

**Another Housing Policy is Possible:
The Current and Past Housing Crises, Homeowner Ideologies, and the Opening for Social
Housing**

H. Jacob Carlson, Gianpaolo Baiocchi, Marnie Brady, Ned Crowley, and Sara Duvisac

Many of the country's greatest economic crises of the past one hundred years were intimately connected to the question of housing. Whether we look at the 2008 financial crisis that was rooted in the problems with mortgage finance, or the Great Depression that saw countless homes at risk of foreclosure, leading to the creation of the Federal Housing Authority in 1934, housing has been central to the shifting social and economic fabric of the country. The COVID-19 pandemic is no exception. The economic fallout has placed, at the writing of this piece, an estimated 10 million behind on their rent and 8.7 million homeowners unable to pay their mortgages (Parrot & Zandi 2021; Census Bureau 2021). A patchwork of federal and local eviction moratoria and forbearance options have held back a tsunami of families losing their homes. Crisis moments like these call on policy-makers to act swiftly, while also placing in sharp relief the robustness of the pre-existing policy ecosystem, that is, its resistance to change. They also call upon sociologists to be able to analyze and explain the substantial shifts in our social world as they occur. This paper explores and explains what we see as the opening of political space for an increased role for the government in addressing the current and long-standing crises in housing.

While the current pandemic and its ramifications for housing policy are still unfolding, there already are some stark differences between the response to this crisis and the 2008 crisis. While in 2008, the federal government acted swiftly to bail out financial institutions, in 2020 the government directly instituted forbearance options for homeowners and an (eventual) moratorium on evictions. The 2008 bailout bill and the 2009 recovery act devoted a total of \$1.5 trillion, while the two stimulus bills so far have already reached \$3.6 trillion. In general, there is greater political will for the government to take a decisive role in stemming the crisis. Even Republicans have become supporters of government checks to households, and some have agreed to proposals to cancel rent payments.¹

This comes against an emerging sea-change in the world of housing policy. For decades, the primary role of the federal government has been subsidizing homeownership. For renters, affordable housing policy was largely executed through various financial incentives for housing developers and vouchers to renters to find housing in the private market. Public housing had withered on the vine through chronic underfunding. Yet housing has not been exempt from the

¹ Ogles, Jacob. 2020. "Rick Scott Calls for Moratorium on Rent, Mortgages and Utility Payments." Florida Politics, March 22.

emerging "New-Deal-ification" of policy. In the past few years, market-driven policy is being challenged by a variety of "social housing" proposals. These include massive investments to reinvigorate public housing. These proposals are not confined to radical sections of the housing movement, but are gaining traction in mainstream policy advocacy circles,² and have had bills introduced in Congress by prominent Congress Members.

We explore this in a comparative historical perspective, examining the housing policy responses to three economic crises: the post-Great Depression, the post-Great Recession, and the emerging post-Covid housing policies. The policy outcomes for the first two crises had a primary focus on helping homeowners, with the first characterized by strong government intervention and the second with weaker government intervention. In contrast, the current economic crisis is disproportionately affecting renters. The New Deal policies came about at a time of substantial labor and social movement activity and during a policy regime of substantial government intervention. The post-Great Recession housing policies came about at a moment of historic weakness of social movements, especially in housing, and a persistence of a neoliberal policy regime. The current crisis comes on top of many years of grassroots organizing and increasing resonance of more radical policy among the general public. We analyze these past case studies to understand the emerging responses to the current COVID-19 induced crises, and explain which factors are driving the outcomes.

Background

Examining policy

Explaining variations in policy trends and outcomes is a longstanding focus of sociologists. Sociological and neo-institutional accounts provide us language to account for robustness: whether we are speaking of entrenchment (Starr 2019), institutional lock-in (Thelen 2000), or durable inequalities (Tilly 1999), it is not hard to see the interlocking array of actors, interests, racial ideologies, and institutional arrangements that have kept this arrangement stable through crises. We draw on the literature on "repertoires of governance", which examine the configurations of ideas, practices, and actors who shape policy and political institutions (Clemens & Cook 1999). These frameworks have been used to explain the roles of durable political projects in shaping the variations in policy outcomes across different historical eras (Krinsky 2011; Collins & Carlson 2018).

Homeowner Bias in US Housing Policy

It is an article of faith among many policy makers and scholars that the United States is locked into a set of pro-homeownership policies. In contrast to post WWII debates in Europe, for example, where pro-renter policies or generous social housing provided a counterpoint to

² See the recent: Ross, Lynn M. 2021. New Deal for Housing Justice: A Housing Playbook for the New Administration. Washington DC: Community Change. <https://communitychange.org/wp-content/uploads/2021/01/New-Deal-for-Housing-Justice.Policy-Paper.Community-Change.1.2020.pdf>

homeownership, US housing policy primarily focused on increasing the supply of housing and increasing access for individual homeowners. Overlaid on and partially driven by sharp racial inequalities, this has been a robust arrangement, nearly immune to fundamental reform, despite very visible downsides (McCabe 2016). The sanctity of private property as an economic and social engine carries over into private rental housing, which aside from some subsidies and vouchers, is the primary source of rental housing in the US. Yet as we shall see, it is the critique of individual homeownership and speculative private property that have animated recent proposals and organizing in the housing movement.

The Cases

Post-Great Depression

After the crash of 1929, the economic hardship the country fell into deep economic hardship. “Hooverilles” emerged and food lines grew as the Federal Government took little role in the early years of the Depression. In response to rent and mortgage strikes, states and localities in some cases passed piecemeal rent and mortgage moratoria (Amundson and Rotman 1984: 821; Abbot and Kiesling 1935). With the election of Franklin Delano Roosevelt, the federal government took an unprecedented new role in the economy, spending large sums of money on new institutions and programs to support the struggling country. In doing so, they fundamentally reshaped housing policy, and particularly the role of homeownership in the country. The new Federal Housing Administration and the Homeowners Loan Corporation were created to address the crisis, and in doing so stabilized the housing market and created the conditions for a nation of homeowners making homeownership easier to millions through subsidies and accessible mortgage terms. There were also new institutions for rental housing, namely the creation of a system of public housing, yet these were undermined from the beginning, leading to the steady decline of the system a few short years after its inception (Schwartz 2015: 167). Meanwhile, the cries of free market stalwarts fell largely on deaf ears, as many still blamed the business and financial sectors as responsible for the crisis (Collins & Carlson 2018).

Post-Great Recession

As millions of homeowners went into default on the risky mortgages they were sold, and the consequences catalyzed throughout the economy, the priority of the government was clear: bail out the banks. Social movements had been at a historical weak point, especially housing justice movements; the Right to the City Alliance had only recently begun in 2007. The federal government responded by prioritizing the stability of the financial system, rather than the security of families in their homes. The result was nearly eight million foreclosed homes in the ten years after the recession (CoreLogic 2017). When it came time for a counter-cyclical spending package to stimulate the economy, it was whittled down and ultimately insufficient to what economists later agreed was needed. The perception that the federal government was coddling the same financial sector that was responsible for the crisis in the first place generated

the anger that spawned an international protest wave known as “Occupy Wall Street”. But by that point, most of the policy attention was in the rear view mirror.

Post-Pandemic

As COVID-19 exacerbated rather than created this country’s longstanding housing crisis, the responses to the pandemic have largely incorporated the policy advocacy demands from before COVID-19. In the post-2008 recession era, the housing justice movement had grown in its scope, with an emphasis on grassroots organizing and increasingly anti-market demands to solve the housing crisis. In this section, we will examine a suite of housing policy proposals that are gaining traction in the wake of the pandemic: the cancellation of rent, a Homes Guarantee, and the creation of a new Social Housing Development Authority.³ We will contrast these with the dominant policy proposals to simply give renters money to pay their rent. While the latter seeks to stabilize and preserve the system of rental housing as it is, the former attempts to reshape it with a diminished role for the free market.

Housing inequality is no doubt, as Tom Sugrue has suggested, one of the “pre-existing conditions” that allowed COVID-19 to metastasize into the social crisis it has become (Sugrue 2020). Yet as we know from the New Deal era, crises can be moments of seismic shifts in the repertoires of governance. It is important for sociologists to understand and explain the policy responses in real time, as well as the agents that make them happen.

References

- Abbott, Edith, and Katherine Kiesling. 1935. “Evictions during the Chicago Rent Moratorium Established by the Relief Agencies, 1931-33.” *Social Service Review* 9(1):34–57.
- Amundson, Roland C., and Lewis J. Rotman. 1984. “Depression Jurisprudence Revisited: Minnesota’s Moratorium on Mortgage Foreclosure.” *William Mitchell Law Review* 10(4):806–50.
- Census Bureau. 2021. Week 22 Household Pulse Survey: January 6 – January 18. Washington DC.
- Clemens, Elisabeth S., and James M. Cook. 1999. “Politics and Institutionalism: Explaining Durability and Change.” *Annual Review of Sociology* 25: 441–66.
- Collins, Jane L., and H. Jacob Carlson. 2018. “State Phobia, Then and Now: Three Waves of Conflict over Wisconsin’s Public Sector, 1930–2013.” *Social Science History* 42(1):57–80.
- CoreLogic. 2017. United States Residential Foreclosure Crisis: Ten Years Later.

³ These policies can all be found in a recent letter (1/26/2021) of demands from the leading housing justice organizations to Senator Schumer and the Biden administration: https://docs.google.com/document/d/1FE6svJ4-OrOYxGW0tUEQ1C_eCAXSW_c3F2lyOA-1o2w/edit

https://www.corelogic.com/research/foreclosure-report/national-foreclosure-report-10-year.pdf?mod=article_inline

Krinsky, John (2011) "Neoliberal Times: Intersecting Temporalities and the Neoliberalization of New York City's Public-Sector Labor Relations." *Social Science History* 35 (3): 381–422.

Schwartz, Alex F. 2015. *Housing Policy in the United States*. 3rd ed. New York: Routledge.

Starr, Paul. 2019. *Entrenchment: Wealth, Power, and the Constitution of Democratic Societies*. New Haven: Yale University Press.

Sugrue, Thomas J. 2020. "Preexisting Conditions: What 2020 Reveals about Our Urban Future." *Public Books*, November 16.

Tilly, Charles. 1999. *Durable Inequality*. Berkeley: University of California Press.

Thelen, Kathleen. 2000. "Timing and Temporality in the Analysis of Institutional Evolution and Change." *Studies in American Political Development*. 14(1): 101-108.

Parrott, Jim, and Mark Zandi. 2021. "Averting an Eviction Crisis." Moody's Analytics.

<https://www.moodyanalytics.com/-/media/article/2021/averting-an-eviction-crisis.pdf>