

# Housing in the 21<sup>st</sup> Century: Taking Stock and Seeking Equality

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## Executive Summary

“Housing in the 21<sup>st</sup> Century: Taking Stock and Seeking Equality” provides an analysis of the current state of housing inequality in the United States, situating the discussion within the broader historical and social context. Over half a century after the Civil Rights Movement and the introduction of a suite of federal fair housing policies, stark racial inequalities persist in housing opportunities across the country. The summary below outlines the document's examination of these inequalities, their underlying causes, and potential policy solutions.

### Current disparities

Essentially every aspect of housing in America is marked by stark racial inequalities. This chapter highlights only a select few:

- While 73% of White Americans and 60% of Asian Americans own their homes, only 48% and 41% of Latinx and Black Americans are homeowners, respectively (Rugh, 2020).
- While the median White homeowner holds over \$120,000 in home equity, Latinx and Black homeowners hold just over \$90,000 and \$60,000, respectively (Kent & Ricketts, 2021).
- During the Subprime Boom and Foreclosure Crisis of the early 2000s, Black and Latinx households were more likely to be targeted for often-predatory subprime loans (Faber, 2013; Gramlich, 2007) and experience foreclosure (Faber & Rich 2018; Hall, Crowder, Spring, & Gabriel, 2017).

- Even among homeowners who managed to keep their homes through both crises, Blacks and Latinos gained less home equity over the period and were more likely to be underwater by the end (i.e., their mortgage debt was larger than the value of their home) (Faber & Ellen, 2016).
- Among renters, people of color are more likely to pay a large share of income towards rent (JCHS, 2020), live in lower quality and crowded units (DeLuca & Rosen, 2022), and experience eviction (Hepburn et al. 2020).
- In 2020, the typical White American lived in a neighborhood that was 69% White, the typical Black American lived in a neighborhood that was 41% Black, and comparable estimates for Latinos and Asians were 45% and 25% (Logan & Stults, 2021).

While racial discrimination is less common and less explicit than in prior periods of American history, Black and Latinx home seekers continue to face steering, bias, and information gaps (Korver-Glenn, 2021; Quillian, Lee, & Honoré, 2020). Still, historical and structural inequalities remain the greatest contributors to these housing inequalities. Key policies such as redlining, which was institutionalized by the Home Owners Loan Corporation (HOLC) and later perpetuated by the Federal Housing Administration (FHA) and the G.I. Bill, have had long-lasting effects (Faber, 2020). These policies facilitated racial segregation and wealth accumulation for White families while excluding Black and Latinx families from the same opportunities.

### **Policy recommendations**

Addressing inequality in housing is an undeniably daunting task. There is no silver bullet, but given the immediacy of America's housing affordability crisis, one meaningful policy change would be establishing a **universal, empowered voucher program**. The Housing Choice Voucher Program (occasionally referred to as Section 8) is currently the largest rental housing assistance program, helping over two million households. Funds are distributed from the Department of

Housing and Urban Development, through local public housing authorities (PHAs), and to landlords. Recipients must have incomes below 80% of the area median income and are required to pay 30% of their income towards rent. The voucher then makes up the difference.

There is strong evidence that this program has a wide range of positive effects on families, such as improved residential stability, increased child academic performance, and reduced poverty. Unfortunately, fewer than 1 in 4 eligible households receive a voucher and the average family spends 2.5 years on waitlist. So, **the first thing that must be done is fully funding the program**, such that all eligible families can secure a voucher. Scale is not the only challenge facing the current voucher program, so a universal program must be built atop an anti-racist policy infrastructure to have broad, positive effects on tens of millions of families:

- **Addressing discrimination:** Research has documented pervasive bias against renters who attempt to use vouchers, in part because voucher holders are not a federally protected class. While many states and cities have passed laws to combat this, research has shown mixed success, at best. Therefore, we need to take a more proactive approach to combating bias by 1) funding fair housing organizations, local authorities, and researchers to conduct housing audits, and 2) shifting the burden of proof from victims of bias to potential perpetrators of discrimination by requiring landlords and real estate agents to submit information on their clients similar to what banks are required to report on mortgage applicants under the Home Mortgage Disclosure Act (or HMDA).
- **Landlord and recipient education:** The aforementioned reporting could be paired with an effort to engage landlords who avoid voucher holders because they fear the program's requirements are too burdensome. Similarly, PHAs must work closely with voucher holders throughout the search process to ensure they know their rights and their options.

- **Addressing housing supply:** Local municipalities have too much power in land use decisions—especially considering the history of these decisions has often been one of exclusion. Therefore, efforts to increase housing supply for voucher recipients must adopt a metropolitan approach, which involves constructing affordable housing in communities that have long resisted its presence. In other words, we must build denser, less expensive housing within an integrationist framework. Supply concerns are further complicated by political opposition to building housing for low-income or even middle-income households—especially in wealthy, white suburban enclaves where opportunities for upward mobility are often highest. Because of this, it is difficult to see a solution that does not involve the federal government. Former HUD Secretary George Romney’s proposal to allow the federal government to override exclusionary zoning provides one model for this policy.