



Ensuring Equity in Housing through an Economic Fair Housing Act

BY RICHARD D. KAHLENBERG

Fifty years ago, President Lyndon B. Johnson signed into law the Fair Housing Act, advancing human freedom by outlawing racial discrimination in the sale and rental of housing. This was one of the cornerstone achievements of the civil rights movement, asserting our government's commitment to ending racism even in that most personal of domains, the home. But while a cornerstone, the act needs to be built upon before the work of ending discrimination is done: in particular, by addressing the increasing prevalence of exclusionary zoning policies across the country.¹

Exclusionary zoning, also known as “snob” zoning, limits housing to single-family homes in certain neighborhoods, often with minimum lot sizes, thereby promoting segregation by income as well as by race. Bans on apartment buildings and other multi-family units effectively exclude low-income and minority children from many high-performing school districts. By artificially limiting the supply of units, these discriminatory ordinances also are helping to feed what the Urban Institute has called the worst affordable housing crisis America has seen in decades. For eighty years, since passage of the United States National Housing Act of 1937, public policy has suggested that families should spend no more than 30 percent of their pre-tax income on housing. Yet, according to a 2017 report of Harvard's Joint Center for Housing Studies, 33 percent of American renters and homeowners pay more than that.² Renters are particularly stretched. Nearly half of all renters (21 million Americans) spend more than 30 percent on housing. In fact, about a quarter of renters in the United States (about 11 million families) spend *more than half* of their incomes

on housing needs. Overall, home prices have been rising twice as fast as wages.

These zoning ordinances not only hurt individuals: they also hurt the economy as a whole. As decades of research has found, where people live affects their access to employment opportunities, good schools, transportation, and decent health care. With mobility and access to opportunity so limited, our country cannot possibly perform at its full potential.

Snob zoning policies need to go. With them gone, the way will be cleared for denser housing wherever it is needed, which is not only cheaper for consumers because of increased supply, but also cheaper in terms of land, construction, and infrastructure. As writer Brent Toderian notes, “Not all dense housing is affordable, but all affordable housing is dense.”³ Right-leaning economists such as Edward Glaeser of Harvard and the Manhattan Institute and Joseph Gyourko of the Wharton School also support doing away with exclusionary zoning, the latter of which estimates that excessive zoning has pushed real house prices a staggering 56 percent above real construction costs.⁴ The result of eliminating these ordinances would be to simply allow housing full play in the market. Millions of Americans who are now shut out of the housing market by artificially high prices would benefit.

Congress can bring these Americans the relief they need by updating the Fair Housing Act into an Economic Fair Housing Act that curtails exclusionary zoning nationwide. State-level movements have helped to illuminate the way, in particular in

Massachusetts (SB 81), Washington (Seattle's Housing and Livability Agenda), and California (SB 827), where advocates have made real progress towards getting anti-exclusionary zoning legislation passed. While the Trump administration's suspension of the Affirmatively Furthering Fair Housing Rule has been a setback, in general there is even conservative support, and new evidence suggests that homeowners may have loosened their iron grip on public policy decisions: recently, the cap on the mortgage interest deduction was lowered from \$1 million to \$750,000 mortgages; and the ability to deduct property taxes, previously unlimited, was capped at \$10,000. These longtime subsidies for upper-middle-class homeowners, the *Washington Post* noted, were "once thought untouchable."⁵

The time is now to finish the work begun by the civil rights movement fifty years ago and expand the Fair Housing Act's protections. By including income equity into the legislation, both racial and economic justice will win the day at home.

Notes

1 Richard D. Kahlenberg, "An Economic Fair Housing Act," The Century Foundation, August 3, 2017 <https://tcf.org/content/report/economic-fair-housing-act/>.

2 "The State of the Nation's Housing," Joint Center for Housing Studies, Harvard University, June 15, 2017. www.jchs.harvard.edu/research-areas/reports/state-nations-housing-2017.

3 Brent Toderian, "The Link between Density and Affordability," Planetizen, April 22, 2008, <https://www.planetizen.com/node/30877>.

4 Joseph Gyourko and Raven Molloy, "Regulation and Housing Supply," NBER Working Paper no. 20536, October 2014, www.nber.org/papers/w20536.

5 Richard D. Kahlenberg, "Updating the Fair Housing Act to Make Housing More Affordable," The Century Foundation, April 9, 2018, <https://tcf.org/content/report/updating-fair-housing-act-make-housing-affordable/>.