

March 1992

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### Recommended Citation

Rubin, Beth A.; Wright, James D.; and Devine, Joel A. (1992) "Unhousing the Urban Poor: The Reagan Legacy," *The Journal of Sociology & Social Welfare*: Vol. 19: Iss. 1, Article 8.

DOI: <https://doi.org/10.15453/0191-5096.2013>

Available at: <https://scholarworks.wmich.edu/jssw/vol19/iss1/8>

# Unhousing the Urban Poor: The Reagan Legacy\*

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*The Reagan era was characterized by the popularity of individual level explanations and market based solutions for a range of social problems, including homelessness. We argue that such an approach was inadequate and may, in fact, have worsened the housing situation. We claim that homelessness is fundamentally a housing problem linked to two key trends of the 1980s: the increasing rate of poverty and the declining supply of low-income housing. Market approaches to housing policy have resulted in housing policies by default: gentrification, condo conversion and displacement as well as tax policies that explicitly favor the non-poor. Those policies geared towards the poor, vouchers and subsidies, were inadequate responses to increasing need. In sum, the Reagan years witnessed dramatic declines in the supply of low-cost housing, substantial increases in the poverty rate, and drastic shifts in federal policy towards housing the poor.*

A sample of homeless people in San Francisco was once asked to identify "the most important issues you face or problems you have trying to make it in San Francisco or generally in life" (Ball and Havassy, 1984). The most common responses were "no place to live indoors" (mentioned by 94%), followed by "no money" (mentioned by 88%). No other response was chosen by as much as half the sample. At a sufficiently abstract level, the connections between poverty, the housing supply, and homelessness may seem dim. At the level where life is lived, the connections are stunningly obvious.

The clarity of perception revealed in these results may be usefully contrasted with a piece by Randall Filer, "What do we really know about the homeless," that appeared in the Wall

Our thanks to Brian T. Smith for comments on previous drafts and to Martha Wittig for research assistance.

Street Journal (10 April 1990). Filer is skeptical that homelessness has become a social problem that requires government intervention. Like others, he views welfare benefits, Aid to Families with Dependent Children (AFDC) and any other "citizen wage" as a threat to the market because they reward the poor for being poor (or the homeless for being homeless). "...[T]he more generous the programs for the homeless are, the greater this number [of homeless] will be as people respond to the incentives created." He adds, "Despite the implication of the word 'homeless,' we know almost nothing about the connection between homelessness and housing markets. There is no reliable evidence that homelessness is more extensive in cities with tight housing markets."

Filer's comments mislead; as we argue in this paper, there certainly is a relationship between the housing market and homelessness. The relationship is rather a simple one: the cost of housing has come to exceed what many impoverished families and persons can afford to pay. We also argue that Filer's sentiments, although incorrect, were shared by President Reagan throughout his administration and were institutionalized in budgets and policies that exacerbated the homelessness problem. As a result, the homeless situation was much worse at the end of the decade of the 1980s than it had been at the beginning. Unhousing the urban poor is a lamentable but enduring legacy of his administration.

Ferrara (1990, p. 539) has pointed to increasing levels of Federal expenditure to aid the homeless as evidence of Reagan's merit. For example, he notes that expenditures in the Department of Housing and Urban Development (HUD) increased from \$12.5 billion in 1980 to an estimated \$22.8 billion in 1990. But these figures do not reflect expenditures on low-income housing programs or on the homeless; they are, rather, *total* HUD expenditures on all programs (Table 1). The 1990 HUD pay-out specifically for low-income housing programs is about \$1.6 billion (Table 2), certainly not \$22.8 billion.

It is true that HUD expenditures on low-income public housing programs and low-rent public housing loans more than doubled in the 1980s. In constant dollars, however, the increase is unimpressive; in fact, corrected for inflation, HUD expenditures

Table 1  
*Housing and Urban Development (HUD) Budget Outlays (in Billions of Current Dollars), 1980-1990*

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 <sup>a</sup>	1990 <sup>a</sup>
Subsidized Housing	4.5	5.7	6.8	7.8	8.8	10.1	10.0	9.9	11.2	12.6	13.8
Housing Programs	6.3	7.8	8.4	8.4	9.1	9.0	9.9	9.8	12.7	14.4	15.9
Nat'l. Mortgage Association	1.4	1.2	1.4	.9	.6	-.9	-1.1	-.6	.2	-.2	.5
Comm. Planning and Development	4.6	4.7	4.3	4.0	4.2	4.4	3.8	3.2	3.1	3.4	3.4
Policy Dev. and Research	.05	.04	.02	.04	.02	.02	.01	.02	.02	.02	.02
Fair Housing and Equal Opportunity	—	.007	.002	.005	.006	.005	.005	.006	.007	.008	.01

*Continued...*

Table 1 continued

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 <sup>a</sup>	1990 <sup>a</sup>
Management and Administration	.25	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3
Public and Indian Housing Program	—	—	—	1.6	2.2	15.1	2.2	2.7	2.6	2.5	2.3
Total Federal Outlays for HUD	12.6	14.0	14.5	15.3	16.5	28.7	14.1	15.5	18.9	20.3	22.6
In Constant (1980) Dollars	12.6	12.7	12.4	13.1	13.1	21.2	10.6	11.2	13.1	13.5	14.0

<sup>a</sup>Estimates

Source: Executive Office of the President, Office of Management and Budget, Budget of the United States, Fiscal Year(s) 1982 . . . 1990. Washington, DC: USGPO.

Table 2

*HUD Outlays for Low-Income and Low-Rent Public Housing (×\$1,000)*

	Payments for Low-Income Housing Programs	Low-Rent Public Housing Loans and Other Expenses
1980	755,300	159,304
1981	928,581	77,359
1982	1,007,558	- 21,118
1983	1,541,558	110,603
1984	1,135,116	1,111,012
1985	1,205,020	13,885,412
1986	1,180,865	977,001
1987	1,387,985	1,355,655
1988	1,488,551	1,172,953
1989 <sup>a</sup>	1,547,357	922,407
1990 <sup>b</sup>	1,651,357	634,323

<sup>a</sup>Changed to 'operation of low-income housing'<sup>b</sup>HUD estimate

Source: see Table 1.

at the end of the decade were nearly identical to those at the beginning. It is also true that only a part of the total HUD budget is spent on housing subsidies for the poor, and that an even smaller share is spent on the subsidized construction of new low-income housing. To suggest that the federal expenditure for this purpose is anywhere close to \$20 billion seems intentionally misleading.

Expenditures on the homeless poor or on facilities to assist the homeless are not tallied as a separate category in any of HUD's documents prior to 1987. In 1987, \$15,000,000 was appropriated for this purpose, although no figure for the actual outlay is provided. Also, in 1988, within the category of "Policy Development and Research Expenditures," there was an outlay of \$2,661,000 for "supplemental assistance for facilities to assist the homeless." Expenditures on the homeless increased in 1988 and thereafter, under provisions of the Stewart B. McKinney Homeless Assistance Act; these expenditures are reviewed later.

Ferrara also remarks that the total number of families assisted by HUD programs increased from 3.1 million in 1980 to 4.4 million today. But with a current poverty population in excess of 30 million, it is obvious that the HUD coverage rate of households in need is very limited, whatever the total number of households receiving assistance. Table 3 shows state-by-state coverage rates for the *very* low-income renter population (not the total poverty population); the coverage is almost never above 50% and nation-wide averages less than a third (Center for Budget and Policy Priorities, 1990). It can also be noted that Ferrara's figures include nonpoverty households who receive HUD housing assistance, for example, the elderly (among whom the poverty rate has been declining and who now enjoy the lowest poverty rate of any age group in the nation).

By far the largest and most aggressive federal effort on behalf of the homeless is the McKinney Act, enacted in 1987. Under the terms of this act, HUD has spent more than \$200 million on the Supportive Housing Demonstration Program, an expenditure frequently cited as evidence of the Reagan administration's willingness to solve the housing problems of the homeless (e.g., Access, 1990). Other housing provisions within the act have provided roughly \$80 million to subsidize more than 2,200 single room occupancy (SRO) hotels for a decade, have underwritten the opening and operation of emergency shelters for the homeless, and so on (see Table 4). The supportive housing program is a particular source of pride because it is housing geared to the unique and diverse needs of subgroups within the homeless population (the alcoholic, the mentally ill), a pet theme of HUD Secretary Jack Kemp.

Close examination of the budgetary outlays from the McKinney Act reveals that relatively little of the budget goes to the provision of permanent low income housing; much of it is targeted towards other purposes and populations. In 1987, to illustrate, a total of \$80 million was appropriated for the supportive housing program. Of that \$80 million, \$20 million went to transitional housing for homeless families, not to permanent low cost housing. In 1988, \$100 million was authorized for the program but only \$65 million was appropriated and of that, \$20 million was again for transitional, not permanent housing.

Table 3

*Low-Income Housing Assistance*

State	Number of Renter Households Assisted 1985	Number of Very Low Income Renter Households 1983	Maximum <sup>a</sup> Number of Very Low Income Renter Households Assisted
Alabama	75,469	224,320	33.6%
Alaska	9,224	16,980	54.3
Arizona	34,638	139,320	24.9
Arkansas	38,709	130,840	29.6
California	336,310	1,564,110	21.5
Colorado	39,605	159,850	24.8
Connecticut	64,225	154,030	41.7
Delaware	10,422	29,060	35.9
Dist. of Columbia	28,131	69,330	40.6
Florida	134,471	587,050	22.9
Georgia	115,297	337,760	34.1
Hawaii	16,175	53,160	30.4
Idaho	9,072	40,630	22.3
Illinois	168,448	646,150	26.1
Indiana	79,052	214,860	36.8
Iowa	31,076	115,350	26.9
Kansas	26,702	103,130	25.9
Kentucky	68,314	192,420	35.5
Louisiana	69,307	261,240	26.5
Maine	21,473	54,720	39.2
Maryland	81,215	210,330	38.6
Massachusetts	144,990	347,830	41.7
Michigan	123,958	409,380	30.3
Minnesota	77,519	169,070	45.9
Mississippi	40,148	143,000	28.1
Missouri	73,636	237,110	31.1
Montana	14,346	38,290	37.5
Nebraska	22,715	67,950	33.4
Nevada	15,016	47,620	31.5
New Hampshire	16,042	40,530	39.6
New Jersey	139,169	403,040	34.5
New Mexico	21,749	69,530	31.3
New York	454,852	1,484,980	30.6



North Carolina	97,754	305,840	32.0
North Dakota	12,311	27,840	44.2
Ohio	190,309	537,230	35.4
Oklahoma	55,721	153,030	36.4
Oregon	34,491	154,350	22.3
Pennsylvania	189,449	564,120	33.6
Rhode Island	32,398	63,370	51.1
South Carolina	45,692	156,080	29.3
South Dakota	16,827	35,230	47.8
Tennessee	91,364	259,260	35.2
Texas	196,290	766,090	25.6
Utah	10,039	57,390	17.5
Vermont	7,077	26,220	27.0
Virginia	79,566	262,530	30.3
Washington	57,265	224,990	25.5
West Virginia	26,844	86,230	31.1
Wisconsin	67,385	193,200	34.9
Wyoming	3,915	16,620	23.6
Total	3,816,172	12,652,690	30.2

\*This is a maximum because not all households receiving assistance have "very low incomes." The number of "very-low income" housing units in 1983 was compared to the number of assisted units in 1985 because both sets of data are the latest available on a state-by-state basis.

Source: 1980 Census Data and 1983 Annual Housing Survey. Data on programs from Department of Housing, 1985 unpublished data.

As is apparent in the budgetary outlays, most of the McKinney housing money has been spent in marginal ameliorations of the worst aspects of the housing situation of the homeless (shelters, SROs, transitional programs, etc.); relatively little has been invested in adding permanent units to the low income housing supply.

Despite the claims of Kemp and others within the Bush and Reagan administrations, the homelessness problem worsened in the 1980s and the federal response did very little to dampen the trends. While some monies were being spent on low income housing and on programs specifically for the homeless, the broader housing policies of the administration undid what

Table 4  
Funding for Programs Under the McKinney Homeless Assistance Act (Budget authority (BA): dollars in millions)

	FY 1987			FY 1988			FY 1989		
	Auth.	Approp.	Auth.	Approp.	Pres. Request	Hs. Approp. Com.	Sen. Approp. Com.	H.R. 4352 Com.	Sen. Banking Com.
Banking Committee:									
HUD Emergency Shelter Grants	100.0	50.0 <sup>1</sup>	120.0	8.0	—	65.0	35.0	125.0	120.0
Supportive Housing Demonstration	80.0	80.0 <sup>1</sup>	100.0	65.0	75.0	85.0	75.0	105.0	100.0
Transitional Housing (Families) Handicapped	(20.0)	(20.0)	(20.0)	(20.0)	(75.0)	(20.0)	(20.0)	(20.0)	(20.0)
Housing Grants	(15.0)	(15.0)	(15.0)	(15.0)	—	(15.0)	(15.0)	(15.0)	(15.0)
Suppl. Assistance	25.0	15.0	25.0	—	—	—	—	27.0	10.0
Sec. 8 10-yr. Mod. Rehab. for SROs	35.0	35.0	35.0	—	—	35.0	45.0	40.0	50.0
Housing subtotal:	240.0	180.0	280.0	73.0	75.0	185.0	155.0	297.0	280.0

Continued . . .

Table 4 continued

	FY 1987		FY 1988		FY 1989			
	Auth.	Approp.	Auth.	Approp.	Pres. Request	Hs. Appro. Com.	Sen. Appro. Com.	Sen. Banking Com.
FEMA Emergency Food & Shelter <sup>2</sup>	15.0	10.0	124.0	114.0	80.0	114.0	114.0	129.0
Interagency Homeless Council <sup>2</sup>	.2	(.2)	2.5	(.8)	1.2	1.2	1.0	.8
								1.2
Banking subtotal:	(255.2)	(190.0)	(406.5)	(187.0)	(156.2)	(300.2)	(270.0)	(426.8)
								(410.2)
Energy and Commerce Committee:								
Health Care for the Homeless Mentally Ill	50.0	46.0	30.0	14.4	15.0	—	—	61.2
Demonstration Projects	10.0	9.3	—	—	4.7	—	—	10.0
Mental Health								
Service Block Grant	35.0	32.2	—	11.5	14.3	—	—	35.0
Alcohol & Drug Abuse								
Demonstration Project	10.0	9.2	—	—	4.6	—	—	10.0
E & C subtotal:	(105.0)	(96.7)	(30.0)	(25.9)	(38.6)	—	—	(116.2)
								—

<b>Education &amp; Labor Committee:</b>									
Emergency Comm.									
Services (CSBG)	40.0	36.8	40.0	19.1	—	—	—	42.0	—
Job Training	—	—	12.0	9.6	—	—	—	13.0	—
Homeless Children									
Education Grants	5.0	4.6	5.0	4.8	—	—	—	6.0	—
Adult Literacy	7.5	6.9	10.0	7.2	—	—	—	11.0	—
Exemplary Grants	—	—	2.5	—	—	—	—	2.5	—
E & L subtotal:	(52.5)	(48.3)	(69.5)	(40.7)	—	—	—	(74.5)	—
<b>Agriculture Committee:</b>									
Temporary Emergency Food									
Assist. Program (TEFAP)	—	—	50.0	50.0	—	—	—	50.0	—
Food Stamp Provisions	—	—	54.0	54.0	70.0	—	—	—	—
Surplus Food Distribution									
(Comm. Credit Corp.)	—	—	6.0	—	—	—	—	—	—
Agriculture subtotal:	—	—	(110.0)	(104.0)	(70.0)	—	—	(50.0)	—

Continued . . .

Table 4 continued

	FY 1987		FY 1988		FY 1989			
	Auth.	Approp.	Auth.	Approp.	Pres. Request	His. Appro. Com.	Sen. Appro. Com.	Sen. Banking Com.
Veterans Committee:								
Chronically Mentally III								
Veterans Care	—	2.1	—	2.9 <sup>3</sup>	—	5.0	—	10.0
Domiciliary Care	—	15.0	—	—	—	—	—	15.0
Job Training Program	30.0	—	—	—	—	—	—	25.0
Veterans subtotal:	(30.0)	(17.1)	—	(2.9)	—	(5.0)	—	(50.0)
Total	442.7	352.1	616.0	357.6	264.8	305.2	270.0	717.5
								410.2

Parenteral figures represent specific sums previously listed under more general categories.

<sup>1</sup>HUD Emergency Shelter Grants received previous to the McKinney Act amounted to \$10 million in the FY 1987 HUD Appropriation Act for a total of \$60 million in FY 1987. The Supportive Housing Demonstration received \$5 million for transitional housing for a total of \$85 million in FY 1987. The FEMA Emergency Food and Shelter program received \$70 million from the FY 1987 HUD Appropriation Act and \$45 million from a transfer of Disaster Relief Funds for a total of \$125 million in FY 1987.

<sup>2</sup>Senate Government Affairs has jurisdiction over the FEMA Emergency Food and Shelter program and the Interagency Homeless Commission.

<sup>3</sup>\$5 million was originally appropriated for the program in the FY 1987 Supplemental Appropriation Act; however, \$2.9 million lapsed and was reappropriated FY 1988.

good these low-income and homelessness programs might otherwise have accomplished.

In brief, housing policy in the Reagan years was two-pronged: tax subsidies to underwrite the housing costs of upper income groups and a largely unrestricted private market for lower income groups. This approach to housing policy was ideologically consistent with the overall Reagan agenda of deregulation, privatization and liberation of the "Invisible Hand," as was the evident consequence: the institutionalization of the private market as the solution to the inadequate low income housing supply. Sadly, the private market has few if any incentives to provide low income housing; there is much more money in housing the rich than in housing the poor. Privatizing the low income housing market means in essence that the federal government has abnegated its historical commitment to guarantee to all citizens a minimum standard of housing adequacy.

Part of Reagan's reluctance to provide housing stemmed from his well-known belief that many homeless people "are, well, we might say, homeless by choice" (a spontaneous comment in a press conference). A related theme in the administration was that housing conditions reflect cultural problems specific to certain ethnic groups. Regarding the doubling-up that is associated with a housing squeeze (Mutchler and Krivo, 1989), Philip Abrams of HUD suggested that it is "... characteristic of Hispanic communities, irrelevant to their social and economic conditions. . . . It is a cultural preference, I am told" (quoted in Momeni, 1990, p. 136). Even if true, which is unlikely, the relevance of this comment is uncertain since Hispanics comprise only about a tenth of the total homeless population.

The viewpoint argued in this paper, although rather a simple one, would find little favor with Filer, Ferrara, Abrams, Kemp, Bush, or Reagan himself. It is that homelessness is fundamentally a housing problem (or alternatively, that the key distinguishing feature of the homeless is that they lack an acceptable place to live). We provide evidence on two key trends of the 1980s: the increasing rate of poverty, and the declining supply of low income housing. Our position is that continual increases in the number of poor people, coupled with continual decreases in the supply of housing that poor people can afford, necessarily

predestines an increase in homelessness, a point made insistently by scholars and analysts throughout the decade.

### Poverty and Housing during the Reagan Years

From 1978 to 1985, there was a 25% increase in the households living below the poverty line as well as an increase in just how poor the poor are. For example, in 1985 the median income of poor families was \$4,000 beneath the poverty line; in constant dollars, that amounts to being \$600 deeper into poverty than the comparable 1978 figure (Hartman and Zigas, 1989, p. 3). That the poor "are getting poorer" has been the theme of countless recent newspaper and magazine articles.

Over the past thirty years, the number of Americans living below the official poverty line has varied from a low of about 23 million in 1973 to a high of nearly 40 million in 1960. Year-to-year fluctuations in the number of the poor can be quite substantial. These annual changes, which often amount to several million persons, result mainly from macroeconomic conditions that affect the unemployment rate. During periods of general economic growth (e. g., the 1960s), the rate of employment increases and the number of the poor goes down. Alternatively, during recessionary times, unemployment and therefore poverty tend to increase. Other factors also influence the general rate of poverty, but the rate of employment is probably the most critical.

Decade by decade, the overall pattern is reasonably clear-cut. The number of the poor declined steadily throughout the 1960s, from 40 million poor at the beginning of the decade to about 25 million poor at the end. Not coincidentally, the sharpest declines occurred after the onset of Johnson's War on Poverty in 1964. Throughout the 1970s (often referred to as the "Decade of Inflation"), the number in poverty fluctuated right around the 25 million mark, with no obvious trend in either direction. Then, starting in 1978, the number of the poor began to increase, reaching the 35 million mark in 1983 and hovering close to that number since.

The 1983 figure is of historical significance because it represents the largest number of persons in poverty ever recorded

since the beginning of the War on Poverty in 1964. In five years, the gains of the previous two decades were erased as some ten million persons were added to the poverty count. In these respects, the Reagan years can only be described as a giant step backward.

For comparative purposes, most observers prefer to look at the poverty rate, rather than the raw numbers. The thirty-year trend shows that the highest poverty rates—in excess of 20% of the population—preceded the War on Poverty. From the early 1960s through 1973 (that is, from the beginning of the War on Poverty to the first Arab oil embargo and the ensuing collapse of the world economy), the rate of poverty in America was halved (falling from 22.2% to 11.1%). From 1973 through the end of the decade, no further progress was made and beginning about 1980, the rate began to increase, reaching a post-1965 peak of 15.2% in 1983 and remaining at mid-60s levels since. Thus, the secular trends in the poverty rate are much the same as the trends in the total numbers; overall, the pattern is one of considerable progress in the 60s, stagnation in the 70s, and significant deterioration in the 80s.

Not only has the number of the poor increased, but their poverty has deepened. The total share of national income going to the poorest tenth of the population has declined by more than 10% in recent years; the share going to the most affluent twentieth has increased by 37%. Accordingly, the gap between the poverty line and the median US family income has widened (Table 5). In 1980, the "income deficit" for the poor (the distance between the 3-person poverty level and the median income) was \$14,458; the corresponding figure in 1988 was \$22,755—a 57% increase.

In a privatized economy dictated by the laws of supply and demand, an increase in the number of the poor and the ensuing increase in the "demand" for low income housing would automatically produce an increase in the low-income housing supply. This has obviously not happened, simply because need and demand are not the same thing. A demand is a need (or a preference) backed up with cash, which the poor lack by definition. The need for low income housing is large and growing,



Table 5

*Poverty Levels, income Deficit and Maximum Affordable Rent, 1980-1988*

Year	Weighted <sup>a</sup> Poverty Family of Three	Median <sup>b</sup> Family Income	Income Deficit	Maximum <sup>d</sup> Affordable Gross Monthly Rent
1980	\$6,565	\$21,023	-\$14,458	\$218.00
1981	—	22,388	—	—
1982	7,693	23,433	- 15,740	256.00
1983	7,936	24,674	- 16,738	264.00
1984	8,277	26,433	- 18,156	276.00
1985	8,573	27,735	- 19,162	286.00
1986	8,737	29,458	- 20,721	291.00
1987 <sup>c</sup>	9,056	30,970	- 21,914	302.00
1988	9,436	32,191	- 22,755	315.00

<sup>a</sup>Money income<sup>b</sup>Current dollars<sup>c</sup>Based on revised methodology<sup>d</sup>Based on 40% of monthly income

but the demand (cash-backed need) is wanting. It is evident that millions of poor people *need* decent housing that rents, say, for \$200 a month or less (see below), but it is foolish to see this as an economic *demand* or to assume that there is profit to be made in responding to the need.

A comparison of the number of units renting for less than \$250 a month (30% of a \$10,000 annual income) and the number of households with annual incomes under \$10,000 reveals that in 1985 there were four million fewer units than renter households needing units (Shapiro and Greenstein, 1988; from whence Table 6). The discrepancy between the number of poor families and the number of very low income rental housing units exists in every state. The shortage is lowest in West Virginia (11% more low income households than low income units), highest in California (268%) and nationwide stands at 94%. In the nation as a whole, in short, there are nearly twice as many very

Table 6

## Rental Housing Crisis Index, 1985

State	Number of Very Low Income Renter Households	Number of very Low Income Rental Housing Units	Shortage of Very Low Income Renter Units*	Percentage by Which Number of Very Low Households Exceeds Number of Very Low Income Units*
Alabama	114,176	88,050	26,126	29.7%
Alaska	15,619	13,497	2,122	15.7
Arizona	86,414	45,407	41,007	90.3
Arkansas	68,570	57,205	11,364	19.9
California	1,084,277	294,871	789,406	267.7
Colorado	107,269	47,542	59,727	125.6
Connecticut	112,409	40,106	72,303	180.3
Delaware	18,241	8,155	10,086	123.7
Dist. of Columbia	46,545	14,866	31,679	213.1
Florida	338,315	149,544	188,771	126.2
Georgia	186,738	120,916	65,822	54.4
Hawaii	40,509	26,803	13,706	51.1
Idaho	25,855	16,331	9,524	58.3
Illinois	430,524	154,265	276,260	79.1

Continued . . .

Table 6 continued

State	Number of Very Low Income Renter Households	Number of very Low Income Rental Housing Units	Shortage of Very Low Income Renter Units <sup>a</sup>	Percentage by Which Number of Very Low Households Exceeds Number of Very Low Income Units <sup>a</sup>
Indiana	155,361	97,289	58,072	59.7
Iowa	84,506	51,834	32,672	63.0
Kansas	74,045	50,207	23,837	47.5
Kentucky	107,869	81,268	26,600	32.7
Louisiana	138,687	95,411	43,275	45.4
Maine	32,722	19,041	13,681	71.8
Maryland	158,231	56,459	101,772	180.3
Massachusetts	245,929	103,919	142,010	136.7
Michigan	248,874	118,202	130,671	110.5
Minnesota	116,703	55,578	61,125	110.0
Mississippi	68,245	60,592	7,653	12.6
Missouri	155,210	98,461	56,749	57.6
Montana	25,411	19,194	6,218	32.4
Nebraska	51,436	34,229	17,206	50.3
Nevada	35,076	9,635	25,441	264.1
New Hampshire	29,826	15,108	14,719	97.4
New Jersey	276,015	83,711	192,304	229.7
New Mexico	40,156	28,343	11,813	41.7

New York	928,319	390,630	537,689	137.6
North Carolina	184,072	136,009	48,062	35.3
North Dakota	20,277	13,832	6,445	46.6
Ohio	345,080	179,494	165,586	92.3
Oklahoma	93,467	61,682	31,785	51.5
Oregon	98,508	40,850	57,657	141.1
Pennsylvania	361,649	208,344	153,305	73.6
Rhode Island	39,762	19,262	20,500	106.4
South Carolina	87,615	70,536	17,079	24.2
South Dakota	21,238	16,453	4,786	29.1
Tennessee	144,900	97,660	47,240	48.4
Texas	501,509	285,175	216,333	75.9
Utah	37,448	18,791	18,657	99.3
Vermont	15,893	8,142	7,751	95.2
Virginia	182,823	96,930	85,892	88.6
Washington	150,819	69,547	81,271	116.9
West Virginia	51,696	46,403	5,293	11.4
Wisconsin	149,595	75,923	73,671	97.0
Wyoming	14,527	9,345	5,182	55.5
Nation	8,148,959	4,206,023	3,942,936	93.7

These figures are a measure of the extent to which the number of very low income renters in each state exceeds the supply of affordable rental housing. For example, the table indicates that in 1985 the number of very low income renter households in Alabama was 26,126 (or 29.7 percent) greater than the number of housing units in Alabama that rented for no more than 30 percent of these households' incomes.

Source: Shapiro and Greenstein, Table A17.

Table 7

*Comparison of HUD Subsidized Housing Assistance for Fiscal Years 1980–1989*

	Reagan Budget Request (in billions)	Funding Levels (in billions)	Net Additional Households Assisted
1980		26.6	187,892
1981		24.9	158,885
1982	13.2	13.2	55,836
1983	– 5.0*	8.6	53,732
1984	– 2.3*	9.9	88,345
1985	6.2	9.9	102,721
1986	.5	8.8	98,585
1987	0	7.3	92,980
1988	3.9	7.6	75,802
1989	6.5	7.4	83,685

\*Represents Reagan Administration's attempts to rescind Budget Authority already appropriated by Congress.

Source: Subcommittee on Housing and Community Development of the House Committee on Banking, Finance, and Urban Affairs. Serial 101–9. March, 1989.

low income renter households as there are low-cost units to accommodate them.

Despite this gap, HUD funding levels for subsidized housing assistance declined sharply from 1980 to 1989. In 1980, the funding for this purpose stood at \$26.6 billion, and in 1989, \$7.4 billion (Table 7). In recent years, the number of additional families receiving assistance has been less than 100,000 per annum (recall that the poverty population exceeds 30 million).

The actual housing situation is apparently even worse than the figures so far reviewed suggest. The count of very low income units shown in Table 6 may contain as many as 800,000 vacancies, nearly 20% of the total supply (Zigas and Hartman, 1989). Among other things, high vacancy rates often indicate inadequate living conditions; many of these units are "vacant" because they have been condemned. The number of truly *livable* low-income housing units available in the market is

apparently not known, but is surely less than the total units tallied in Table 6.

In contrast to claims by ACCESS and others that HUD plays a major role in solving the housing crisis through an infusion of funds into the system, HUD officials, in concordance with the Reagan administration, have indicated that they are "backing out of the business of housing" (Hartman and Zigas, 1989, p. 14). The ideology of the Reagan administration opposed "market interventions" of every sort, preferring to let the market operate, to the extent possible, free of governmental dictate. The spending trends indicated in Table 7 reflect this ideological imperative; the consequent gap between the need for and supply of low-income units has surely worsened the homelessness situation. In the meantime, as we discuss later, federal subsidies for *high-income* housing continue unabated. As others have noted, the policies of the Reagan years amounted to socialism for the rich and free-market capitalism for the poor.

These recent trends in the federal obligation to subsidize the construction of low income housing reverse a long historical commitment. The government undertook its first public housing program in 1937. That program provided federal subsidies to amortize the cost of building low-cost housing, was administered by local housing boards, and was highly restrictive in eligibility (Levitan, 1985). The Housing Act of 1949 established a national goal of upgrading and augmenting the general housing stock so that every American would have a "decent home and suitable living environment." Throughout much of the post-War period, the housing industry was highly productive, the concern over "inadequate housing" referred to the quality, not quantity, of available units, and the number of relatively affordable suburban single-family units steadily increased.

The Housing Act of 1968 set a goal of 26 million new units over the next decade, six million of them targeted to low-income households (Hartman and Zigas, 1989: 8). The goal was not met and thereafter the government refrained from setting specific, numerical housing goals. The 1980s witnessed lowered housing production levels across the board and a sharp diminution in the federal low-income housing effort. To be sure, national housing policy has always been market determined, and that has always

worked fairly well for moderate-to-upper income groups. That the market does *not* work particularly well for lower-income groups has been recognized in federal housing policy since the Depression. This half-century of recognition notwithstanding, during the Reagan administration housing policy for the poor has been market-based with a vengeance, much to the overall detriment of the low-income housing supply.

### Gentrification, Condo Conversion and Displacement: Housing Policy by Default

A market-based housing policy implies that the private sector will invest in the housing options that generate the most profit in the shortest time. Despite the growing need for low-income housing in the 1980s, the decade witnessed considerable outright destruction of the low income housing supply (through urban renewal and the "revitalization of downtown") and a great deal more conversion of low-income to upper-income units, through a process that has come to be known as gentrification. Rather than increase the number of low-rent units to meet the growing "demand," the "market" (which is to say, private investors) have destroyed much of the low income housing that was there in the first place.

The process known as gentrification resulted in significant declines in low income housing throughout the 1970s and 1980s. According to Carliner (1987), gentrification "inverts the normal flow of housing" from more to less affluent consumers. In the conventional model of housing flow, older, less desirable units are abandoned by the affluent in favor of newer housing in previously undeveloped areas; the units thus abandoned become available to the poor. This is the "trickle down" theory of low income housing and is much in the spirit of the Reagan administration's ideology. In the 1970s and especially in the 1980s, however, older urban housing was sought out by affluent individuals and (typically child-less) couples for renovation and reclamation; urban development policies throughout the nation encouraged this practice (gentrification) as a means of making downtown attractive once again to the middle class. The "downward trickle" of housing has thereby been interrupted. Hartman and Zigas (1989, p. 6) estimate that gentrification has resulted

in a loss of over a million units of SRO housing in the past two decades. In general, "demolition, rehabilitation, abandonment and condominium conversion have lessened the number of low-rent housing units in most major cities" (Huttman, 1990, p. 84).

Thus, "the revitalization of downtown" has been rather a mixed blessing. On the one hand, no one can possibly object to the razing of rotted urban slums and their replacement by attractive boutiques, elegant restaurants, up-scale condominiums and the like. There is likewise little doubt that these developments have successfully lured a segment of the middle class (and its tax base) back into some central city areas. At the same time, these processes have displaced large sectors of the urban poverty population and have destroyed large tracts of low-income housing, particular SRO housing, which has always served as the "housing of last resort" for the most down-and-out among the urban poverty population (Kasinet, 1986). With little regard for the replacement of lost low-income units, many of those displaced by gentrification have come to be permanently displaced, which is to say homeless (Wright and Lam, 1987).

The loss of single room occupancy units has been particularly widespread and disturbing. SROs require relatively little in the way of initial outlay and are most useful for the elderly poor, the disabled, and other nonconventional households for whom inner city living, with its proximity to business and transportation, is a boon if not an outright necessity (Kasinet, 1986; Hoch and Slayton, 1989; Huttman, 1990). And yet, despite the evident need for SRO housing, its availability continues to decline. For example, in San Francisco, from 1975 to 1979 alone, 17.7% of the existing SRO units were destroyed or converted, with further losses since. Similarly, in New York City there was an overall 60% loss of SRO hotels between 1975 and 1981 (Hoch and Slayton, 1989). The number of New York hotels charging less than \$50 per week declined from 298 to 131 in that period; of those dropping out of the price range, the majority are no longer even hotels and have been converted to other uses, mainly to condos (Kasinet, 1986: 248; Huttman, 1990).

The SRO picture is evidently the same everywhere. Denver lost 29 of its 45 SRO hotels between 1971 and 1981, Seattle lost 15,000 units of SRO housing from 1960 to 1981, and San



Diego lost 1247 units between 1976 and 1984 (Hoch and Slayton, 1989: 175). Ironically, in one city, 1,800 SRO units were converted by the City Social Service Department to temporary use as emergency shelter for the homeless. In some instances, SROs have been converted to tourist hotels, for example, the Villa Florence hotel in the Tenderloin district of San Francisco (Huttman, 1990, p. 84); in other cases SROs have been converted to expensive apartment or condo complexes, sometimes with financing through Section 8 renovation funds. (On the Section 8 program generally, see below.) Whatever the end use, these converted SROs no longer function as low income housing, and this has had obvious negative consequences for the most marginal segments of the urban poverty population.

Unfortunately, the destruction of SROs is only part of a larger process of displacement; the loss of low-income housing extends well beyond the SRO sector (Huttman, 1990). Based on data from the Annual Housing Survey, Huttman estimates that somewhere between 1.7 and 2.4 million persons are being displaced annually through outright destruction of units. Razed units are predominantly low income units; replacement units frequently are not. For example, in 1987 there were 346,500 new apartments built nation-wide. Of these, only 23,500 (7%) rented for less than \$350 a month; 74% of these lower-income units were occupied within 3 months. The median rent for new units constructed in 1987 was nearly \$550 per month, well beyond the reach of low income families (Statistical Abstract, 1989: 704). In the same vein, between 1980 and 1986, some 2300 rental and cooperative units were built for lower income people in San Francisco. While a positive step, it is clearly inadequate given an estimated need for 2600 new units *each year* (Huttman, 1990). Despite a growing need, the number of new low income public housing units under construction nation-wide has been shrinking since 1983 (Table 8).

Conversion to condominiums is another way in which low-income housing is transformed into housing for the upper middle class. From 1970 to 1975, 86,000 rental units were converted to condos; from 1975 to 1979, another 280,000 were converted (Hope and Young, 1986, p. 107), with these trends no doubt accelerating in the 1980s. Condo conversion usually results in an

Table 8

*Low Income Public Housing Units (1,000s)*

Year	Total	Occupied Units <sup>1</sup>	Under Construction	Other <sup>2</sup>
1980	1,321.1	1,195.6	20.9	10.6
1981	1,404.0	1,229.3	51.5	123.2
1982	1,432.2	1,231.4	66.7	134.1
1983	1,483.3	1,262.5	86.7	134.1
1984	1,368.7	1,312.9	24.0	31.8
1985	1,378.0	1,344.6	9.6	19.5
1986	1,365.0	1,333.8	12.1	19.3
1987	1,371.7	1,339.1	9.5	23.2

<sup>1</sup>Under management or available for occupancy<sup>2</sup>To be constructed or to go directly under management because no rehabilitation needed

Source: Statistical Abstract, 1989

approximate doubling of housing costs and, according to HUD, about two-thirds of the original occupants move out (Hope and Young, 1986). In some cases, SRO units that once rented for less than \$200 per month have been converted to up-scale units renting for \$700 a month or more. Thus, gentrification and condominium conversion are housing policies that generate high profits for developers and provide new and elegant urban housing for the affluent, at the direct expense of housing options for the poor. To quote the Mayor of Boston, "Just look at the money being made by conversions. It is second only to the lottery in the amount of money you can make in one shot" (quoted in Wright, 1989, p. 46).

### Taxes: Housing Policy for the Non-Poor

Even as the Reagan administration was cutting back on HUD's low income housing programs and encouraging "revitalization" efforts that further eroded the low-income housing supply, they also continued to support a long-standing and very expensive program of housing subsidies for the affluent,

namely, the provision of the tax code that allows homeowners to deduct mortgage interest payments (and local property taxes) from their taxable incomes. Although not usually considered an element of housing policy, this direct tax subsidy of the housing costs of homeowners in fact dwarfs the government's expenditures on low income housing and is in that sense very much a part of the overall policy posture of the Reagan administration.

Disallowing the home mortgage interest deduction was considered as part of the Tax Reform Act of 1986, but the deduction survived unscathed. Few people appreciate the magnitude of this *de facto* federal subsidy for the home-owning classes. Dolbeare (1988, p. 39) estimates that special housing deductions—primarily, the deduction of mortgage interest and local property taxes from one's taxable income—cost the treasury more in two years than did the total outlay for subsidized housing over *the last half-century*. Specifically, the total federal expenditure for low-income housing payments plus public housing operating subsidies from 1937 through the 1987 fiscal year amounted to \$97 billion; in two years, 1986 and 1987, the total income tax foregone via housing-related income tax deductions amounted to \$103 billion. At present, the federal tax subsidy for middle class housing exceeds \$50 billion per year (Dolbeare, 1988, p. 39; see also Zigas and Hartman, 1989:2; Lang, 1989; Sanjek, 1986).

The income lost to the Treasury through housing-related tax deductions (known among housing specialists as the "housing tax expenditure") doubled in the 1980s, rising from \$26 billion in 1980 to more than \$50 billion in 1988. Table Nine shows how this housing subsidy is distributed across income classes. As would be expected, the largest share—about two-thirds of the total—goes to families with incomes in excess of \$50,000 per year; about one-tenth of a percent goes to families with incomes less than \$10,000 a year. (Most low-income families, of course, rent rather than own and are therefore excluded from the benefits of these deductions.)

Comparing these data on the annual housing tax expenditure with HUD budgetary outlays (Table One) reveals that the federal subsidy of middle-to-upper income housing exceeds the total HUD budget by an approximate factor of two annually. Thus, the government spends a great deal more subsidizing

Table 9

*Estimated Household Income and Housing Subsidy Distribution, 1988*

Annual Income	Housing Tax Expenditures	Percent
Less than \$10,000	\$0.1	.1%
\$10-19,999	1.1	2.2
\$20-29,999	3.8	7.6
\$30-39,999	5.4	10.7
\$40-49,999	6.6	13.0
\$50,000 & over	33.6	66.4
Total	50.6	100%

Source: Table 12, Dolbeare, 1988:41

the housing costs of the affluent than it does underwriting the housing costs of the poor. Also of relevance in this connection, Reagan's tax policies reduced the tax benefits of investment in low-cost housing, as discussed in Lang (1989).

#### Vouchers and Subsidies: Housing Policy for the Poor

A major thrust of the Reagan administration's low-income housing policy was to withdraw (as much as possible) from the direct subsidy of new low-income housing construction and to focus on the use of existing units to house the poor, this via the Section 8 voucher program. Section 8 provides housing vouchers for qualifying low-income households that can be used in lieu of cash for rent. In order to qualify as a Section 8 unit, an apartment must rent for less than a designated "fair market value." At the same time, to prevent obvious abuses, the unit must also meet certain housing quality standards. Landlords providing such units receive what amounts to a guaranteed clientele whose rents are, in essence, being paid by the federal government. In theory, Section 8 enhances the housing purchasing power (housing "demand") of the poor and this should in turn cause landlords to increase the supply of eligible low-rent units, either via new construction or through renovation of existing units to bring them up to the mandated quality standards.

(Critically, Section 8 does not provide direct financing either for new construction or for renovation; developers must find their own financing through private sources.)

Section 8 relegates the provision of low-income housing to the private market. Qualifying households receive certificates that make up the difference between what they can afford to pay and the going price of rent. Consistent with the Reagan agenda, this then gives poor families the freedom to find available Section 8 housing that suits their needs and purposes; it also gives landlords and developers the incentive to supply housing that satisfies this new demand. Section 8 is thus a classic market solution to the low-income housing problem.

When Section 8 was first implemented, it was assumed that a qualifying family could afford to spend 25% of its income on housing; the voucher made up the difference between this income figure and the designated fair market rent. (Fair market rent standards vary from city to city, as would be expected.) The "affordability" standard was later raised to 30% of income, to keep the total cost of the program down (Zigas and Hartman, 1989, p. 10; Lang, 1989, p. 77). Critically, and contrary to a common misconception, Section 8 certificates are *not* considered to be entitlements given to every qualifying family; there are a limited number of vouchers available each year and they are given mainly to AFDC recipients.

By far the largest problem with the Section 8 program is that apartments good enough to satisfy the quality standard but cheap enough to satisfy the rent standard are few and far between, this despite the supposed program incentive for private developers to create such units (Wright, 1989, p. 48). In fact, approximately half the households who receive a Section 8 voucher in any given year must return it unused precisely because an acceptable qualifying unit cannot be found (Carliner, 1987). Thus, Section 8 has done little to address the low-income housing supply problem, although it has certainly made some difference to the (relatively few) low-income families who receive certificates and find acceptable units.

Since the gap between average rents and the ability of the poor to pay those rents has increased substantially (see below), the annual cost of the Section 8 housing voucher program has

also grown. In order to fund the voucher system and keep total budgetary outlays within limits, federal funding for new construction and for rehabilitation of existing units has been slashed; thus, the Section 8 voucher system is practically all that remains of the federal commitment to low-cost housing.

The recent and dramatic decline in federal subsidies for the construction of new low-income housing was shown in Table Seven. At the same time, inflation, abandonment, conversion, and gentrification have seriously diminished the available quantity of unsubsidized low income housing (Lang, 1989). To illustrate, in 1980 there were some 350,000 "low-to-moderate income" housing units produced; in 1985 only 200,000 were produced. Most of the "low-to-moderate income" housing now coming on the market is in fact occupied by families with incomes above poverty but below the median income, not by the truly poor. Many of the landlords in these developments require a stable, secure source of income and thus exclude the neediest sectors of the population. "Low to moderate" income households are usually not poor but rather young middle class families on their way up (Lang, 1989; Hartman and Zigas, 1989).

When all is said and done, HUD housing programs assist fewer and fewer *new* households each year, for shorter periods of time (the standard HUD commitment has been reduced from 24 to 12 years), and at a lower dollar subsidy per unit cost of housing. The General Accounting Office has estimated that without additional budget authority, tenant based programs with five year contracts will be eliminated completely by 1991 if new contracts are not extended (American Association for the Aging, 1987).

Additionally, despite the growing number of assisted households, the lag between assistance and need continues to grow. At present, for each low-income household that receives subsidized housing, there are three additional eligible households that do not; in other words, existing subsidies supply relief to only about a quarter of income-eligible families (Dolbeare, 1988). Even among renters earning less than \$2500 per year, fewer than a quarter live in assisted housing.

With the supply of low-income housing continuing to shrink and the need continuing to grow, it is not surprising that the

waiting lists for subsidized housing have become interminably long. The U.S. Conference of Mayors recently surveyed public housing waiting lists in 27 large cities. The average waiting time from application to occupancy of a subsidized unit was 22 months. In Chicago, the average applicant will wait 10 years for Section 8 housing and in Washington DC, 8 years. It has been estimated that the waiting list for subsidized public housing units is 17 years long in New York and 20 years long in Miami (Daly, 1990: 137). The Conference of Mayor's survey also showed that waiting lists for assisted housing have been closed in 65% of the surveyed cities due to excess demand. In Ohio, there are 40,000 people waiting for public housing; officials from the National Association of Housing and Redevelopment estimate that in 1987, a half million families nation-wide were on the waiting lists for assisted housing (Report to the Committee on Banking, Housing and Urban Affairs, 1987). (Table Ten shows data on waiting lists in selected cities.)

Reaganomics shifted the focus of federal low income housing policy away from the subsidized construction of low income

Table 10

*Waiting List for Public Housing in Select Cities, 1986*

	No. Applicants Waiting	Total Units
Akron	1,720	4,784
Baltimore	13,875	17,679
Buffalo	3,039	5,069
Chicago	44,000	49,155
Greensboro	1,177	2,220
Philadelphia	8,400	20,580
Pittsburgh	2,957	9,850
Sacramento	2,755	2,791

Source: Council of Large Public Housing Authority telephone survey, July 1986 from "A new housing policy": recommendation of organizations and individuals concerned about affordable housing in America. U.S. Government Printing Office, 1987.

units and towards so called "tenant based" subsidies (Section 8 vouchers) that, contrary to theory, have not added to the housing supply. "In 1980, 81% of incremental HUD subsidized units were new or rehabilitated Section 8 or public housing units; by 1988 that figure had fallen to 4%" (Zigas and Hartman 1989, p. 19; see also Carliner, 1987, p. 126). So far as the remaining "supply side" subsidies are concerned, HUD's current focus is on projects with local governments as the housing providers. Most of these projects are targeted to temporary shelter and short-term services (Daly, 1990).

An additional problem for the 1990s is the possible loss of subsidized housing units through expiration of their existing HUD contracts. Lang (1989) estimates that there are presently some 900,000 federally subsidized units that will be eligible for refinancing over the next few years; in most cases, these refinanced units will be permanently subtracted from the low-income housing stock. Already (according to Lang), numerous public housing projects have been either demolished or sold to the private sector.

As indicated earlier, what remains of the federal commitment to low income housing is mainly the Section 8 voucher program. Section 8 vouchers are usually short term commitments (5 years) because HUD officials initially hoped that falling interest rates would soon render the voucher system unnecessary. This, of course, has not happened and is not likely to happen anytime soon. In the interim, only a quarter to a third of income eligible households receive any form of federal low-income housing assistance (Zigas and Hartman, 1989: 15).

Whether the households currently receiving housing voucher assistance will continue to do so is highly problematic. About a million existing Section 8 contracts will expire between 1990 and 1994. In the face of the Reagan-induced budget deficit, the cost of renewing them may well prove prohibitive. In this vein, the Director of Housing and Monetary Policy for the AFL-CIO estimates that "over a 5 year period and with a 5 year occupancy renewal cycle, the cost to the [federal government] of [renewing] 5 year vouchers for 968,000 units would increase from \$29 billion in the 1990-1994 cycle to \$33.5 billion for the next 5 years" (Schechter, 1989: 149). One is entitled to doubt whether



the federal coffers will sustain "hits" of this magnitude in what can be referred to as the Gramm-Rudman era; if not, roughly a million families will soon be dropped from the housing assistance rolls.

It is obvious that the voucher program can only succeed if there is an ample supply of acceptable units. Units meeting the Section 8 rent and quality standards are in noticeably short supply, as we have already said, and the exceptionally low vacancy rates in these units further compound the problem (Zigas and Hartman, 1989: 12). While vacancy rates nation-wide have been around 7-8% in recent years, the rates vary sharply by region and by type of unit (Table Eleven). For example, vacancy rates are lowest in the Northeast (usually around 4%). Vacancies in larger apartments are lower still (about 3%). Nation-wide, most vacant units are either high rent luxury apartments, suburban units that are not available to the poor, very small units that are not adequate for poor families, or simply substandard units (Huttman, 1990). Among acceptable and adequate units within the means of the poor, vacancy rates are minuscule. For example, the vacancy rate of apartments renting for less than \$100 a month was only about 2% in 1989.

### Conclusions

The general portrait sketched here has been drawn by many others; the principal feature that comes consistently into view is more poor people competing for less low income housing (Wright and Lam, 1987; Bassuk, 1986; Dolbeare, 1988; Lang, 1989; Hartman and Zigas, 1989; Zigas and Hartman, 1989; Huttman, 1989; Sanjek, 1986; McChesney, 1988). The overall dimensions of the low income housing "squeeze" are easily illustrated. In 1970, there were two low-income units (renting for less than \$125 a month) for each low-income renter household (annual income below \$5,000). By 1983, that situation was reversed; two low-income renter households for each low-income unit (Dolbeare, 1988). In 1975, 3.7 million low-income renters paid more than 50% of their incomes for rent; in 1983, 16 million low-income renters paid more than 50% of their incomes for rent, some two-fifths of the total (US Conference of Mayors, Report to the Subcommittee, 1989). In 1983, of the 2 million

Table 11

*Vacancy Rates, 1982-1987 (%)*

	1982	1983	1984	1985	1986	1987
Total rental units	5.3	5.7	5.9	6.5	7.3	7.7
Inside SMSAs	5.0	5.5	5.7	6.3	7.2	7.7
Outside SMSAs	6.2	6.3	6.4	7.1	8.2	7.8
Northeast	3.7	4.0	3.7	3.5	3.9	4.1
Midwest	6.3	6.1	5.9	5.9	6.9	6.8
South	5.8	6.9	7.9	9.1	10.1	10.9
West	5.4	5.2	5.2	6.2	7.1	7.3
Units in structure:						
1 unit	3.6	3.7	3.8	3.8	3.9	4.0
2 or more	6.2	6.7	7.0	7.9	9.2	9.7
5 or more	6.5	7.1	7.5	8.8	10.4	11.2
Units with:						
3 rooms or less	7.2	7.2	7.5	8.8	10.2	10.7
4 rooms	5.0	5.7	6.3	6.9	8.0	8.6
5 rooms	4.0	4.4	4.6	5.0	5.3	5.4
6 rooms or more	3.5	3.7	3.5	3.2	3.3	3.3
Monthly rent:						
Less than \$100	3.4	2.5	2.7	3.5	2.8	2.2
\$100 or more	5.4	5.7	5.9	6.6	7.7	9.0
Year built:						
1960 or later	5.3	5.9	6.6	7.9	9.5	11.2
1965 or later	5.6	6.2				
1940 - 1959	5.2	5.4	5.6	6.2	6.9	7.7
1939 or earlier	5.5	5.6	5.3	5.0	5.0	5.1
Plumbing:						
With all facilities	5.1	5.5	5.7	6.3	7.2	7.5
Lacking facilities	12.2	11.8	13.6	13.8	14.5	16.2

Source: Statistical Abstract, 1989

renters with incomes less than \$3,000 per year, 86% paid more than 60% of their incomes for rent (Nelson, 1990). The median rent (in 1988) for a two bedroom apartment in San Francisco was \$850 per month; in Los Angeles, \$616 a month; in Nassau-Suffolk county (New York), \$670 a month; in Washington DC, \$563 a month; in St. Louis, \$419 a month; and in Houston, \$400 a month (Huttman, 1990: 89). Most rental housing in the urban areas is priced well beyond the means of the poor, even as the number of the urban poor has increased. But even the poor have to live *somewhere*. Increasingly, "somewhere" has meant on the streets. Even more frightening is the possibility that as many as 3.5 million additional low cost rental units will be taken out of the housing supply over the next few years (Lang, 1989: 17).

The U.S. Conference of Mayors concluded (in testimony before the House Subcommittee on Housing and Community Development) that none of the 27 cities they had surveyed would be able to meet the near-term housing needs of their low income families because of the continued federal cutbacks in housing subsidies (1989: 293). The Subcommittee responded that from 1980 to 1989, its jurisdiction over low-income housing had been dramatically reduced and that little (if anything) could be done. This reduction is reflected in a 72% cut in the Subcommittee's budgetary authority for the Subsidized Housing Account and a consequent decline in the number of households assisted by that account, from 187,892 assisted households in 1980 to 83,685 in 1989.

As we and many others have shown, the Reagan years witnessed dramatic declines in the supply of low-cost housing, substantial increases in the poverty rate (especially in the large cities), and drastic shifts in federal policy towards housing the poor. A related development, one that we have not touched on, was an increasingly stringent, even punitive, attitude towards low-income recipients of federal assistance, a tightening of welfare eligibility requirements, a reduction in the level of assistance, and the "purging" of the assistance roles (Hope and Young, 1986; Stern, 1986: 117). The inevitable consequence has been a crisis in low-income housing and an increase in the numbers without housing, which is to say the homeless.

Next to adequate nutrition, suitable housing is the most basic element of social welfare and housing policy is therefore a fundamental component of social policy in general (Esping-Anderson, 1985). Most of the advanced industrial democracies find it necessary to subsidize their housing supplies in order to achieve their overall social welfare goals. In contrast, in the United States, we have always subsidized a lower percentage of the housing stock than virtually any other industrialized nation (Hartman and Zigas, 1989, p. 9), a comparison that became even less favorable in the Reagan years. For all practical purposes, we now stand alone among the Western nations in our apparent indifference to housing the poor.

Adequate housing has become, it seems, a privilege of the affluent rather than a basic right of citizenship guaranteed to all. There is obviously no philosophical or ideological objection to the general notion of housing subsidies, since every home-owning household that itemizes its federal income tax deduction receives one. The objection, rather, is to providing housing subsidies to those that truly need them.

The notion that the private market would somehow take care of the housing needs of the poor, with only a little federal voucher assistance to those of greatest need, must be counted as one of the great delusions of the 1980s. "The Market" was responsible for the outright destruction of a great deal of low-income housing as the central cities were revitalized to accommodate the tastes of the young and wealthy, but it provided a meager to non-existent backflow (or downward trickle) of low-cost housing for those displaced by the renovation effort. The result is that hundreds of thousands, possibly millions, now find themselves without housing and must either avail themselves of the good will of friends and families, utilize temporary over-night shelters, or sleep in the streets. This cannot in good conscience even be called a housing *policy*. It is madness masquerading as a "free market" ideology—perhaps the most enduring legacy of the Reagan administration.

What can be done now to undo the harm inflicted on the poor by the housing strategies pursued in the 1980s? There may well be some alternative in all this to a renewed federal commitment to the subsidized construction of low-income housing

units, but frankly, we fail to see what it might be. Unfortunately, the size of the federal deficit (another inheritance from the Reagan years) in essence rules out any bold, new, social welfare programs for at least the next decade. In the meantime, it is an easy prediction that the homelessness problem will continue to worsen and that the new Millennium will find us still grappling with and embarrassed by this national disgrace.

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