

Housing

Rethinking U.S. Rental Housing Policy

Build On State & Local Innovations

Background

One-third of all Americans—more than 36 million households—rent, and a growing share of renters cannot find homes or apartments they can reasonably afford. Moreover, as metropolitan areas sprawl outward and jobs become increasingly dispersed, fewer low-wage renters can find housing near work opportunities. While employment growth is fastest in the low-density counties on the fringes of America’s metropolitan areas, affordable housing—and affordable rental housing in particular—remains disproportionately located in inner-city and older suburban neighborhoods.

In recent years, housing has all but disappeared from national debate. Our country’s housing challenges are changing in ways that not only affect an expanding segment of the population, but also undermine other top domestic priorities. If we are serious about commitments to grow the national economy, make work pay, leave no child behind, and protect the natural environment, we must more effectively tackle today’s rental housing problems.

Recommendations

The next President should reinvigorate national rental housing policy, building on the innovations being tested in various states and locales. Specifically, the President should promote a housing policy under which:

- The federal government assumes responsibility for boosting the purchasing power of low-income renters to cover the cost of decent quality housing, through a combination of an increased minimum wage, an expanded Earned Income Tax Credit, and targeted housing vouchers;
- State and local governments take the lead in expanding the supply of moderately priced rental units, using a combination of regulatory tools and capital incentives;
- And the federal government deploys a combination of carrots and sticks to ensure that state and local governments reduce the regulatory barriers that artificially constrain housing production and drive up costs, expand the stock of affordable rental housing in the locations where it is needed, and ensure full and fair access to region-wide housing opportunities for low-income and minority households



Key Facts

- nationally, 45 percent of all renters and two-thirds of poor renters live in central cities
- a full-time worker would need to earn close to \$16 per hour (more than three times the federal minimum wage) in order to afford the average rent for a modest, two-bedroom house or apartment
- central cities received 58 percent of all metropolitan Low Income Housing Tax Credit units built during the 1990s, even though they are home to only 38 percent of metropolitan residents
- one out of every seven tax credit projects sited in a central city is located in a neighborhood of extreme poverty
- 7.9 million poor people still lived in “extreme poverty” census tracts in 2000, and more than half of all high-poverty neighborhoods are predominantly black or Hispanic

A full version of this proposal, as well as supporting background material, is available at www.opportunity08.org

About the Authors and the Project

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Bruce Katz is Brookings vice president and founding director of the Metropolitan Policy Program. His expertise includes major demographic, market, development and governance trends affecting cities and metropolitan areas. Katz was chief of staff to former U.S. Department of Housing and Urban Development Secretary Henry G. Cisneros, and staff director of the Senate Subcommittee on Housing and Urban Affairs.

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Margery Austin Turner directs the Urban Institute’s Center on Metropolitan Housing and Communities. Turner analyzes issues of residential location, racial and ethnic discrimination, neighborhood segregation and inequality, and the effect of housing policies on residential mobility. Turner was deputy assistant secretary for Research, Evaluation, and Monitoring at the U.S. Department of Housing and Urban Development under Secretary Henry G. Cisneros.

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