margins ranging from +15 to + 36 but are closely divided on the question of rent relief for cost-burdened tenants at a -1 margin of net opposition.



Perhaps most critically for progressives in 2020, the voters who stayed home or cast ballots for Third Party candidates in 2016 support the Homes for All agenda by wide margins ranging from +16 (rent relief) to +46 (social housing). Any campaigns hoping to turn out and win those critical votes would do well to embrace Homes for All.



Voter support for Homes for All extends to the critical swing states that decided the 2016 election and will likely decide 2020. Voters in swing states that broke for Trump or Clinton by less than five percent in 2016 (Arizona, Nevada, Colorado, Michigan, Minnesota, Wisconsin, Pennsylvania, New Hampshire, North Carolina, Florida) back every Homes for All proposal by large double-digit margins.



CONCLUSION

HOUSING AT THE NEXUS OF THE PROGRESSIVE PROJECT

Although housing costs in the United States have reached crisis levels, because of their impact on Americans' economic lives, housing also touches a huge swath of issues central to the progressive project. A comprehensive approach to housing will pay dividends across a wide swath of issues ranging from climate change to educational equity to rural quality of life.

Because our homes are central to how we live, housing policy sits at the intersection of issues that profoundly impact our lives today and into the future. Helping hardworking families make ends meet is only one of many reasons to enact abundant, affordable housing across the country.

Housing is an economic justice issue

The United States got housing policy wrong for most of the 20th century. The consequences of this mistake have had a profound impact not only on today's housing crisis, but on the rampant economic inequality that undermines our society today. Solving the housing crisis today is vital to solving economic inequality.

That isn't to suggest that a high homeownership rate - currently at 65 percent, down from the 2004 height of 69 percent - is wrong or inherently bad. But our path to high homeownership was rooted in policies of systematic exclusion, which cemented racial and economic inequities.[95][96] We have to recognize this, figure out ways to offset the damage, and ensure that stable housing - homeownership or renting - is guaranteed for all Americans.

By subsidizing homeownership and car ownership, the federal government permanently altered the physical topography of the American landscape and "socially engineered" a way of life that has entrenched economic injustice across generations, regions, and racial lines — creating intergenerational wealth for some while trapping others into lifetimes of poverty.

These poverty traps are due in large part to the federal government's neglectful-to-punitive approach to renters. This has always harmed the poor and communities of color, but as more and more Americans cannot afford housing, this policy failure's impact has spread.

Renting should be a financial decision that comes with worthy trade-offs like short-term flexibility, greater mobility, and the ability to save money. It has instead mutated into a financial dead-end for many Americans. Affordable housing is nearly impossible to find, particularly in high job growth markets. Social and economic mobility is falling in America, for the first time ever, as younger generations struggle to maintain a stable footing.[97][98] And too many American renters are paying an oppressive share of their income than ever before, considerably higher than Americans who own homes.

The tragedy of our federal housing policy is how haphazardly and counter-intuitively it was executed. This wasn't an organic extension of the market. From almost the dawn of the 20th century, federal policies pushed single-family houses in exclusionary communities in hopes of undermining working class consciousness.[99] Subsidizing homeownership started out as a jobs program during the New Deal and expanded through the post-war years into a billion dollar market-warping bureaucracy that eventually caused the Great Recession. We have never properly accounted for this as a country.

Untangling this will take decades, but it can and must be done. It starts by making renting an affordable and sustainable life choice. If we stop financial speculation in the rental market that extracts wealth from renters – and by extension working class communities, communities of color, and the young – we stand a good chance of opening more opportunities for these groups. However, we cannot simply turn these groups into more homeowners that continue to live in a broken system. That means we must also end speculation in homeownership too. This means asking our government and our society to conceive of new sources of wealth and security. Additionally, it means conceiving new ideas about what wealth and security look like in 21st century America.

Housing is a racial justice issue

Throughout most of the modern era, American (and especially federal) housing policy was unambiguously designed to exclude and harm people of color. Black and brown Americans were explicitly excluded from the expansion of homeownership.[100] As people of color were blocked from suburban homeownership, they fell victim to federally mandated redlining, predatory "contract" home sales, and to federal strategies like urban renewal in segregated city neighborhoods, as well as mass incarceration that systematically destroyed black and brown communities.[101] [102]

It is a deep irony that the same forces of capitalism that left cities -- and their urban communities of color -- behind for most of the 20th century are now flooding back into cities and displacing the people of color who were previously left to fend for themselves during decades of disinvestment in urban life. The federal government did nothing for these communities then and is doing nothing for them now.[103]

As many white Americans built multi-generational wealth, lived in healthier communities, and attended better schools in the suburbs, minorities were trapped in multi-generational poverty, living in dangerous and polluted communities, with substandard schools and public services.[104] [105] All the while, minorities living in rural communities remain invisible to much of the political and popular imagination.

Housing represents one of the largest sources of racial injustice in America. America has never let black and brown families live securely, either physically or financially. All too often, it has found ways to make money off this insecurity. Now that the idea of reparations have entered the political mainstream, housing is also one of the best opportunities to right the historical record. That means guaranteeing safe homes in vibrant communities that have accessible services. It means providing a viable path to sustainable homeownership and community ownership. And it means building multi-generational wealth for black and brown families in ways that do not rely on speculative real estate.

Housing is a climate & environmental justice issue

Because transportation is the single largest contributor to U.S. greenhouse gas emissions – and individual car trips are the largest driver of transportation emissions – how and where we build our homes matters immensely for our ability to tackle climate change.[106] Commutes are getting longer, with nearly half of commuters spending upwards of a half hour getting to work.[107] Millions of Americans have become "super-commuters," traveling over 90 minutes to and from their jobs every day. These gargantuan commutes are largely due to new homes being built in exurban, transit-starved areas because exclusionary zoning in more affluent urban and suburban areas has blocked new housing near job centers. This wreaks havoc on the climate and the economy. More homes closer to jobs and transit centers is the clearest solution.

According to a 700-city study conducted by researchers at University of California, Berkeley, building more homes in job-rich communities and transit-connected neighborhoods is one of the best strategies for deep decarbonization.[108] This only makes sense. More homes means more population density, which in turn means more low-carbon transportation options like walking, biking, and public transit.[109] In short, greater population density means fewer and shorter car trips.

Furthermore, ending exclusionary zoning and legalizing smaller, "Missing Middle" homes and relaxing housing minimums will significantly reduce per-capita energy usage, further clearing the path to deep decarbonization. While home energy efficiency standards have risen significantly since 1970, houses have also grown large enough on average to cancelled out any energy savings.[110] Indeed, due to the explosion of large "McMansion" houses, American homes use significantly more energy per capita now than they did a generation ago.[111] Because equitable zoning legalizes smaller homes, it also reduces the energy needed to power, heat, and cool those homes.

Beyond the climate implications, eliminating exclusionary zoning would also mean real gains for environmental justice. Because exclusionary zoning is a major driver of residential segregation, it perpetuates massive disparities between wealthier white communities and less privileged communities of color in terms of exposure to toxins and pollutants, as well as access to green spaces.[112] Enacting residential integration through equitable zoning can also be expected to improve air and water quality for the average person of color in America.

By reducing the frequency and length of car trips, trimming the energy intensity of homes, and improving access to clean air and water, replacing exclusionary zoning with equitable zoning and building abundant, smaller homes nears jobs and transit dramatically eases the path to deep decarbonization and environmental justice. These benefits apply equally to public and private homes under equitable zoning. A Green New Deal, for instance, should include both incentives for communities to end exclusionary zoning and sweeping expansions of public housing sited in job centers and transit hubs.

Housing is an education & children's issue

The availability of quality affordable housing in middle class and upscale communities also has huge impacts for educational equity and childhood opportunity. In a 2012 study of over 84,000 schools, Brookings confirmed what most of us already know from simple observation – public schools in affluent communities perform far better than schools in low-income communities, with housing costs a huge driver of the disparity.

This is clearly not a symptom of natural sorting. When less privileged children attend higher performing public schools, their performance improves significantly.[113] Attending desegregated schools has been shown to materially increase the lifetime economic well-being of black men.[114] Despite the racist fearmongering that often accompanies school desegregation, integration appears to help improve performance for students from lower socioeconomic statuses while having no adverse effects on students from more privileged groups.[115]

The Brookings study of housing and test scores found that abolishing exclusionary zoning would eliminate as much as 1/3 of the achievement gap between students.[116] That simply changing housing policy could meaningfully close the achievement gap should to be reason enough to enact policies to build more inexpensive homes in amenity-rich communities.

Yet the impacts of exclusionary zoning on the achievement potential of children stretches beyond school quality. A 2014 study of Harvard and Stanford researchers found that commute length is the single largest determinant of intergenerational mobility – more than neighborhood crime rate or single parent status.[117] Just as the impact of exclusionary zoning on commute lengths has perpetuated the climate crisis, so too has it reinforced poverty traps for children whose parents rarely see them because they are spending long hours in traffic just to put food on the table.

To address the educational achievement gap and give children a ladder out of poverty, we must end exclusionary zoning and build abundant inexpensive housing, ideally both private and public.

Housing is a rural uplift issue

The national shortage of affordable, stable, and safe homes extends far beyond metropolitan areas. Forty-one percent of rural renters are cost-burdened – nearly 3 million families, all told. [118] [119] This crisis among rural renters stretches from the California Central Valley to Appalachia to the Black Belt in the deep south.[120] Many rural homeowners also struggle to maintain their homes, as many rural homes are old and in serious need of repair.[121] Across the board, a scarcity of quality, inexpensive homes contributes to the growing poverty and alienation in rural America.

Progressive housing policy has a huge role to play in rural housing, especially publicly and collectively owned homes. One major driver of rural housing shortages is private sector developers' unwillingness to invest in those communities.[122] This is a classic chicken-egg problem: private developers stay out of rural communities due to a lack of sufficient amenities; while a lack of adequate housing keeps the populations from rebounding to support those amenities. This is where an expansion of publicly owned homes in rural communities can have a huge payoff. Because profitability is not a motivator for publicly owned developments, the government can build an adequate supply of homes (at a relatively cheap cost compared to many urban areas) and help uplift those communities.

Expansions of rural publicly owned homes must include homes for migrant farm labor, one of the most housing insecure communities in the country.[123] This will both help the farmworkers in urgent need of quality housing, as well as provide economic certainty to farmers, who will be able to better rely on healthy, stable workers during planting and harvesting seasons.

Rural communities are also some of the best targets for expansions of cooperative ownership models. In recent years we have seen a wave of trailer park residents forming co-ops and purchasing their shared property.[124] These cooperatives allow people who live in manufactured homes to establish true housing stability.

In many cases, while the homes themselves are owned by the tenants, the land is owned by private landlords, who often raise the rent significantly on tenants and can upend an entire community if they sell.[125] In some ways, this dynamic is the worst of both worlds – residents are responsible for upkeep like a homeowner and vulnerable to bad landlord behavior like renters. Because manufactured homes are far more common in rural America – 18% of rural homes – this precarious situation poses a unique risk to rural Americans.[126]

By stepping up to provide grants or low-interest, guaranteed loans to trailer park co-ops, the federal government can offer a strong helping hand to manufactured home residents and rural communities as a whole. Between trailer park co-ops and the construction of new public homes in rural communities, progressive housing can powerfully help ensure security, dignity, and a better quality of life for rural Americans.

Progressive Housing Policy, in Summary

Many people inside and outside of politics lament the death of the American Dream. That dream is defined – if common media narratives are to be believed – as owning a home with a backyard, a car in the garage, and a little money in the bank. Its "death" is usually understood to mean the increasing expense of housing (and other costs) that makes it harder for the next generation of Americans to achieve their parents' level of comfort and prosperity. This is largely misplaced nostalgia and misunderstood history.

The death of the American Dream has been greatly exaggerated. But so has the dream itself. Tying it so closely to homeownership was always a mistake. Homeownership and its related benefits were only available to a select group of Americans, mostly white and, now, almost exclusively older ones. It came at the expense of other Americans, of other ways of organizing our communities, and of other ways of growing our economy. And it has come at the expense of the health of our climate and ourselves.

The housing crisis described in this report, and experienced every day by millions of Americans, has many people and, we hope, many policymakers waking up from this century-long slumber. But other Americans, ignored by policymakers for much of this century, have been wide awake. The current crisis may be unprecedented in its scale, but too many Americans have suffered through versions of it for their entire experience in America. For them, there never was an American Dream.

That doesn't mean that there is not some version of an American Dream that is worthy of pursuing. As flawed and incomplete as the idea of the 20th century American Dream was, there is something heartening about knowing that there is still a deep foundation in all Americans for a 21st century version, or more likely, multiple versions. Some likely still include homeownership. Others include renting a home. All of those versions can be closer to a reality for Americans if housing is guaranteed as a basic right. If we, through coordinated public action, get that right, we can solve all of the larger issues that the housing crisis has laid bare.

Stable, economical housing for every American can be achieved through a synthesis of targeted, ambitious policies aimed at rewriting the rules and underlying structures of the housing system. Serious policymakers will pursue a comprehensive package of solutions, including immediate cash relief for renters, catalysts for state and local rent stabilization and equitable zoning, massive expansion of publicly owned and nonprofit affordable homes, and decommodification of housing. Many of these policies will not be cheap, but they are a small price to pay for the eradication of homelessness and housing insecurity, a dependable economic foundation for every American, a salve for generations of racial inequities, and a path to deep decarbonization.

We find many reasons to be hopeful, despite the daunting task ahead. All of our suggestions for changing housing policy and solving the crisis, even the most wide-eyed, have been tried and tested in America or other developed countries. They have worked and they can work again. We are not suggesting the impossible. We are not even suggesting the improbable. We are simply suggesting the necessary.

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