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Housing Affordability and Homeownership

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HOUSING AFFORDABILITY AND HOMEOWNERSHIP

Housing is a key element of plans and planning activities. A very large share of locally adopted plans call for expanding the supply of affordable housing. Indeed, it seems that we are forever preoccupied with providing affordable housing and advancing homeownership. Yet, a scientifically proven metric for what constitutes affordable housing does not exist.¹ Moreover, it is not part of the Federal Fair Housing Act of 1949, that has the “goal of a decent home and a suitable living environment for every American family”² which, notably, lacks the term “affordable.” Likewise, having every American household own their home is not part of federal housing policy, although, it is advanced through numerous federal agencies and such government sponsored enterprises as Fannie Mae and Freddie Mac.³ These limitations do not stop governments at all levels from defining what affordable housing means and advancing homeownership for everyone who wants it. This part of the festschrift addresses key issues surrounding the role of planning in expanding housing choice, increasing affordable housing, and advancing homeownership in the long run.

Casey J. Dawkins begins with “The Enigma of Housing Choice.” To offset housing shortages and bring housing prices and rents more in line with household incomes, housing and land-use policy experts seek to expand housing choice through the removal of regulatory barriers. But there is conceptual confusion about what “housing choice” means. Dawkins clarifies the debate by examining the concept of housing choice, assessing arguments in favor of expanding housing choice, and posing a refined conceptualization of housing choice. The refined conceptualization justifies several policy reforms such as demand-side housing subsidies funded by eliminating homeownership tax incentives, enhancing renters’ rights of occupancy, expanding flexible tenure options, and reforming local land-use practices.

While Dawkins alluded to housing choice barriers, Dwight Merriam takes a deep, legal dive in “Affordable Housing: Three Roadblocks to Regulatory Reform.” Those roadblocks include Home Rule, limitations of the Fair Housing Act, and the pervasive use of private covenants and restrictions. These barriers

¹ See J. David Hulchanski (1995) The concept of housing affordability: Six contemporary uses of the housing expenditure-to-income ratio, *Housing Studies*, 10:4, 471-491, DOI: 10.1080/02673039508720833.

² HOUSING ACT OF 1949 (Section 2 and Title V), SEC. 2. [42 U.S.C. 1441].

³ Alex F. Schwartz, 2014, *Housing Policy in the United States* 3rd Edition (Routledge).

“deserve the closest attention and concerted action and must be knocked down, once and for all, to get the housing we so desperately need...” Merriam offers approaches to overcome those barriers.

In “Market Demand-Based Planning and Permitting: Special Case of Affordable Housing,” Robert Hibberd begins by unpacking the history and challenge of MDBPP and demonstrates its efficacy. He applies MDBPP principles to the specific problem of housing affordability. Hibberd notes that over-permitting continues with the single-family detached housing type, which overwhelmingly dominates the U.S. housing market, but under-permitting attached homes undermines the provision of affordable housing.

Susan Wachter and Arthur Acolin conclude this part with a longer view of “Homeownership for the Long Run.” They worry that as the nation’s population becomes more diverse, its long-term homeownership rate will fall. For instance, in 2019, 42 percent of Black households owned a home compared to 73 percent of white households. Black and Hispanic/Latinx homeownership rates have remained far below that of the white non-Hispanic rate. Moreover, the homeownership rate for younger households is below the level of the 2000s housing boom and bust. Wachter and Acolin review what is known about homeownership outcomes to homeownership policies with special reference to demographic differences. They conclude by recommending a set of policy interventions that could help to change current trends to make homeownership more accessible to white non-Hispanic households.