

poor renting families—received no federal assistance.³² This drastic shortfall in government support, coupled with rising rent and utility costs alongside stagnant incomes, is the reason why most poor renting families today spend most of their income on housing.³³

Imagine if we didn't provide unemployment insurance or Social Security to most families who needed these benefits. Imagine if the vast majority of families who applied for food stamps were turned away hungry. And yet this is exactly how we treat most poor families seeking shelter.

A PROBLEM AS big as the affordable-housing crisis calls for a big solution. It should be at the top of America's domestic-policy agenda—because it is driving poor families to financial ruin and even starting to engulf families with moderate incomes. Today, over 1 in 5 of *all* renting families in the country spends half of its income on housing.³⁴ America can and should work to make its cities livable again.

Meaningful change comes in various shapes and sizes. Some solutions are slow-going and costly, especially those involving fundamental reform. Other solutions, smaller ones, are more immediately feasible. Consider the courts.

Legal aid to the poor has been steadily diminishing since the Reagan years and was decimated during the Great Recession. The result is that in many housing courts around the country, 90 percent of landlords are represented by attorneys, and 90 percent of tenants are not.³⁵ Low-income families on the edge of eviction have no right to counsel. But when tenants have lawyers, their chances of keeping their homes increase dramatically.³⁶ Establishing publicly funded legal services for low-income families in housing court would be a cost-effective measure that would prevent homelessness, decrease evictions, and give poor families a fair shake.

In the 1963 landmark case *Gideon v. Wainwright*, the Supreme Court unanimously established the right to counsel for indigent defendants in criminal cases on the grounds that a fair trial was impossible

without a lawyer. Eighteen years later, the court heard the case of Abby Gail Lassiter, a poor black North Carolinian, who appeared without counsel at a civil trial that resulted in her parental rights being terminated. This time, a divided court ruled that defendants had a right to counsel only when they risked losing their physical liberty. Incarceration is a misery, but the outcomes of civil cases also can be devastating. Just ask Ms. Lassiter.

Good lawyers would raise defenses tenants often don't, because they either are unaware of them or, like Arleen, are too nervous and intimidated to mount a strong argument. They would curb frivolous evictions and unchecked abuses and help prevent tenants from signing bad stipulations. If it weren't so easy to evict someone, tenants like Doreen and Patrice could report dangerous or illegal conditions without fearing retaliation. If tenants had lawyers, they wouldn't need to go to court. They could go to work or stay home with their children while their attorney made their case. And their case would actually be made.

Courts have shown little interest in addressing the fact that the majority of tenants facing eviction never show up. If anything, they have come to depend on this because each day brings a pile of eviction cases, and the goal of every person working in housing court, no matter where their sympathies lie, is just to get through the pile because the next day another pile will be there waiting. The principle of due process has been replaced by mere process: pushing cases through. Tenant lawyers would change that. This would cost money, not only in attorney salaries, but also in the hiring of more commissioners, judges, and clerks to handle the business of justice. Every housing court would need to be adequately funded so that it could function like a court, instead of an eviction assembly line: *stamp, stamp, stamp*.

It would be a worthwhile investment in our cities and children. Directing aid upstream in the form of a few hours of legal services could lower costs downstream. For example, a program that ran from 2005 to 2008 in the South Bronx provided more than 1,300 families with legal assistance and prevented eviction in 86 percent of cases. It

cost around \$450,000, but saved New York City more than \$700,000 in estimated shelter costs alone.³⁷ The consequences of eviction are many—and so are its burdens on the public purse.³⁸

The right to counsel in civil matters has been established around the world: not just in France and Sweden but also in Azerbaijan, India, Zambia, and many other countries we like to think of as less progressive than our own.³⁹ If America extended the right to counsel in housing court, it would be a major step on the path to a more fair and equitable society. But it would not address the underlying source of America's eviction epidemic: the rapidly shrinking supply of affordable housing.

IF WE ACKNOWLEDGE that housing is a basic right of all Americans, then we must think differently about another right: the right to make as much money as possible by providing families with housing—and especially to profit excessively from the less fortunate. Since the founding of this country, a long line of American visionaries have called for a more balanced relationship, one that protects people from the profit motive, “not to destroy individualism,” in Franklin D. Roosevelt’s words, “but to protect it.”⁴⁰ Child labor laws, the minimum wage, workplace safety regulations, and other protections we now take for granted came about when we chose to place the well-being of people above money.

There are losers and winners. There are losers because there are winners. “Every condition exists,” Martin Luther King Jr. once wrote, “simply because someone profits by its existence. This economic exploitation is crystallized in the slum.”⁴¹

Exploitation. Now, there’s a word that has been scrubbed out of the poverty debate.⁴² It is a word that speaks to the fact that poverty is not just a product of low incomes. It is also a product of extractive markets. Boosting poor people’s incomes by increasing the minimum wage or public benefits, say, is absolutely crucial. But not all of those extra dollars will stay in the pockets of the poor. Wage hikes are tempered if rents rise along with them, just as food stamps are worth less

if groceries in the inner city cost more—and they do, as much as 40 percent more, by one estimate.⁴³ Poverty is two-faced—a matter of income and expenses, input and output—and in a world of exploitation, it will not be effectively ameliorated if we ignore this plain fact.

History testifies to this point. When the American labor movement rose up in the 1830s to demand higher wages, landed capital did not lock arms with industrial capital. Instead landlords rooted for the workers because higher wages would allow them to collect higher rents. History repeated itself 100 years later, when wage gains that workers had made through labor strikes were quickly absorbed by rising rents. In the interwar years, the industrial job market expanded, but the housing market, especially for blacks, did not, allowing landlords to recoup workers' income gains. Today, if evictions are lowest each February, it is because many members of the city's working poor dedicate some or all of their Earned Income Tax Credit to pay back rent. In many cases, this annual benefit is as much a boost to landlords as to low-income working families.⁴⁴ In fixating almost exclusively on what poor people and their communities *lack*—good jobs, a strong safety net, role models—we have neglected the critical ways that exploitation contributes to the persistence of poverty. We have overlooked a fact that landlords never have: there is a lot of money to be made off the poor.⁴⁵ The 'hood *is* good.

Exploitation thrives when it comes to the essentials, like housing and food. Most of the 12 million Americans who take out high-interest payday loans do so not to buy luxury items or cover unexpected expenses but to pay the rent or gas bill, buy food, or meet other regular expenses. Payday loans are but one of many financial techniques—from overdraft fees to student loans for for-profit colleges—specifically designed to pull money from the pockets of the poor.⁴⁶ If the poor pay more for their housing, food, durable goods, and credit, and if they get smaller returns on their educations and mortgages (if they get returns at all), then their incomes are even smaller than they appear. This is fundamentally unfair.

Those who profit from the current situation—and those indifferent to it—will say that the housing market should be left alone to regulate itself. They don't really mean that. Exploitation within the housing market relies on government support. It is the government that legitimizes and defends landlords' right to charge as much as they want; that subsidizes the construction of high-end apartments, bidding up rents and leaving the poor with even fewer options; that pays landlords when a family cannot, through onetime or ongoing housing assistance; that forcibly removes a family at landlords' request by dispatching armed law enforcement officers; and that records and publicizes evictions, as a service to landlords and debt collection agencies. Just as the police and the prison have worked to triage the ill effects of rising joblessness in the inner city (like social unrest or the growth of the underground economy), civil courts, sheriff deputies, and homeless shelters manage the fallout of rising housing costs among the urban poor and the privatization of the low-income housing market.⁴⁷

Landlords like to describe themselves as a special breed. But they are neither alone in making a living off the poor nor are they so different from the rest of us. Large-scale historical and structural changes have given urban landlords the opportunity to make good money, sometimes spectacular money, by providing housing to struggling families at a cost the law has deemed fair and just. If given the same opportunity, would any of us price an apartment at half of what it could fetch or simply forgive and forget losing thousands of dollars when the rent checks didn't arrive? Emphasizing the importance of exploitation does not mean haranguing landlords as greedy or heartless. It means uncovering the ironies and inefficiencies that arise when policymakers try to help poor families without addressing the root causes of their poverty. It means trying to understand landlords' and tenants' acceptance of extreme inequality—and our own.

Regardless of how landlords came to own property—sweat, intelligence, or ingenuity for some; inheritance, luck, or fraud for others—rising rents mean more money for landlords and less for tenants. Their

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fates are bound and their interests opposed. If the profits of urban landlords were modest, that would be one thing. But often they are not. The annual income of the landlord of perhaps the worst trailer park in the fourth-poorest city in America is 30 times that of his tenants working full-time for minimum wage and 55 times the annual income of his tenants receiving welfare or SSI. There are two freedoms at odds with each other: the freedom to profit from rents and the freedom to live in a safe and affordable home.⁴⁸

THERE IS A way we can rebalance these two freedoms: by significantly expanding our housing voucher program so that *all* low-income families could benefit from it. What we need most is a housing program for the unlucky majority—the millions of poor families struggling unassisted in the private market—that promotes the values most of us support: security, fairness, and equal opportunity. A universal housing voucher program would carve a middle path between the landlord's desire to make a living and the tenant's desire, simply, to live.

The idea is simple. Every family below a certain income level would be eligible for a housing voucher. They could use that voucher to live anywhere they wanted, just as families can use food stamps to buy groceries virtually anywhere, as long as their housing was neither too expensive, big, and luxurious nor too shabby and run-down. Their home would need to be decent, modest, and fairly priced. Program administrators could develop fine-grained analyses, borrowing from algorithms and other tools commonly used in the private market, to prevent landlords from charging too much and families from selecting more housing than they need. The family would dedicate 30 percent of their income to housing costs, with the voucher paying the rest.

A universal voucher program would change the face of poverty in this country. Evictions would plummet and become rare occurrences. Homelessness would almost disappear. Families would immediately feel the income gains and be able to buy enough food, invest in

themselves and their children through schooling or job training, and start modest savings. They would find stability and have a sense of ownership over their home and community.

Universal housing programs have been successfully implemented all over the developed world. In countries that have such programs, every single family with an income below a certain level who meets basic program requirements has a right to housing assistance. Great Britain's Housing Benefit is available to so many households that a journalist recently reporting on the program asked, "Perhaps it is easier to say who does not get it?" "Indeed," came the answer. This benefit, transferred directly to landlords in most cases, ensures that paying rent does not plunge a family into poverty. The Netherlands' Housing Allowance operates in a similar way and helps provide good homes to nearly one-third of all its tenants. It has been remarkably successful at housing the country's poorest citizens.⁴⁹

There is a reason why these countries have come to rely on vouchers. Although vouchers are not everywhere the most efficient option—particularly in expensive cities—they are the best way to deliver a national program. In theory, you could solve the problem by expanding public housing, tax credits, homeownership initiatives, or developer incentives. But each of these options quickly confronts the problem of scale. Vouchers are far more cost-effective than new construction, whether in the form of public housing or subsidized private development. We can't build our way out. Given mounting regulatory and construction costs, offering each low-income family the opportunity to live in public housing would be prohibitively expensive. Even if it weren't, building that much public housing risks repeating the failures of the past, by drawing the nation's poorest citizens under the same roof and contributing to racial segregation and concentrated poverty.⁵⁰

Would a universal housing program be a disincentive to work? It is a fair and important question. One study has shown that housing assistance leads to a modest reduction in work hours and earnings, but others have found no effect.⁵¹ In truth, the status quo is much more of

a threat to self-sufficiency than any housing program could be. Families crushed by the high cost of housing cannot afford vocational training or extra schooling that would allow them to acquire new skills; and many cannot stay in one place long enough to hold down the same job. Affordable housing is a human-capital investment, just like job programs or education, one that would strengthen and steady the American workforce. By and large, the poor do not want some small life. They don't want to game the system or eke out an existence; they want to thrive and contribute: to become nurses (that was Vanetta's dream) or run their own charities (that was Arleen's). A stable home would extend to them the opportunity to realize those dreams.

Landlords in most states are not obligated to accept families with housing vouchers, and many don't because they shun extra building-code mandates or the administrative hassle. A universal voucher program would take their concerns seriously. Some building codes are critical to maintaining safe and decent housing; others are far less so. Enforcing a strict building code in apartments where voucher holders live can be an unnecessary burden on landlords and drive up costs.⁵² But even if code enforcement and program administration were made much more reasonable and landlord-friendly, some property owners—particularly those operating in prosperous areas—would still turn away voucher holders. They simply don't want to house "those people." If we continue to permit this kind of discrimination, we consign voucher holders to certain landlords who own property in certain neighborhoods. Doing so denies low-income families the opportunity to move into economically healthy and safe neighborhoods and hobbles our ability to promote integration through social policy. Accordingly, a universal voucher program would not only strive to make participation attractive to landlords, it would also mandate participation. Just as we have outlawed discrimination on the basis of race or religion, discrimination against voucher holders would be illegal under a universal voucher program.

A well-designed program would ensure a reasonable rent that rose

at the rate of inflation and include flexible provisions allowing landlords to receive a modest rate of return. It would also provide them with steadier rental income, less turnover, and fewer evictions. If we are going to house most low-income families in the private rental market, then that market must remain profitable. "The business of housing the poor," Jacob Riis wrote 125 years ago, "if it is to amount to anything, must be a business, as it was business with our fathers to put them where they are. As charity, pastime, or fad, it will miserably fail, always and everywhere."⁵³ And yet, housing is too fundamental a human need, too central to children's health and development, too important to expanding economic opportunities and stabilizing communities to be treated as simply a business, a crude investment vehicle, something that just "cashes out."

Making a universal housing program as efficient as possible would require regulating costs. Expanding housing vouchers without stabilizing rent would be asking taxpayers to subsidize landlords' profits.⁵⁴ Today, landlords overcharge voucher holders simply because they can. In distressed neighborhoods, where voucher holders tend to live, market rent is lower than what landlords are allowed to charge voucher holders, according to metropolitan-wide rent ceilings set by program administrators. So the Housing Choice Voucher Program likely costs not millions but billions of dollars more than it should, resulting in the unnecessary denial of help to hundreds of thousands of families. In fact, economists have argued that the current housing voucher program could be expanded to serve all poor families in America *without additional spending* if we prevented overcharging and made the program more efficient.⁵⁵

Even if we did nothing to make the voucher program more cost-effective, we still could afford to offer this crucial benefit to all low-income families in America. In 2013, the Bipartisan Policy Center estimated that expanding housing vouchers to all renting families below the 30th percentile in median income for their area would require an additional \$22.5 billion, increasing total spending on housing

assistance to around \$60 billion. The figure is likely much less, as the estimate does not account for potential savings the expanded program would bring in the form of preventing homelessness, reducing health-care costs, and curbing other costly consequences of the affordable-housing crisis.⁵⁶ It is not a small figure, but it is well within our capacity.

We have the money. We've just made choices about how to spend it. Over the years, lawmakers on both sides of the aisle have restricted housing aid to the poor but expanded it to the affluent in the form of tax benefits for homeowners.⁵⁷ Today, housing-related tax expenditures far outpace those for housing assistance. In 2008, the year Arleen was evicted from Thirteenth Street, federal expenditures for direct housing assistance totaled less than \$40.2 billion, but homeowner tax benefits exceeded \$171 billion. That number, \$171 billion, was equivalent to the 2008 budgets for the Department of Education, the Department of Veterans Affairs, the Department of Homeland Security, the Department of Justice, and the Department of Agriculture combined.⁵⁸ Each year, we spend three times what a universal housing voucher program is estimated to cost (in *total*) on homeowner benefits, like the mortgage-interest deduction and the capital-gains exclusion.

Most federal housing subsidies benefit families with six-figure incomes.⁵⁹ If we are going to spend the bulk of our public dollars on the affluent—at least when it comes to housing—we should own up to that decision and stop repeating the politicians' canard about one of the richest countries on the planet being unable to afford doing more. If poverty persists in America, it is not for lack of resources.

A UNIVERSAL VOUCHER program is but one potential policy recommendation. Let others come. Establishing the basic right to housing in America could be realized in any number of ways—and probably should be. What works best in New York might fail in Los Angeles. The solution to housing problems in booming Houston or Atlanta or Seattle is not what is most needed in the deserted metropolises of the Rust Belt or Florida's impoverished suburbs or small towns dotting the

landscape. One city must build; another must destroy. If our cities and towns are rich in diversity—with unique textures and styles, gifts and problems—so too must be our solutions.

Whatever our way out of this mess, one thing is certain. This degree of inequality, this withdrawal of opportunity, this cold denial of basic needs, this endorsement of pointless suffering—by no American value is this situation justified. No moral code or ethical principle, no piece of scripture or holy teaching, can be summoned to defend what we have allowed our country to become.

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