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A Decent Home for Every Family?
Housing Policy Initiatives Since the 1980s.

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A fundamental economic and social principle embedded in the American psyche remains the value of shelter. However, housing policy is the result of a complex exchange among economic, political, and social agendas competing for attention within the multiple levels of local, state, and federal governments. This article intends to capture what we consider a few of the significant initiatives since 1980 that reflect these tensions and comprise our current housing policies and directions. Furthermore, we suggest additional housing issues that may need to be addressed by the next presidential administration.

Keywords: Housing, Policy, Legislation, Low-Income, Home ownership
Housing policy is the result of a complex exchange among economic, political, and social agendas competing for attention within the multiple levels of local, state, and federal governments. Missing in recent history is the commitment for a "...decent and suitable living environment for every American family" as specified in the Housing Act of 1949 (Orlebeke, 2000, p. 489). Instead, current housing policy reflects the dynamic tensions between a capitalistic economy and the shelter needs of those in vulnerable economic conditions or those who may be unable to sustain or afford accommodations.

This article intends to capture what we consider a few of the significant initiatives since 1980 that reflect these tensions and comprise our current housing policies and directions. Many of these programs are the result of legislation and social upheavals that occurred prior to the Reagan Administration. Their impact, however, has had lasting implications and has set the course for our housing policy today. Therefore, we will begin with a brief review of key events that shaped the direction of housing policy prior to the Reagan Administration. (Critiques of these events are readily available in the literature.) We will discuss significant housing policies that have emerged since 1980. Finally, we will offer our thoughts on what the housing policy issues may be for the next presidential administration beginning in the year 2009.

The Emergence of Housing as a National Goal

A fundamental economic and social principle embedded in the American psyche remains the value of shelter. This commodity provides access to assets, goods, self-sustainability, and self-esteem (Bratt, 2002). However, obtaining shelter is not an easy feat. Within the context of this article, we note that race, gender, socio-economic status, language proficiency, immigration category, and residency location have been and continue to act as barriers to obtaining housing and, in particular, to property ownership. In addition, we acknowledge that these factors are mitigated by and embedded within larger societal forces. To discuss the impact of each of these issues is beyond the scope of this work; however, it is not surprising that the role of the federal government in interceding to ensure that shelter is available to all citizens can be traced back to the
economic conditions of the 1930s (Colton, 2003).

During that decade, several important initiatives were started that serve as the foundations for current housing policy. Briefly, these included the National Housing Act of 1934, which created the Federal Housing Administration (FHA) and subsequent enhanced mortgage insurance options for single family dwellings and multiple family complexes; the Housing Act of 1937, which sanctioned a public housing program that set limits on rental rates for low-income individuals and conditions for administration of such programs; and the 1938 amendments to the National Housing Act which created Fannie Mae, thereby establishing a mechanism to provide a consistent stream of mortgage monies into what is now known as the secondary housing market.

In tandem with the expanding role of government in the financing, demolition, rehabilitation, and/or production of physical housing units, the effects of World War II on the citizens of this country demanded legislative action. In particular, the housing needs of returning soldiers and their place in the urban workforce received the most attention (Colton, 2003). The result was the passage of the Housing Act of 1949, landmark legislation which fundamentally redefined the role of the government with respect to shelter. According to Orlebeke (2000), this legislation marked the beginning of federal consideration of issues such as “...defining who besides the immediately desperate might receive housing assistance, what form such assistance might take and for what types of ‘decent’ housing, and who should be administratively responsible for running the system” (p. 480).

In the following decade, federal efforts were focused on urban renewal and redevelopment efforts. These included programs to develop nonresidential areas, provision of relocation monies to those displaced by renewal efforts, and financial incentives for acquiring property to proceed with renewal efforts. In 1959, local housing authorities were given the ability to assign flexible rents within their properties, allowing access to dwellings previously unavailable to those of very low income. However, despite ambitious goals set by various legislations, housing for low-income households remained in short supply (Colton, 2003).

By the 1960s, with the explosion of social activism in
numerous arenas and the returning focus on poverty, renewed attention to the importance of housing and the conditions of these properties emerged (Erickson, 2006). In 1965, the various federal administrative entities which oversaw individual segments of housing issues were joined under a new cabinet level organization, the Department of Housing and Urban Development (HUD). Emphasis on housing production, federal below-market interest rate financing for private and nonprofit builders of low-to-moderate income housing, and rental subsidy programs were implemented as strategies to address many of the issues raised during these times. In addition, during this decade, governments' role in housing was recognized and intrinsically linked by the passage of the Civil Rights Act of 1968. In Title III of this Act, issues of fair housing practices are addressed “...making it unlawful to refuse to sell, rent, or make a dwelling unavailable to any person because of race, color, religion or national origin, or to deny a loan or other financial assistance for the purchase, construction, repair, or maintenance of a dwelling” (Colton, 2003, p. 218).

The emphasis on housing policies changed again under the Nixon administration. Budget issues, media attention to failing public housing entities and abuses in other HUD programs, and organizational consolidation of housing programs helped to create the conditions for a two year moratorium regarding housing policy. However, emerging out of this hiatus was the Housing and Community Development Act of 1974. The legacy of this legislation remains influential in current housing policy programs. Included in this law was the origination of a “certificate program” which serves as a basis for the current Housing Choice Voucher (Section 8) program, the establishment of Community Development Block Grants (CDBG funds) to assist local governments with redevelopment efforts, and the end of government building of public housing (Colton, 2003; Erickson, 2006). Other significant policies during this decade are the 1975 Home Mortgage Disclosure Act (HMDA), a policy implemented to address (among other things) the then common practice of “redlining” by mortgage lenders or banks, followed by the 1977 Community Reinvestment Act (CRA), which “encouraged” lenders to serve underserved communities (Collins, 2007, p. 69). Although President Carter was a strong advocate for supporting housing developments
for low-income individuals through self-help neighborhood established, nonprofit programs (Marcuse, & Keating, 2006), he failed to recognize the potential for the extreme profitability for developers in producing specific types of housing stock for low-income housing in private-public partnerships, a condition which remains today (Orlebeke, 2000).

In summary, the emergence of housing as an issue associated with the well-being of a civil and democratic society is closely linked to the economic and social turmoil in past history. Within these periods, strategies for addressing housing needs, particularly for low-income persons, have reflected the prevailing view of the Presidential political party. Perhaps due to this, approaches to shelter policies reflect a mix of public-private market incentives (especially for those in the housing industry and in community redevelopment), favorable tax policies for certain types of dwellers and dwellings, and a decreased emphasis on the housing needs of those unable to sustain participation in the economy.

The ongoing evolution of housing policy is dependent on the resolution of the varying approaches to the following policy questions: 1) Should public entities or the private sector build housing? 2) Should assistance target suppliers of housing or be provided directly to tenants? 3) How large should subsidies be and who should be targeted? and 4) Should programs support rental options or homeownership?

Support for the Private Market

As Reagan entered office, it was evident that housing issues had at least two influential lobby groups which those making policy had to consider. These were the housing industry and tax policy groups. A signature document reflecting the direction of housing policy under the Reagan Administration is the 1982 President's Commission on Housing. As a supply-side conservative, Reagan did not support federal construction programs for public housing, favored privatizing public housing, and increasingly cut HUD's budget for new commitments to housing (Johnson, 1991).

With increased pressure from housing advocates pushing for support for low-income dwellings, by 1985, the Housing Choice Voucher (Section 8) certificate program begun in the
1970s was expanded. In this program, a participant with a certificate was able to seek a place to live in an approved private market housing dwelling and only pay the difference between the voucher value and the rental rate. All participants accepted into this program had to (and continue to) meet certain income requirements and properties available to certificate holders must have rents below a specified threshold and be approved by the local public housing authority.

Clearly, what emerged under this administration was the reliance on individual income to support housing needs and the private housing market to supply available units. However, what was neglected during this time was the construction of units specifically for those with low-to-modest incomes or those who were socially and/or economically vulnerable and could not participate in the workforce. The shortage of affordable housing was beginning. Subsequent legislation only exacerbated the problem.

Low Income Housing Tax Credit Program Operations
(LIHTC Program)

The Tax Reform Act of 1986 dealt a severe blow to the building of commercial real estate, which includes rental housing units. Prior to 1986, several tax incentives existed to encourage the provision of rental housing. Generally, these involved the opportunity for property owners to claim (for tax purposes) that a building was depreciating at a faster rate than the actual economic and physical deterioration of the property and to deduct this depreciation amount from income earned by the property in calculating the tax liability for the year.

The accelerating of depreciation deductions for tax proposes resulted in the ability of property owners to claim negative earnings from a property and reduce their tax bill on other income. Negative taxable income was allowed by the tax law, despite the fact that the building, without the depreciation, generated a positive cash flow. Further, when the building was sold, net proceeds from the sale were taxed a lower rate than other income earned by the investor, furthering the tax advantage of owning rental housing. Preferential treatment for rental housing investment was ended in 1986. Elimination of these tax incentives reduced the enticement to invest in rental housing. In their place, the Tax Reform Act created the Low
Income Housing Tax Credit (LIHTC) program. With modifications, the LIHTC program was consistently renewed by Congress, and Congress legislated permanent status for the program in 1993.

The LIHTC program has replaced not only prior tax incentives for low income rental housing but other subsidy programs for low income housing construction as well. For example, the Section 8 New Construction and Substantial Rehabilitation program, also known as project based Section 8, was cancelled. The Section 8 program provided commitments to developers of affordable housing that rent would be subsidized in their units and that these payments would be made on units even if the units were not occupied. Further, the LIHTC program shifted the trend of federal low income housing policy, which had been moving toward providing assistance through direct (or "demand side") subsidies to tenants (i.e., Section 8 vouchers and certificates). Instead, the LIHTC program provides investor tax incentives (i.e., "supply side" subsidies). But also note that the program provides no direct subsidy to developers of affordable housing, only a tax incentive.

The operations of this program can be daunting (McClure, 2000). We will highlight a few of its features. The LIHTC program provides a "tax credit" rather than an income deduction as an incentive for rental housing property owners. A credit is a direct reduction of taxes owed, rather than an offset against income prior to calculating taxes. For new construction and substantial rehabilitation projects, the tax credit is approximately 9 percent of the development cost of a project excluding the cost of land, acquisition of an existing property, projects financed with tax-exempt bonds, or those receiving below-market rate loans from a federal source.

The tax credit is taken each year for ten years. In return for receiving the credit, the developer must ensure that the project continuously satisfies restricted-income criteria for at least 15 years and, after 1989, for 30 years. However, after 15 years the owners may notify the state administrative agency of their intention to begin renting the units at market determined rates. Once notified, the state has one year to find a buyer willing to maintain the restricted income occupancy and pay a price for the project determined by a statutory formula. If the state does not find such a buyer and the project is converted to a market-
rate project, current tenants must be allowed to maintain their status for a period of three years.

The income and rent restrictions that developer/owners of tax credit properties must meet are as follows: First, at least 20 percent of the units must be occupied by tenants whose income is less than 50 percent of the metropolitan area’s median family income, or 40 percent of the units must be occupied by tenants with income less than 60 percent of the metro area median. Second, maximum allowable rents on the units against which the tax credits are claimed are constrained by the level of the median income in the metropolitan area. More specifically, allowable rents are capped at what a household with the maximum qualifying income in the area could afford if it paid 30 percent of its income for rental housing (including tenant paid utility expenses). For example, if the developer has chosen to meet the 40%-60% units-income standard, the maximum allowable rent is equal to the amount a household—with income equal to 60 percent of the area median—would spend on rent if 30 percent of household income is devoted to rent. In practice, most projects include 100 percent of the units with rents at the 60 percent of median income standard.

It is important to note that allowable rents are not based on the household income of the tenant(s) occupying the unit. Rather, they are based on the area’s median household income. Thus, the program does not guarantee that an individual household will not have to pay more than 30 percent of its gross income in rental expenses. Instead, the program guarantees that rental expenses will not exceed the level considered to be affordable by standards within the overall area (McClure, 2000). This is what is referred to as a “shallow subsidy.” This implies that households at the lowest income levels pay a greater share of their income toward rent. In contrast, the Section 8 program provides a deep subsidy because the subsidy is based on tenant income and assures that the tenant pays no more than 30 percent of income toward housing costs. Further, the shallow nature of the subsidy is most severe for very low income households in high median income metropolitan statistical areas because maximum rents, based on area median incomes, are highest in those areas.

Additional subsidy from federal, state, or local sources is often needed for a viable LIHTC project. Many projects require
substantial amounts of federal and state-funded special financing, making the burden of administrative compliance substantial for projects using multiple funding sources.

Although the subsidy to investors is provided entirely through the federal income tax system, LIHTC programs are administered through state-level government agencies, generally the state housing finance agency. Developers/investors seeking tax credits for their projects must apply to the state administrative agency. Tax credit bidders are put through a competitive evaluation process. After a successful bidder is "allocated" his/her credits, the development or rehabilitation completed, and the completed project occupied by tenants, the program begins to grant 4 percent or 9 percent credits against the property owners' federal income tax liabilities.

As discussed above, because most units are built with rents near the maximum allowable, the LIHTC program does not meet the needs of the households with the greatest housing needs as consistently shown by HUD studies, those with incomes below 30 percent of area median income. The 60 percent of median income standard for the LIHTC program translates into qualifying income exceeding $30,000 in a number of metropolitan areas and approaching $40,000 in some. Households occupying such units would require additional subsidy assistance such as a Housing Choice Voucher (Section 8) to keep their expenditures on housing below the 30 percent of income standard commonly thought to be the maximum that should be spent on housing.

**Homelessness**

While major changes were occurring in the areas of tax reform to support private developers and real-estate initiatives during the 1980s, a convergence of social problems led to the increasingly visible number of homeless individuals on the streets, especially within urban centers. However, the presidential response was to cast the issue of homelessness in terms of the failure of the individual rather than systemic problems, such as inadequate social services resources to meet the need of this population or the insufficient supply of affordable housing or shelters (Marcuse & Keating, 2006). Unfortunately, this philosophy remains dominant despite numerous scholarly reports documenting the struggles of this population and
the complexity of their service and housing needs (Burt, Aron, & Lee, 2001; Burt, Hedderson, Zweig, Ortiz, Aron-Turnham, & Johnson, 2004; Wright, Rubin, & Devine, 1998).

Yet back in 1987, despite unenthusiastic presidential support, the Democratic Congress was able to push through what remains to date as the only major legislation focusing on housing and homelessness—McKinney Homeless Assistance Act—now known as the McKinney-Vento Homeless Assistance Act. Currently, there are nine programs in the Act that describe a range of services including emergency food and shelter support, transitional housing programs, guidelines for surplus land or property use, health care programs, and supportive work programs (National Coalition for the Homeless, 2006). However, this legislation was never intended to eradicate the many underlying causes of homelessness or address the shortage of affordable housing units. Rather it was and remains a beginning step to launch targeted efforts to address the continuing and growing problem of sustained homelessness in the country. According to the latest Annual Homeless Assessment Report to Congress, it can be estimated that approximately 313,000 to 415,000 persons are homeless on any given day (U.S. Department of Housing and Urban Development, 2007a).

The Re-Emergence of Housing in the 1990s

As the last decade of the 20th century began, the federal government continued to remove itself from the public housing sphere and to support private-based housing options. The influence of the 1990 Cranston-Gonzalez Affordable Housing Act, which established the HOME Investment Partnership Program, provided various opportunities for low-income rental tenants in the housing market, including the ability of public housing residents to use subsidies to rent or purchase homes on the private market and support services to promote homeownership as a goal for all households (Carlino, 1998). Further, the Housing Opportunities for People Everywhere (HOPE VI) program provided for the revitalization of federally-backed public housing in partnership with private and local government entities to support the housing needs of a select group of low-income individuals and families and those of
moderate incomes. This innovative but controversial program will be discussed next.

**Housing Opportunities for People Everywhere Program (HOPE VI)**

The HOPE VI program was a response to a 1992 report to Congress by the National Commission on Severely Distressed Public Housing. In this report, the Commission estimated that 86,000 of the existing 1.4 million units of public housing were in severely distressed condition. Their recommendation was to demolish these units and replace them over a ten-year period at a cost of $7.5 billion (in 1992 dollars). The program, administered by HUD, is intended to improve the living environment for residents of severely distressed public housing, as well as to contribute to the revitalization of surrounding neighborhoods (Finkel, Lennon & Eisenstadt, 2000; Popkin, Katz, Cunningham, Brown, Gustafson, & Turner, 2004a; Salama, 1999). The program follows a mixed-finance model where public funds are leveraged by private investment and nonprofit participation to create new housing opportunities. HOPE VI developments may include not only public housing units, but also units funded through other public programs (such as the LIHTC) and market-rate units funded solely by private investment. In addition, some HOPE VI developments include opportunities for homeownership.

Expected residents of these properties included former public housing residents, those individuals or families participating in the Housing Choice Vouchers (Section 8) program, and individuals who would pay market rate for a dwelling. This program also includes case management and supportive services for specific groups of residents, including those former public housing residents returning to live in the housing complex.

The mixed-income approach to housing is a fundamental component of the HOPE VI program. It is based in large part on the work of sociologist William Julius Wilson. In his 1987, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, Wilson describes an underclass culture existing in many inner-city neighborhoods. The underclass culture includes weak labor force participation, high rates of welfare
receipt, teenage pregnancy, drug use and violent crime. He attributes this phenomenon to the lack of middle- and working-class residents to serve as role models and the absence of important institutions within the community, such as schools and name-brand stores (Epp, 1996; Popkin, Levy, Harris, Comey, & Cunningham, 2004b; Wilson, 1987). The HOPE VI mixed-income approach was intended to be a policy remedy for the conditions that have contributed to the isolation of poor minorities in the inner city.

By early 2007, more than $6.2 billion in HOPE VI funding had been allocated, although funding levels experienced a marked decline in federal fiscal years 2004, 2005 and 2006 when compared with earlier years in the program's history (U. S. Department of Housing and Urban Development, 2007). The decline in funding is attributable to rising federal budget deficits and efforts by the current Bush administration to terminate the program.

Belmont Heights Estates in Tampa, Florida, provides a HOPE VI example. This redevelopment effort began in 1997 with the Tampa Housing Authority's successful application for $32.5 million in HOPE VI funding. The redeveloped community replaced 1,300 units of severely distressed, barracks-style public housing where only the most impoverished households lived with 789 units of mixed-income housing in attractive and varied designs. Also, there were a limited number of specially designed units to accommodate the needs of older adults or those with disabilities. Residents of this community included former public housing tenants from the demolished community, Housing Choice Voucher recipients, and others able to afford market rate rentals. The redevelopment effort also included opportunities for qualified low-income households to build their financial knowledge and social and economic capacity to move toward homeownership to affordable detached homes in the community (Fogel, Smith & Williamson, in press-a).

This HOPE VI program has been credited with significant reductions in crime and increased property values in the surrounding Belmont Heights neighborhood. Further, the effort to mix individuals and families based on incomes has also been successful (Shimberg Center, 2006). Residents in this community reported feeling safer, trusting their neighbors, and an increased appreciation for how their community looks to
Housing Policy Initiatives

others (Fogel, Smith & Williamson, in press-a). These findings are similar to other reports evaluating HOPE VI communities, although generalizing findings from one site to another should be done cautiously, as each HOPE VI community has unique characteristics (Fosburg, Popkin & Locke, 1996; Popkin, Levy, Harris, Comey, Cunningham, Buron, & Woodley, 2002).

HOPE VI has been credited with considerable success. By mid-2003, 60,580 severely distressed public housing units had been demolished (General Accounting Office, 2003, p. 12). In many instances, HOPE VI redevelopment efforts replaced distressed housing with new, high-quality developments representing innovations in design, management and financing. Many former public housing residents have been able to use Housing Choice Vouchers (Section 8) to relocate to improved housing in safer areas. Further, HOPE VI redevelopment has led to wider revitalization efforts in many neighborhoods surrounding the former sites of distressed public housing. Improvements in many instances include dramatically reduced crime rates and the construction of new community centers, revitalized parks and other community facilities (Fogel, Smith, & Williamson, in press-a; General Accounting Office, 2003; Naparstek, Freis, Kingsley, Dooley, & Lewis, 2000; Popkin, et al., 2004a; Zielenbach, 2002).

Achieving such successes has not, however, been without its challenges. HOPE VI implementation has generated concern about the impact of relocation on original residents, decreasing numbers of deeply subsidized housing units and the failure of some housing authorities to effectively implement the program (Clampet-Lundquist, 2004; General Accounting Office, 2003; Popkin, et al., 2004a; Popkin, et al., 2004b). Many relocated residents were simply moved to other public housing developments; thus, relocation has done little, if anything, to reduce the concentration of poverty or racial segregation they experience. Those who are hard-to-house due to mental illness, physical disabilities, large families, or being custodial grandparents may be especially likely to relocate and stay at their temporary housing site rather than moving to the new HOPE VI community (General Accounting Office, 2003; Popkin, et al., 2004a). Therefore, as access to HOPE VI property diminishes for some, the concentration of poverty and households with various problems increases at remaining public housing
Another problem arises for some who have relocated using vouchers. For instance, former residents may face higher housing costs due to paying utilities on the private market, as well as problems finding landlords willing to accept the voucher. They may also find it difficult to use the vouchers in areas where an adequate supply of moderately priced rental housing is not available (General Accounting Office, 2003; Popkin, et al., 2004a).

Further, while HOPE VI implementation has demolished a substantial proportion of the 86,000 severely distressed public housing units identified in the Commission’s 1992 report and is responsible for the construction of a large number of affordable rental units, the majority of the new units are not deeply subsidized (as are public housing units). In results reported for mid-2003, the General Accounting Office indicated that less than one-third of the 60,580 of the demolished public housing units had been replaced with new public housing units. Other HOPE VI units were either provided with shallow subsidies (such as the LIHTC, which sets tenant rents based on area median incomes rather than actual tenant incomes) or at market rates. Therefore, the number of units affordable to households below the federal poverty level has been significantly decreased by the HOPE VI program (General Accounting Office, 2003; Schwartz, 2006).

Finally, although many housing authorities have been successful in redeveloping demolished public housing within a reasonable period of time, others have been plagued with delays associated with local political controversies, litigation and inefficient timelines for the expenditure of HOPE VI funds (Popkin, et al., 2004a). Delays in redeveloping some HOPE VI sites have opened the program to criticism about lack of program effectiveness.

Despite concerns raised by tenant relocation issues and ineffective implementation on the part of some housing authorities, HOPE VI has widespread support among housing policy experts. Among its other positive impacts, HOPE VI has been described as changing public perceptions about public housing and its desirability. Further, it has engaged private-sector investors and state and local governments in the production and operation of public housing, thereby permanently
transforming housing policy directed towards the poorest households from public provisions of housing-of-last-resort into a public-private collaborative effort designed to build successful, revitalized communities.

Homeownership

Also in the 1990s, housing policy shifted to an emphasis on homeownership for low- and moderate-income households, as several initiatives at the Federal, state, and local levels have promoted homeownership, including opportunities for HOPE VI residents. Among the homeownership initiatives were the Neighborhood Reinvestment Corporation (now NeighborWorks America), Campaign for Homeownership, President Clinton’s National Homeownership Strategy and a trillion dollar commitment by Fannie Mae. In 2002, the current Bush administration reiterated the goal of securing homeownership for Americans, particularly for minority individuals with an ambitious plan to raise homeownership levels for this group by 5.5 million (Marcuse & Keating, 2006). Furthermore, financial institutions have expanded their commitment to lending to low-income and minority households, in part because of the lending test required by the 1977 CRA legislation. The Federal Housing Enterprise Financial Safety and Soundness Act impacts the government-sponsored enterprises (GSEs) in the secondary mortgage market (Fannie Mae and Freddie Mac) by allowing HUD to set affordable housing goals (see Wyly, Cooke, Hammel, Holloway & Hudson, 2001 for a list of these and other initiatives in support of homeownership).

These efforts reflect the growing literature supporting the benefits of homeownership in household stability, children’s success, and community participation. (Boehm & Schottmann, 2002; Bratt, 2002; Green & White, 1997; Harkness & Newman, 2002; Haurin, Parcel, & Haurin, 2002; Rohe, Van Zandt, & McCarthy, 2002; Rohe & Stewart, 1996; Sykes, 2005). In addition, these efforts are a response to low homeownership rates for African-American, Hispanic, and other low income households that have lagged behind those of non-Hispanic white households. At the core of homeownership initiatives are public-private partnerships with nonprofit housing and community based organizations, such as Community Development Corporations (CDCs) as key participants, and
the establishment of homebuyer training programs that target underserved potential homebuyers. While the importance of homebuyer training programs is acknowledged, only recently has research examined the components of homebuyer training programs that help to prevent default and foreclosure (Fogel, Smith, & Williamson, in-press-b; Hirad & Zorn, 2002; McCarthy, Van Zandt, & Rohe, 2001; Quercia & Wachter, 1996). An outcome of these efforts is that significant portions of the rental household population of generations past are converting to homeownership.

However, despite these significant efforts, critiques of the Clinton administration note that the number of affordable housing units available to low to moderate income individuals dramatically dropped due to a combination of several factors. These include the conversion of previously subsidized rental units available to Housing Choice Voucher (Section 8) holders to market-rate rental housing, the decline in the stock of existing housing units, and the decrease in building of new units for these tenants (Bratt, 2003).

**The Turn of the 21st Century**

Despite the success of initiatives in the 1990s (Belsky & Duda, 2002), the gap in homeownership rates remains. In response, President Bush announced in June, 2002 a goal of closing the homeownership gap for minority households by 5.5 million households by the end of the decade (see http://www.whitehouse.gov/infocus/homeownership/20031216p2.html). Paralleling the Federal efforts, a number of states and local governments have created trust funds and other mechanisms to increase homeownership. Using Federal and local resources, local governments and nonprofit housing organizations working in cooperation with lending institutions and the real estate community have endeavored to expand homeownership largely through front-end programs such as homebuyer training programs, downpayment assistance, second mortgage loans, housing rehabilitation, and first mortgages that aid families in getting into a home. The evidence suggests that these programs have been successful in increasing the homeownership rate of low-income and minority households.2
The sustainability of homeownership has become a recent and significant policy concern. The rise of defaults and foreclosures within the middle class and other relatively stable economic markets has generated national interest in the relationship between the housing industry and the subprime market. Default and foreclosure are generally the end result of the failure to sustain homeownership, although households may also sell their home to end their homeownership status. Much of the literature on default and foreclosure addresses factors related to personal financial situation, characteristics of the property, or terms of the loan. (See Baku & Smith, 1998 for a summary of the literature.) While circumstances such as loss of job, unexpected illness, and divorce may be unavoidable, other risks may be reduced through increased training in financial literacy, mortgage option choice, choosing a home, home maintenance, and other relevant topics.

While homeownership remains a stated priority for the current Bush administration, critics argue that significant housing concerns remain unaddressed and unfunded. Issues of housing affordability remain a serious concern, as do other specialized housing needs for target populations (such as Native Americans, homeless, and immigrants) and needs of specific regions in the county (Marcuse & Keating, 2006). According to the 2006 State of the Nation’s Housing, in the three years from 2001-2004, 15.6 million low-to middle-income households were paying more than half of their incomes for housing, representing a severe cost burden. Further, it is estimated that in 2004, 49% of working poor families with children had severe cost burdens, with 75% experiencing moderate burdens. For those that are classified as the near-working poor, 17% had severe burdens; with an astounding 52% experiencing moderate burdens (see http://www.jchs.harvard.edu/publications/markets/son2006/index.htm). Despite organized lobbying efforts from diverse constituents, the establishment of a National Housing Trust Fund, which would have provided dedicated, on-going financial resources to support efforts to acquire and preserve 1.5 million housing units for the lowest low-income families over the next 10 years, was not supported by the Bush administration. Reasons given for this decision include suggesting that this program duplicates the efforts of the HOME program, will impact funding allocations
of current housing programs, may jeopardize the financial stability of established governmental insurance funds and may be vulnerable to the influences of political pressures, thereby reducing its intended purpose to serve low-income families (National Housing Trust Fund, 2007). Additional attempts to improve funding for HUD failed; housing issues remain a neglected policy area.

Future Issues

At the time of this writing, housing issues are at the forefront of news coverage. Declining home values and a severe downturn in housing construction and sales after a rapid escalation through the beginning of the current decade, a crisis in foreclosures resulting from predatory lending practices and mortgages that overextended borrowers, and the continuing loss of affordable rental units from both the assisted housing inventory and the private rental stock are among factors making finding and sustaining occupancy in suitable housing increasingly difficult for low and moderate income households. As Gabriel (1996) predicted, the decrease in the number of rental dwellings as well as decreased income supports to those least able to afford housing has led to increased economic difficulties from those in the lowest income brackets. With this, an awareness of the approaching crisis with regards to housing policy has occurred. However, housing policy issues remain surprisingly absent from current presidential debates. Likely areas in which policy initiatives might need to arise are in efforts to assist households facing foreclosure to sustain homeownership, increased income support to tenants, reexamination of the appropriateness of homeownership for all households, and continuing efforts to preserve the already existing subsidized housing stock. However, we predict that marginalized and vulnerable populations will continue to have to struggle to get their housing needs met.
References


(Endnotes)
1) This figure has not been adjusted for inflation over the period of the program’s history.
2) Bostic and Surette (2000) find that from 1989 to 1998 homeownership rates for the lowest and second lowest income quintiles increased by one and three percent, respectively, and attribute these increases to federal policy initiatives.