

Democratic Presidential Hopefuls Take Aim at Housing Reform. What Does It Mean for the Capitol Region?

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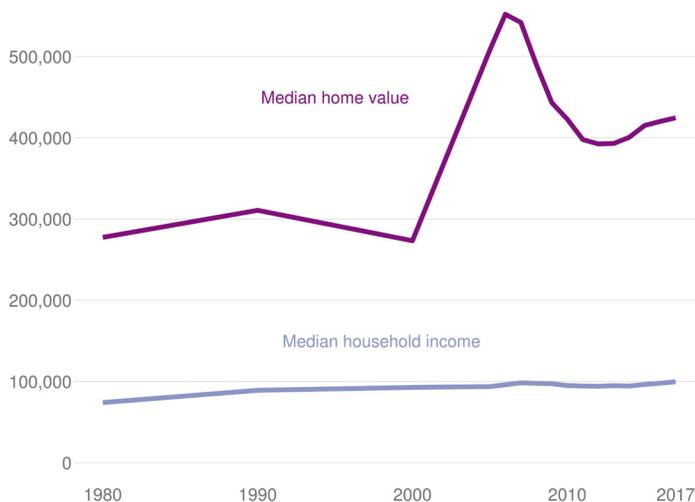
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At the top of any Capitol Region constituent's concerns is the high and increasing cost of housing. Over the past twenty years, increases in house prices have far exceeded residents' increases in income, as Figure 1 shows. These concerns are just as elevated in the metro's urban core – the District, Arlington and Alexandria – as they are in the suburbs and exurbs.

Most analysts blame the run-up in prices on the limited increase in housing supply over the past few decades. Given the social and environmental consequences of suburban sprawl, policymakers are looking for solutions that can increase the density of housing units close to job centers and existing transportation infrastructure. In practice, this requires more apartment buildings in single-family neighborhoods with high land values: areas like northwest DC, north Arlington, and southern Montgomery County. But many homeowners in these neighborhoods -- who have built substantial wealth as housing prices have risen -- have not yet been convinced that the benefits to increased density outweigh the costs, including traffic, scarcer parking and neighborhood change.

Figure 1: Housing Value has Grown Faster than Household Income

Median Housing Value and Median Household Income, 1980-2017



Source: 1980-2010, Decennial Census; 2005-2017, American Community Survey 1-year estimates. Includes all counties and independent cities in the Washington-Arlington-Alexandria metropolitan area.

How are local politicians responding?

The District of Columbia has been the most forward-leaning among local jurisdictions in the push for increased housing supply. Mayor Muriel Bowser has announced a goal to produce 36,000 new housing units, at least 12,000 of which she says will be affordable, by 2025. Encouragingly, city officials have indicated that areas like Ward 3, which has contributed less than 1 percent of DC's affordable housing built since 2015, will play a more meaningful role in this next phase of affordable housing development.

Montgomery County and Arlington County have both recently passed legislation that allows for less onerous development of accessory dwelling units – small stand-alone units behind single-family residences. Loudoun County, the region's largest producer of housing over the past decade, has passed a comprehensive plan to allow denser communities around transit commercial areas. However, significant zoning regulations remain an obstacle to development there as well.

Significant resistance to additional development is widespread across the region. Judicial decisions in the District have become less density-friendly. This past July, Montgomery County officials, citing concerns about overcrowded schools, instituted a one-year housing moratorium for several parts of the county, including neighborhoods that had transit-oriented development projects in the works.

What do the Democratic presidential candidates' proposals mean for the Capitol Region?

Most of the 2020 Democratic presidential candidates view the high and rising cost of housing in many metro areas as a chief concern for citizens – marking the first time in recent history that housing affordability has received so much attention in a national campaign. Several candidates have released detailed housing plans that aim to make housing more equitable and affordable.

Our Table 1 compares key elements of those plans. With the exception of Joe Biden – whose campaign is not represented in the table – most of the major candidates have created some type of housing proposal. We divide the campaigns' proposal into three major categories: supply, affordability, and the reduction of racial disparities. All three of these areas are of important concern for Capitol Region residents.

	Booker	Buttigieg	Castro	Harris	Klobuchar	Sanders	Warren
SUPPLY							
Encourage zoning reform via federal financial incentives	✓		✓		✓	✓	✓
Increase funding for subsidized housing development (e.g., LIHTC, National Affordable Trust Fund)	✓		✓		✓	✓	✓
AFFORDABILITY							
Expand financial support for low- or middle-income renters	✓		✓	✓	✓	✓	✓
Expand support for first-time or low-income homebuyers	✓	✓	✓	✓	✓	✓	✓
Increase tenant protections	✓		✓		✓	✓	✓
RACIAL DISPARITIES*							
Expand the Fair Housing Act to prohibit discrimination on the basis of source of income (e.g., housing vouchers), sexual orientation, gender identity, marital status, and veteran status	✓		✓	✓	✓	✓	✓
Re-implement the Affirmatively Furthering Fair Housing Rule	✓		✓		✓	✓	
Roll back barriers to housing access for people previously impacted by the criminal justice system	✓	✓	✓				
End or reduce homelessness	✓		✓		✓	✓	✓

*Implementing the policies in the prior two sections would also address racial disparities. For example, many existing zoning laws are a product of Jim Crow-era efforts to segregate housing: reforming and removing these zoning restrictions would facilitate racial integration and investment in underserved areas.

Supply

While all of the candidates suggest that increases in supply are desirable, they differ in how to incentivize that additional supply. Senator Warren proposes a new competitive grant program for local infrastructure such as parks, roads or schools; local governments that apply to HUD for these grants would have to reform local land-use rules. These reforms must “allow for the construction of additional well-located affordable housing units and [...] protect tenants from rent spikes and eviction” (Warren, 2019).

Secretary Castro’s plan also offers a carrot to jurisdictions that create reforms through existing funding streams. His plan aims to “reform local zoning practices by expanding Community Development Block Grant and Rural Development programs”, and “require zoning reforms in communities” to “promote affordable, inclusive, and transit-oriented housing to be eligible for new

funding” (Castro, 2019). Plans from Cory Booker, Amy Klobuchar, and Bernie Sanders include similar incentives.

Certainly, these policies are aimed at tackling the limited growth in housing supply that is driving up prices in the Capitol Region. Whether some additional funding for a park, or likely small increases to the already limited Community Development Block Grant budget, is enough of an incentive to convince reluctant homeowners to change their neighborhoods remains to be seen.

Policies that target vacant housing – a key feature of the Buttigieg campaign – are less relevant for the Capitol Region than in cities such as South Bend, Indiana or Baltimore, Maryland. Vacancy rates in the Capitol Region are relatively low, and the region has few areas of concentrated vacancies that would be most helped by such policies.

Affordability

The campaigns have also tackled issues of affordability from the demand side -- giving more money to renters or homeowners to make the high cost of housing less onerous. Castro, Booker and Harris all offer some form of rental tax credit that would reach renter households with higher incomes than those typically helped by HUD's programs. Some candidates have also called for expanding HUD's existing housing voucher program to cover all eligible low-income families. All the candidates support additional tenant protections, such as calling for "just cause" eviction laws and prohibiting landlords from discriminating against voucher holders.

Bernie Sanders has taken the still more unusual step of calling for national rent regulations that would cap annual rent increases by private landlords. This policy is likely to help current renters remain in their

homes and neighborhoods. But this benefit comes at the cost of future renters, or those that would like to move, since rent control is likely to deter the construction of new multi-family dwellings. Rent control might also put a damper on homeowners' enthusiasm for accessory dwelling units or deter adequate maintenance of older apartment buildings.

Expanding financial support to low- and moderate-income renters would immediately benefit many households in the Capitol Region. Currently 45 percent of renters in the Washington DC metro spend more than 30 percent of their income on housing costs, while 23 percent spend more than half their income on housing (American Community Survey, 2016). These demand-side programs are unlikely, however, to bring down housing costs overall.

Reduction of racial disparities

Finally, all the candidates express a desire to redress the inequities in housing caused by the legacy of past discrimination, from slavery and Jim Crow laws through mortgage redlining. Racial disparities in housing outcomes are clearly visible in the Capitol Region. The homeownership rate among Black families is 53 percent, and 47 percent among Hispanic families. This compares to 74 percent among white families (American Community Survey, 2016) The average value of homes owned by Black families is about 34 percent lower than the average value of homes owned by white families.

Several candidates have proposals to address the persistent racial homeownership gap. Cory Booker has embraced the idea of “baby bonds,” or federal grants to families with children where the grant size is larger for less affluent families. Kamala Harris and Elizabeth Warren propose down-payment assistance for people living in historically

redlined neighborhoods. Pete Buttigieg’s housing plan is one component of his broader Douglass Plan to address racial disparities across a range of outcomes. Most of the candidates speaking on housing policy call for stepped up enforcement of federal fair housing laws, including a return to the Obama Administration’s Affirmatively Furthering Fair Housing.

Acknowledging the federal government’s role in creating current racial disparities is long overdue. Concrete proposals to reduce the Black-white wealth gap are laudable. Fifty years after the Fair Housing Act became law, disparities in homeownership and housing wealth have not shrunk perceptively – an argument for trying new policy approaches. However, tangible progress is likely to be slow, even if policies such as those proposed by the candidates are implemented.

References

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Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 9.0 American Community Survey, 2012-2016. Minneapolis, MN: IPUMS, 2019. <https://doi.org/10.18128/D010.V9.0>

Warren, E. (2019, March 16). My Housing Plan for America. Retrieved from <https://medium.com/@teamwarren/my-housing-plan-for-america-20038e19dc26>

Candidate Plans

Booker: <https://medium.com/@corybooker/corys-plan-to-provide-safe-affordable-housing-for-all-americans-da1d83662baa>

Buttigieg: <https://peteforamerica.com/policies/douglass-plan/>

Castro: <https://issues.juliancastro.com/people-first-housing/>

Harris: <https://kamalaharris.org/homeownership-gap/>

Klobuchar: <https://medium.com/@AmyforAmerica/senator-klobuchars-housing-plan-761e9f93f3a4>

Sanders: <https://berniesanders.com/issues/housing-all/>

Warren: <https://medium.com/@teamwarren/my-housing-plan-for-america-20038e19dc26>



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