HOUSING OUR NEIGHBORS:
THE NATIONAL HOUSING TRUST FUND & AFFORDABLE HOUSING

A White Paper
by Jeff Singer

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Homeless Persons Representation Project, Inc.
Housing Our Neighbors:  
The National Housing Trust Fund and Affordable Housing

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"As the Cheshire Cat tells Alice—if you don't know where you want to go, then any path will do. Why give priority, we are asked again and again, to any one reform over others?"

Bertell Ollman

History says, Don’t hope  
On this side of the grave.  
But then, once in a lifetime  
The longed-for tidal wave  
Of justice can rise up,  
And hope and history rhyme.  

Seamus Heaney, “The Cure at Troy”

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i This White Paper is generously sponsored by Jane Harrison.
ii The author is a former social worker at the Baltimore City Department of Social Services and Health Care for the Homeless, where he also served as President and CEO from 1998-2011; he currently teaches and learns at the University of Maryland School of Social Work.
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I. Introduction

R.J. managed a construction supply company in Baltimore. After thirty years he had accumulated the accouterments of the middle class: a house, a truck, and financial security—or so he thought.

R.J.’s leg was injured and surgery was required. Following the procedure, he developed MRSA, a serious iatrogenic infection. He remained hospitalized for several months, and was then transferred to a nursing home for extended rehabilitation. Unfortunately during this period of treatment and unemployment, his home and truck were repossessed and R.J. descended into penury and homelessness. When the nursing home could no longer obtain payment for its services, R.J. was discharged to the streets. Wearing only a T-shirt and jeans in that winter weather, he was in a wheelchair with a friendly note attached: “Please return our wheelchair.”

For several nights, R.J. slept behind buildings near the nursing home. Fortunately, he met an outreach worker from Health Care for the Homeless and was admitted to their Convalescent Care Program, a short-term residential program with supportive services. R.J. was diagnosed with several forms of cancer and the short-term program became a long-term and life-saving endeavor.

A year later he was discharged to a senior public housing building where he had his own affordable apartment. He was elected to the Resident Advisory Board of the Housing Authority of Baltimore City and became an active member of the Faces of Homelessness Speakers Bureau. In this capacity, R.J. shares his story, educating the public concerning the realities of homelessness and housing in Baltimore. He always explains that without publicly financed homeless services and public housing, he may not have survived his ordeal.

Each night thousands of Baltimoreans sleep in doorways, abandoned houses and cars, under bridges, and in crowded emergency shelters. The numbers have increased every year since the late 1970s, when all governmental entities in the U.S.—local, State, and national—embarked on policies and practices that have reduced the supply of affordable housing, concomitant with rising income inequality.

Homelessness, however, is only the most dramatic (and sometimes visible) aspect of the intertwined crises of housing and poverty that characterize our present condition. Nationally, 8.48 million renter households have “worst-case housing needs”; these are low-income families or individuals without housing subsidies who pay more than half of their income for rent or who live in severely inadequate conditions. 1 Baltimore’s housing agency reports that 41,637 households (104,092 individuals) have worst-case housing needs. 2 This is related, of course, to the extraordinary level of poverty in Baltimore, where an astounding 25.1% of residents 3 have incomes below the Federal poverty guidelines ($11,490 for a single person; $15,510 for two, $19,530 for three, and $23,550 for a household of four). 4 35.6% of Baltimore’s children live in families with incomes below the Federal poverty guidelines. 5 34.5% of all City residents (214,235 in May 2013) participated in Federal food programs, 6 while 46,000 children in

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2 Baltimore Housing, “Consolidated Plan: July 1, 2010-June 30, 2015”.
our City rely upon free meals from their schools—and half of these children cannot access meals during the summer.  

Thus, the sad dialectic of housing and poverty: jurisdictions with an oversupply of housing simultaneously include large numbers of families unable to afford housing. The tragic consequences are homelessness, overcrowding, housing instability, and vacant buildings.

As so many of our neighbors struggle to meet their daily needs, the old nostrums of trickle-down economics have been entirely refuted. Yet, their proponents remain in power and continue to pursue policies that impoverish so many of our neighbors while further enriching the already privileged. The results of these policies are visible throughout our city:

- Tens of thousands of vacant houses endanger our neglected neighborhoods as gleaming towers rise on the waterfront;
- Homeless encampments compete with suburban commuters for space on parking lots;
- Trash bins feed hungry children and adults, while ever more expensive restaurants are celebrated for their fine cuisine;
- Neighborhoods are lauded for their phoenix-like rebirth, a process that resembles displacement and gentrification to the existing residents priced out of their homes;
- Downtown developers receive public subsidies to create jobs, but those jobs pay so little that a week’s salary won’t pay for one night in their employer’s hotel;¹⁰
- The level of income inequality in Baltimore is second in Maryland, only exceeded by Talbot County.¹⁹

The related crises of housing and poverty in Baltimore certainly will not be solved by one piece of legislation; as Peter Buffett, scion of the Buffett billions, observed recently in The New York Times, “It’s time for a new operating system. Not a 2.0 or a 3.0, but something built from the ground up. New code.”¹⁰ Nonetheless, as we strategize to build that “new code,” to design and implement the just society we desire, there are interim measures worthy of support. Such measures include the National Housing Trust Fund (the “Trust Fund”—NHTF)¹¹ and its potential funding mechanism, the Common Sense Housing Investment Act of 2013 (H.R. 1213).

The Trust Fund is the most important policy to create affordable housing since the adoption of the Low Income Housing Tax Credit program in 1986, or even the initiation of the Section 8 rental subsidy program in 1974.¹² Proponents of the Trust Fund in 2008 sought to capitalize it with $50 billion from the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac surpluses, which would have created approximately 500,000 additional units of affordable housing—far fewer than needed, but an enormous increase nevertheless. In contrast, no additional public housing units have been created since 1996 and the current Federal budget sequestration is expected to reduce the supply of Section 8 certificates by 120,000 – 140,000 rental units.¹³

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¹¹ The National Housing Trust Fund was established by the Housing and Economic Recovery Act of 2008 (P.L. 110–289)
With the recession of 2007-2009, the GSE surpluses were no longer available. Thus, since its adoption, the Trust Fund has remained unfunded. To revive the Trust Fund, Rep. Keith Ellison (D-MN) introduced the Common Sense Housing Investment Act of 2013 (H.R. 1213). This legislation would transform the mortgage interest deduction, currently the second largest tax expenditure\(^\text{14}\) into a tax credit, while reducing the ceiling on the size of eligible mortgages. Currently, only 24% of all taxpayers claim the mortgage interest deduction; far more households would be able to take advantage of the mortgage interest credit: 55 million as compared to 39 million.\(^\text{15}\)

If enacted, the Ellison bill is expected to generate approximately $200 billion in revenue, 60% of which would be distributed to the States to finance construction, rental subsidies, and the modernization of public housing. For each $5 billion generated, Maryland is estimated to receive $69.6 million for these purposes; if the legislation produced the expected $109 billion over ten years for the National Housing Trust Fund, Maryland would receive $1,517,280,000—a sum that could create a significant number of housing units. As outlined above, these funds are desperately needed—not only by our poor and homeless neighbors, but for our city in its entirety.

This paper will explore the conditions that underlie the housing crisis in Baltimore and that make the National Housing Trust Fund such an important piece of legislation for Baltimore. It begins with an overview of homelessness, housing, and poverty in our city, State, and nation. Two areas of the failure of housing policy are then discussed, the proliferation of vacant housing and the failure of Baltimore’s Inclusionary Zoning policy. A brief history and explication of the mortgage interest deduction is then followed by a more comprehensive analysis of the National Housing Trust Fund and the Common Sense Housing Investment Act. The paper will conclude with some thoughts on achieving housing justice.

As the Associated Press recently reported, “four out of five U.S. adults struggle with joblessness, near poverty or reliance on welfare for at least parts of their lives, a sign of deteriorating economic security and an elusive American dream.”\(^\text{16}\) The American dream—“life, liberty, and the pursuit of happiness”—has slipped from the grasp of far too many our neighbors. Far-reaching changes to our political economy are required to restore that dream, and meaningfully addressing the dearth of affordable housing is an important step toward that project.

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\(^\text{14}\) Tax expenditures are policies that reduce Federal revenues through tax credits and tax deductions that primarily benefit special interests.


\(^\text{16}\) Yen, Hope, “Exclusive: Signs of declining economic security”, Associated Press, http://bigstory.ap.org/article/exclusive-4-5-us-face-near-poverty-no-work-0, accessed 8/10/13 at 9:52PM; this story was based on the research of Washington University Professor Mark Rank, who found that 75% of Americans between the ages of 20 and 75 will experience a year in poverty or near poverty, http://newswustl.edu/news/Pages/862.aspx.
II. Homelessness, Housing, and Poverty in Baltimore

Homelessness

In the most recently published data for Baltimore City, 4,088 individuals were identified as experiencing homelessness on the night of January 25, 2011. Since many people without housing seek sleeping accommodations not visible to passersby, this number severely understates the problem. Nevertheless, the 2011 number is a 52.5% increase from 2003. This trajectory is not unique to Baltimore: annual data collected by the U.S. Conference of Mayors confirms the steady growth in homelessness throughout our nation; although the Federal government and its close collaborators (such as the National Alliance to End Homelessness) report some decline in homelessness over the past five years, homeless service providers often have a different experience—e.g. New York, Chicago, Los Angeles, Dane County, Wisconsin, Minneapolis, Minnesota report near-record levels of homelessness.

In January 2013, the Mayor of Baltimore, the Leadership Advisory Group for Baltimore’s 10 Year Plan to End Homelessness, and the United Way of Central Maryland announced the “Baltimore Home for Good” project. Seventy-five individuals (by July 2013 the number had grown to 110) experiencing homelessness, who were judged to be especially vulnerable because of factors including health, age, and length of homelessness, were to be placed in permanent supportive housing. This initiative complemented the biennial census of homelessness that is required by the Federal Department of Housing and Urban Development; the “Home for Good” project also was related to the national 100,000 Homes Campaign that seeks to assist homeless adults with disabilities to jump in front of the ever-growing queue for subsidized housing.

By July 2013, only seven of these very ill and fragile individuals had been housed; despite the best efforts of Baltimore’s public and private homeless-assistance providers, an inadequate supply of affordable and accessible housing had prevented this project from achieving its goal in a timely manner. Of course, even if all 110 individuals had been housed, thousands of vulnerable Baltimoreans would remain on our streets, heir to the depredations of homelessness. During the January-July period, approximately 4,000 Baltimore households were evicted from their residences, an unknown number joining the ever-growing cohort of their neighbors experiencing homelessness.

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21 See 100,000 Homes Campaign, http://100khomes.org.
National Numbers

The magnitude of homelessness in the U.S. is impossible to measure precisely. The Federal Department of Housing and Urban Development requires jurisdictions receiving Federal homelessness funding to conduct a one-night count of the numbers of people who are sleeping in emergency shelters/transitional housing or on the streets every two years, and a count of people sleeping in emergency shelters/transitional housing annually. This activity is known as the “Point-in-Time” estimate of homelessness. Although it is notoriously unreliable, the 2012 Point-in-Time survey found 633,782 people experiencing homelessness on one night in January 2012. 38% of these individuals were homeless with other family members; 62,619 veterans were counted that night (9.9% of the total).

229,206 beds were reported to be in emergency shelters, i.e. theoretically available to someone who was seeking shelter that night. 197,192 beds were reported to be in transitional housing programs, i.e. not immediately available for someone seeking shelter that night. 390,155 individuals were found in emergency shelters and transitional housing. Although 243,627 individuals were found to be literally sleeping on the streets, 36,243 emergency and transitional beds were empty.

These Federally mandated Point-in-Time counts must not be conflated with estimates of the number of people who experience homelessness each year—or the number of affordable housing units required to end homelessness. Two well-respected homelessness researchers, Martha Burt and Carole Wilkins, examine this matter in their monograph “Estimating the Need Projecting from Point-in-Time to Annual Estimates of the Number of Homeless People in a Community and Using this Information to Plan for Permanent Supportive Housing.” Burt and Wilkins conclude that “[a]nnual estimates are likely to be anywhere from three to six times as high as PIT estimates or even more, depending on the proportion of people in your PIT count who are new entrants into homelessness and the odds that people in your PIT count have had recent prior episodes of homelessness.” Using this methodology, the number of individuals experiencing homelessness annually in the U.S. is likely to be between 1,901,346 and 3,802,692, or between 0.6% and 1.2% of the U.S. population. In a paper published by the American Journal of Public Health, Bruce Link and his colleagues at Columbia University found that 3.1% of the population (equivalent to 9,730,900 people) experienced homelessness over a five-year period and that 7.4% of the population (equivalent to 23,228,600 people) experienced homelessness at some time during their lifespan. The discrepancies in these numbers indicate the difficulty in quantifying homelessness, while confirming the all-too-common nature of the phenomenon.

Local Numbers

The most recent data regarding homelessness available from the Maryland Department of Human Resources [DHR] is contained in the “Annual Report on Homeless Services in Maryland: Fiscal Year 2011,” released on June 1, 2012. Data for this document is solicited from service providers by means of a questionnaire mailed to them, and participation is voluntary. In FY2011, 20,030 individuals were provided emergency shelter and transitional housing throughout Maryland; 7,218 people were reported to

22 See Section 427(b)(3) of the McKinney Vento Act as amended by the HEARTH Act, PL 111-22.
24 Abt, op. cit.
25 Burt, Martha and Wilkins, Carole, “Estimating the Need Projecting from Point-in-Time to Annual Estimates of the Number of Homeless People in a Community and Using this Information to Plan for Permanent Supportive Housing”, Corporation for Supportive Housing, 2005.
have been assisted in Baltimore City. Two counties and 39 shelters did not provide data for this study. Unlike previous summaries from the State, no data is offered for the number of individuals who had sought shelter, but were turned away because resources were unavailable. By contrast, in DHR reported that in FY 2008, people seeking emergency shelter were turned away on 38,462 occasions throughout Maryland; Baltimore City accounted for 16,007 turnaways.  

The City of Baltimore participates in the HUD-mandated Point-in-Time survey process every two years. The Mayor’s Office of Homeless Services organizes and trains volunteers to visit some of the locations where people experiencing homelessness may be found and to administer a questionnaire to those who appear to be homeless. Geographical coverage has improved over the past several years, which may in part account for the large increase in numbers from 2005 to 2011, although the destruction of public housing, the continued growth in vacant houses, and the erosion of incomes are also important factors.

The most recent numbers publicly available from Baltimore’s Point-in-Time count derive from 2011. On the night of January 25, more than 100 volunteers identified 4,088 individuals with nowhere to call home, a 52.5% increase from the number of people counted in 2003. 1,795 of these individuals were found to have no shelter whatsoever, a 55.5% increase from 2009.

![Graph showing increase in number of people experiencing homelessness counted during biennial census, 2003-2011](image)

*Increase in Number of People Experiencing Homelessness Counted During Biennial Census, 2003-2011*

Of those staying in shelters (2,293 people) on the night of January 25, 2011, 44% were families with children, accounting for 468 families. 18% of those in shelters were under the age of 18. 80% of those in shelters and 85% of those found on the street were African-American. 34.3% (786 people) of those in shelters and 33.8% (607 people) of those on the street were women. Finally, 17.7% (392 people) of the individuals staying in shelters were veterans and 8.1% of those sleeping on the street (145 people) were veterans.

**Available Services**

The Mayor’s Office of Human Services reports that there were 1,141 emergency shelter beds in the City, a decline of 30 beds (2.63%) from 2011. There were 1,297 transitional housing beds in 2012, 73 beds

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(5.62%) fewer than in 2011. There were 2,212 permanent supportive housing beds in 2012, an increase of 75 beds (3.5%) from 2011. Given the number of individuals sleeping on the street on January 25, 2011, there is a shortfall of at least 1,795 emergency shelter beds in the City.

Baltimore Homeless Services publishes and distributes a Street Card with the most comprehensive list of homeless service providers available (the most recent directory from the Maryland Department of Human Resources was compiled in 2010). The Street Card includes 11 emergency shelters, 6 resources for emergency food, and Health Care for the Homeless, a comprehensive health and social services provider that operates a Housing First program, as well as a State-certified addiction treatment program and a mental health clinic. Additionally, there are seven resource centers where casework, clothing, transportation assistance, and referrals for shelter are available.

What the 4,088 people experiencing homelessness each night in Baltimore need—beyond emergency food, transportation, and clothing—is affordable housing and an adequate income. The succeeding section of this paper examines these issues.

**Housing**

Housing in the U.S. is fundamentally a commodity; it is primarily produced in order to be bought and sold, and only secondarily for its use as a home. This quality may also be expressed as follows: the exchange value of housing dominates its use value. Consequently, the production of housing bears only a tangential relationship to the populace’s need for homes—a relationship that is mediated by the market. Those who can afford housing, purchase or rent it; the higher one’s income, the better quality (or even quantity) of housing one can secure. Homelessness occurs when one cannot afford to purchase even the meanest housing.

As with any market in the 21st century, the housing market is not “free,” i.e. unfettered by regulations and policies. Tax policies, for example, have a significant impact upon the housing market, and these will be examined later in this paper. At this juncture, however, the nature and scope of housing in the U.S. will be examined. As noted above, the lineaments of the commodity known as housing cannot be explicated adequately without also discussing the second essential component of the market: money (or income).

The Census Bureau reports that there are 132,419,000 housing units in the U.S., with 66.1% of American households owning homes. The median monthly housing cost for homeowners is $1,000; for renters, the median monthly housing cost is $808. Slightly more than 10% of housing is vacant across the U.S. (we shall see that Baltimore’s rate is rather higher).

6,450,000 homeowners have incomes below the Federal Poverty Guidelines ($11,490 for a single person, $15,510 for a couple, $19,530 for three persons, and $23,550 for a family of four), and 9,334,000 renter households have incomes below the Federal Poverty Guidelines. 33,971,000 households pay 30% or more of their income for housing (the affordability threshold), putting them at risk for foreclosure, eviction, and homelessness. This figure includes 6,820,000 low-income renter households, or 73% of all impoverished renters.

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30 HEARTH FY2012 Continuum of Care Consolidated Application, Mayor’s Office of Human Services, Baltimore.
31 Mayor’s Office of Human Services, “2012 Street Card”.
34 U.S. Census Bureau, Occupied Housing Units.
35 Office of the Assistant Secretary for Planning and Evaluation, 2013 Poverty Guidelines.
36 U.S. Census Bureau, Occupied Housing Units.
The mismatch between housing costs and incomes is fundamental to today’s housing crisis. The Federal Department of Housing and Urban Development [HUD] characterizes this problem, in part, as “worst-case housing needs.” HUD defines these worst-case housing needs as occurring when renters with incomes below 50% of the Area Median Income do not receive public subsidies for rent and either live in housing that is significantly inadequate or pay more than half of their income for rent or meet both criteria. (In Baltimore, the Area Median Income (AMI) is $85,600; 50% of AMI is an annual income of $42,800.)

In its February 23, 2013 report to Congress on this matter, HUD observed, “The number of renter households with worst-case housing needs increased to 8.48 million in 2011, up from a previous high of 7.10 million in 2009…The number of worst-case needs has grown by 2.57 million households since 2007—a striking 43.5%.” Given an average U.S. household size of 2.58 persons, 21.9 million Americans are on the precipice of eviction and homelessness as a result of their worst-case housing need.

This perilous state of housing for low-income Americans results from multiple factors, including shrinking Federal support for low-income housing subsidies (as tax expenditures for upper-income households increases), the decrease in affordable rental units, rising rents and reductions in vacancies, and declining incomes:

1) Shrinking Federal Affordable Housing Resources
   - HUD’s budget authority declined from $103 billion (in 2013 dollars) in 1978 to $44 billion in 2013, an astounding 57% decline. For the HUD programs that serve people with low and moderate incomes, budget authority was $96 billion in 1978 (in 2013 dollars) as compared to $40 billion in

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37 HUD Median Income Limits, [https://sites.google.com/site/marylandmortgagelimits/hud-median-income-limits](https://sites.google.com/site/marylandmortgagelimits/hud-median-income-limits).
40 This topic will be discussed in the Mortgage Interest Deduction section below.
2013 (including $1.8 billion of homelessness assistance, a category that did not exist in 1978)—a
58% decrease.\textsuperscript{41}

- No additional public housing has been built since 1996—indeed Federal law prohibits this (more
anom).\textsuperscript{42}

- Homelessness Assistance Grants for 2013 included less than $22 million for new permanent
supportive housing units, which hardly replaces the $950 million reduction in Section 8 certificate
funding between 2012 and 2013. This loss of rental housing subsidies is mitigated by $75 million
for 10,000 veterans' housing vouchers.\textsuperscript{43} The chart below illustrates the relative size of Federal
rental subsidies and homeless assistance grants.

\begin{center}
\includegraphics[width=\textwidth]{chart.png}
\end{center}

\textit{Western Regional Advocacy Project, “Without Housing”, 2010, p. 19}

- There are two very low-income renters who need rental subsidies for every household
that obtains a subsidy.\textsuperscript{44}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{41} Western regional Advocacy Project, “Without Housing 2010”, p.7; HUD, “Budget Authority by Program”, 2013.
\item \textsuperscript{42} The Faircloth Amendment of 1998 preventing Federal funds to be used for additional public housing is discussed in the section on Public Housing below.
\item \textsuperscript{43} US Interagency Council on Homelessness, “Fiscal Year 2013 federal Government Homelessness Budget fact Sheet”.
\item \textsuperscript{44} HUD, “Worst Case Housing Needs 2011:Report to Congress”, p. 3.
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### HUD Low/Moderate Income Programs, Comparisons FY12-FY14

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NLIHC, “Federal Budget and Appropriations Fact Sheet”

2) Decreasing numbers of affordable rental units
   - Although the total number of rental units in the U.S. is on the rise, fewer of these units are available to low-income households.
   - An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing, and a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.\(^{46}\)

3) Rising rents and reductions in vacant rental units

- Between 2011 and 2012, the number of households renting housing units increased by 1.1 million;

- The vacancy rate for rental units fell from 9.5% in 2011 to 8.7 percent in 2012; this is the lowest level since 2001.  

- As the number of renters increases, and vacancy rates decline, rental costs rise. The renters with the least resources have the most difficulty finding affordable units.

- “At last count in 2011, over 40 million households were at least moderately cost burdened (paying more than 30% of their incomes for housing), including 20.6 million households that were severely burdened (paying more than half of their incomes for housing).”

4) Declining incomes

- The U.S. is experiencing record levels of poverty and income equality. Details will be provided in the income section below.

- Income inequality is growing more rapidly than in any other advanced industrial country. 93% of all income growth in the U.S. during the current recovery has been captured by wealthiest 1% of the population.

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47 Joint Center For Housing Studies Of Harvard University, "The State of the Nation’s Housing 2013", p. 4.
48 Joint Center on Housing Studies, "The State of the Nation’s Housing", p. 9.
From 1979 to 2009, the top 5% of families increased their incomes by 72.7%, while the bottom 20% lost 7.4% of their income. These reductions in income made them more poorly equipped to rent housing, the cost of which was increasing concomitantly.30

Thus, for a congeries of reasons, more low-income renters are seeking fewer units of affordable housing. In addition to the market forces that lead to this supply/demand problem, conscious public policy decisions are implicated—especially the decline of public housing. The next section of this paper explores the history and current condition of public housing.

**Public Housing**

In response to the failure of the market to develop a sufficient supply of affordable housing, the Federal government has been building housing since 1918. Currently 1.2 million units of public housing exist in all 50 States, the District of Columbia, and several territories. These housing units account for approximately 1% of all housing in the U.S., a miniscule rate compared to other advanced industrial countries. Moreover, financial support for these units has been shrinking, and many public housing developments have descended into decrepitude. A significant aspect of the current affordable housing crisis is attributable to the decline of public housing—merely one aspect of the general decline of the public sector and the long-term phenomenon of privatization and financialization.

During World War I, in response to the housing needs of civilian workers in war industries, three Federal agencies—the Ordnance Department, the Emergency Fleet Corporation, and the Department of Labor’s Bureau of Industrial Housing—paid for the first public housing in the U.S.51 138,000 people were housed in these units, equivalent to 423,000 people today, given the nation’s population.

No additional housing was developed in the public sector until the Great Depression of 1929-1941. This contrasts sharply with the European experience. In her 1940 study for the United States Housing Agency, “Housing: Facts and Principles,” the important American housing reformer Edith Elmer Woods compared the number of dwelling units constructed with public dollars in the U.S., England and Wales, and Sweden.52

Wood observed that the British government alone had constructed 1,330,000 units of housing between 1919 and 1937, when the U.S. was just beginning to develop a robust public housing sector.53

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33 Ibid., p. 74.
In 1932, a very limited quantity of low-income housing in New York City and Kansas was financed by the Federal government through the Emergency Relief and Construction Act (PL 72-302).\textsuperscript{54} The National Industrial Recovery Act of 1933 (PL 73-67) provided Federal funds for low-cost housing as an employment project. In 37 cities, 50 public housing projects with 21,600 units were constructed. 15,000 additional units in “Greenbelt” towns and 3,065 units in “limited-dividend” projects were also constructed.\textsuperscript{55}

In 1934 the National Housing Act (PL 73-479) created the new Federal Housing Administration to assist individual homeowners who were unable to maintain or gain mortgages.\textsuperscript{56} A smaller program administered by this agency made it possible for a small number of cities to plan and construct publicly owned (and segregated) housing.\textsuperscript{57}

Emergency Relief Appropriation Act of 1935 (PL 74-11) authorized a national inventory of urban housing and included an appropriation of $450 million for housing as a public works projects.\textsuperscript{58} Interestingly, in 1936 PL 74-837 and Pl 74-845 authorized Payments in Lieu of Taxation (PILOTs) to be paid with Federal funds to States and local jurisdictions for Federally constructed public housing.\textsuperscript{59}

\textsuperscript{55} Ibid., p. 15.
\textsuperscript{56}HUD Historical Background, http://www.hud.gov/offices/adm/about/admguide/history.cfm.
\textsuperscript{57} See, for example, Heathcott, Joseph, “In the Nature of a Clinic”: The Design of Early Public Housing in St. Louis”, Journal of the Society of Architectural Historians, Vol. 70, No. 1 (March 2011), pp. 82-103.
\textsuperscript{58} Congressional Research Service, op. cit., p. 19.
\textsuperscript{59} Ibid., p. 20.
This policy foreshadowed the current use of PILOTs, although today they primarily benefit wealthy developers. As a 19th-century philosopher observed, “Hegel remarks somewhere that all great world-historic facts and personages appear, so to speak, twice. He forgot to add: the first time as tragedy, the second time as farce.”

In 1937, as the economic situation in the U.S. worsened, Congress adopted the United States Housing Act (also known as the Wagner-Steagall Act). Congress authorized $500,000,000 to initiate this new public housing program, an equivalent of $8,110,972,200 by today’s standards. By 1939, 131 jurisdictions, including Baltimore City (but not Baltimore County), had created local housing authorities and Congress had committed $672,091,000 to build 114,356 housing units for 457,000 people. (This authorization would be equivalent to $11,290,355,170 in 2013 dollars.) By 1940, Baltimore had 4,184 public housing units; Frederick and Annapolis had an additional 235 units.

President Truman signed the Housing Act of 1949, PL 171 (63 Stat. 413) on July 15, 1949. This legislation includes the well-known declaration of Congress that all Americans should be adequately housed:

> The Congress declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power (emphasis added).

Not only did this legislation expand public housing by authorizing new public housing dollars, but it “…opens up the prospect of decent homes in wholesome surroundings for low-income families now living in the squalor of the slums,” i.e. the beginning of the decidedly mixed blessing of urban renewal.

In 21st-century America, the lofty goal of “a decent home and a suitable living environment for every American family” is farther from reality than ever. Indeed this section of the law was repealed during the Clinton Administration. The Quality Housing and Work Responsibility Act of 1998, Title V of P.L. 105-276 not only ended the 60-year-old goal of a decent home for all Americans, but included the Faircloth Amendment (named for North Carolina Senator Lauch Faircloth) that prohibited Federal funds from being used to construct any additional units of public housing. Thus, each local housing authority has a “Faircloth Limit,” promulgated by the Federal Department of Housing and Urban Development.

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60 A recent report in The Sun indicates that two-thirds of Enterprise Zone subsidies benefit downtown projects, with one-quarter ($4.4 million/year) going to Harbor East projects; see Calvert, Scott and Hopkins, Jamie Smith, “Enterprise zone tax breaks flow to Baltimore waterfront, other prosperous neighborhoods: Schaefer launched program 30 years ago to aid poor areas”, 8/24/13.


63 42 USC § 1441.


65 The Quality Housing and Work Responsibility Act of 1998, Title V of P.L. 105-276; see http://www.phada.org/hr41945.html for the legislation’s text.

In 1974, the decline of the public housing model as the primary solution to unaffordability was signaled by the creation of the Section 8 program. The public would no longer own and control housing units for low-income persons; rather the government would pay private owners a subsidy for households who could not afford market rent. The privatization of affordable housing has had significant long-term consequences, practically and ideologically. Not only has declining Federal support victimized public housing, but Federal funds have been used to destroy tens of thousands of units of housing. The HOPE VI program was created by the Departments of Veterans Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act of 1993 (PL 102-389). By 2009, $6,713,048,912 had been appropriated and more than 260,000 units of public housing had been demolished.

The deleterious effect of the HOPE VI program in Baltimore is illustrated by the chart on the next page. By replacing affordable public units with subsidies for renting private units, low-income families become subject to the vagaries of the market: a report from the Center for Budget and Policy Priority indicates that of those households obtaining certificates in New York and St. Louis, 38% in New York and 50% in St. Louis had to return the certificates because they could not locate suitable, affordable units. Indeed, the situation is not much better in Maryland. In 2011, the Maryland Association of Housing and Redevelopment Agencies, a trade association for public housing authorities in the state, asked county and state voucher programs (the Maryland Department of Housing and Community Development operates a voucher program for counties too small to operate their own) to conduct a study similar to the one in St. Louis and New York. Prince George’s County reported that 47% of voucher holders had to return vouchers unused and the state reported that 54% of voucher holders return vouchers unused.

71 Center on Budget and Policy Priorities, “Section 8 Utilization and the Proposed Housing Voucher Success Fund” 3/22/00.
### HOPE VI in Baltimore

<table>
<thead>
<tr>
<th>Original Units</th>
<th># Replaced PH</th>
<th>Lost PH Units</th>
<th>Lost 0-1 BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lafayette Court</td>
<td>311 units</td>
<td>-496 units</td>
<td>-100</td>
</tr>
<tr>
<td>807 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Murphy Homes</td>
<td>75 units</td>
<td>-706 units</td>
<td>-184</td>
</tr>
<tr>
<td>781 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lex. Terrace</td>
<td>250 units</td>
<td>-474 units</td>
<td>-81</td>
</tr>
<tr>
<td>677 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flag House</td>
<td>140 units</td>
<td>-347 Units</td>
<td>-96</td>
</tr>
<tr>
<td>487 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hollander Ridge</td>
<td>0 units</td>
<td>-1000 units</td>
<td>-200</td>
</tr>
<tr>
<td>1000 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Broadway</td>
<td>84 units</td>
<td>-345 units</td>
<td>-324</td>
</tr>
<tr>
<td>429 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous Total</td>
<td>Total: 860</td>
<td>Total Lost PH: -3,321 units, 79%</td>
<td>Total Loss of 0-1 BR units: 98%</td>
</tr>
<tr>
<td>4181 units</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Public Housing Today**

Currently there are 1.2 million units of public housing in 14,000 developments throughout the U.S., administered by 3,100 public housing agencies. All public housing residents are poor: 40% of these units are occupied by families with children; an additional 30% of units are occupied by persons 62 years of age or older; and 17% of units are occupied by childless adults with disabilities.\(^{72}\)

Public housing authorities generally are required to rent 75% of units to households with incomes of 30% of the area median or less. In Baltimore, this would be $18,000 for one person, $20,600 for a two-person household, $23,150 for a three-person household, and $25,700 for a four-person household;\(^{73}\) however, Baltimore was awarded a Moving to Work Block Grant by HUD and has flexibility with respect to the income of its residents.

The Housing Authority of Baltimore City owns 14,421 units of housing. 10,740 public housing units are available for occupancy; 10,440 of these units are actually occupied—a vacancy rate of 2.8%. HABC plans a net reduction of 24 housing units in FY2014.\(^{74}\) Apparently, 3,681 units cannot be occupied—housing units desperately needed by impoverished and homeless persons in Baltimore.

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\(^{72}\) Center on Budget and Policy Priorities, "Who is Helped by Public Housing?", 1/25/13.


\(^{74}\) Housing Authority of Baltimore City, Moving to Work Program Annual Plan for Fiscal Year 2014, 2/21/13, p. 10.
Baltimore’s Housing Choice Voucher Program (formerly the Section 8 program) includes 14,592 units. The program is authorized for 18,504 units, but current federal dollars are insufficient to fund this number of units. 3,912 of our neighbors could be housed if Federal funding were available.\(^75\)

### A note on the magnitude of the public housing sector

As is true with health care, education, and transportation, the public (or social) housing sector in Europe far exceeds the size of this sector in the U.S. 1% of the housing stock in the U.S. is owned by the public sector, and an additional 2% of the housing units are rented by means of public subsidies; in comparison, the social housing sector in the United Kingdom accounts for 25% of all housing; in France, 17% of housing is in the public sector, and in the Netherlands, 35% of housing is publicly owned. 60% of the housing in Vienna, Austria is publicly owned, and the public sector constructs 5,000 additional units annually, designed by world-class architects.\(^1\)

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*[Kabelwek by architects Schwaln-Theiss & Gressenbauer, affordable, public housing in Vienna.]*

The waiting list for HABC housing is not a comprehensive assessment of the need for affordable housing in the city; this is true, in part, because the Housing Choice Voucher list is closed. Nevertheless, 35,830 applicants currently populate the list, including 27,155 public housing-only applicants; 6,349 HCV-only applicants and 2,326 applicants on both the public housing and HCV waiting lists. Given the net projected decrease of 24 public housing units and 569 Housing Choice Vouchers, more than 35,000 households will remain on the waiting list for at least one more frustrating year.\(^76\)

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\(^75\) Ibid., p. 12.  
\(^76\) Ibid, p. 27.
Poverty and Incomes

It is illogical to discuss housing without undertaking a concomitant analysis of incomes; these two factors are the obverse and reverse of this phenomenon. Low-income individuals can afford too little, inferior housing, or no housing whatsoever; simultaneously the cost of housing may require such a large outlay of money that it beggars those who are housed.

Ray Offenheiser, Oxfam America’s Director, recently observed, “Poverty is the result of imbalances in power that privilege some and marginalize others . . . America’s poverty rate is now at its highest level in two generations. Contrary to the American Dream of broad-based upward mobility, the United States ranks 10th out 12 OECD countries in social mobility. In addition, our country has the highest proportion of low-wage workers of any developed country—people who work hard but earn less than $10.50 an hour and are barely able to make ends meet.”

Evidently, the poor have less power than ever. As previously observed, Americans are becoming impoverished at record rates. 48,452,035 people, 15.9% of the population, have incomes below the Federal Poverty Guidelines, including 146,101 Baltimore residents (24.5% of the population). For children, the number is even more stark: 46,393 children (35.6% of all residents of Baltimore under the age of 18) live in families with incomes below the Federal Poverty Guidelines.

For far too many of these individuals, adequate housing is not possible—and for several of thousands each year, no housing is the norm.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Number in Poverty</th>
<th>Percent in Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>48,452,035</td>
<td>15.9%</td>
</tr>
<tr>
<td>Maryland</td>
<td>581,244</td>
<td>10.2</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>146,101</td>
<td>24.5</td>
</tr>
</tbody>
</table>

In addition to the magnitude of poverty, inequality is also growing rapidly, reaching rates not seen since prior to the Great Depression. Alverado, et al. note that the share of income secured by the top 1% of the U.S. population has risen from 9% in 1976 to 20% in 2011, an increase of 122%.

This phenomenon is often attributed to the rise of a technology-based economy and the relationship between education and income. Yet, as the following graph illustrates, other advanced industrial companies do not exhibit the same growing inequality.
Eduardo Porter of the New York Times has recently provided another illustration of the failure of the United States, as contrasted with other advanced industrial countries, to assure a fair distribution of economic growth. The median disposable income in nearly all OECD countries has grown, while it has declined in the U.S.


The University of California-Berkeley economist Emmanuel Saez, director of that university’s Center for Equitable Growth, has provided another perspective on the growth of income inequality during the past three presidential administrations. Under economic policies of the Clinton Administration, the top 1% secured 45% of income growth. Under the economic policies of George W. Bush, this rate increased to 65%. The economic policies of Barack Obama, however, have seen that percentage increase to 121%. During this period, the income of the bottom 99% actually decreased by 0.4%.

As Saez recognizes, “The policy changes that are taking place coming out of the Great Recession (financial regulation and top tax-rate increase in 2013) are not negligible, but they are modest relative to the policy changes that took place coming out of the Great Depression. Therefore, it seems unlikely that U.S. income concentration will fall much in the coming years.”\(^{80}\) Unlikely, that is, unless a new political direction is forthcoming.

Why should we be concerned with income inequality? It is well documented that inequality has a deleterious effect on health. With respect to housing, however, the greater the proportion of income gained by the 1%, the less income is available for the remainder of the populace. This disparity is especially problematic in periods, such as the past six years, with negative, or tepid, economic growth.

Even when economic growth is positive, tax and other policies may redistribute income to those who need it least. The chart below demonstrates that during the past 40 years, the bottom 80% of the population lost significant proportions of their income; during the same period, rents have increased from $542 in 1970 (in 2011 dollars) to $883 in 2011, an increase of 63%.

Table 1. Real income Growth by Groups

<table>
<thead>
<tr>
<th></th>
<th>Average Income Real Growth (1)</th>
<th>Top 1% Incomes Real Growth (2)</th>
<th>Bottom 99% Incomes Real Growth (3)</th>
<th>Fraction of total growth (or loss) captured by top 1% (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full period</strong></td>
<td>13.1%</td>
<td>57.5%</td>
<td>5.8%</td>
<td>62%</td>
</tr>
<tr>
<td>1993-2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clinton Expansion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993-2000</td>
<td>31.5%</td>
<td>98.7%</td>
<td>20.3%</td>
<td>45%</td>
</tr>
<tr>
<td>2001 Recession</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-2002</td>
<td>-11.7%</td>
<td>-30.8%</td>
<td>-6.5%</td>
<td>57%</td>
</tr>
<tr>
<td><strong>Bush Expansion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002-2007</td>
<td>16.1%</td>
<td>61.6%</td>
<td>6.8%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Great Recession 2007.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>-17.4%</td>
<td>-36.3%</td>
<td>-11.5%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Recovery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-2011</td>
<td>1.7%</td>
<td>11.2%</td>
<td>-0.4%</td>
<td>121%</td>
</tr>
</tbody>
</table>

*Saez, Emmanuel, Striking it Richer: The Evolution of Top Incomes in the United States, p. 7*

Even when economic growth is positive, tax and other policies may redistribute income to those who need it least. The chart below demonstrates that during the past 40 years, the bottom 80% of the population lost significant proportions of their income; during the same period, rents have increased from $542 in 1970 (in 2011 dollars) to $883 in 2011, an increase of 63%.

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82 U.S. Census Bureau, Historical Census of Housing Tables, Gross Rents http://www.census.gov/hhes/www/housing/census/historic/grossrents.html.
<table>
<thead>
<tr>
<th>Year</th>
<th>Lowest fifth</th>
<th>Second fifth</th>
<th>Third fifth</th>
<th>Fourth fifth</th>
<th>Highest fifth</th>
<th>Top 5 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.2</td>
<td>8.4</td>
<td>14.3</td>
<td>23.0</td>
<td>51.1</td>
<td>22.3</td>
</tr>
<tr>
<td>1970</td>
<td>4.1</td>
<td>10.8</td>
<td>17.4</td>
<td>24.5</td>
<td>43.3</td>
<td>16.6</td>
</tr>
<tr>
<td>% Change</td>
<td>-21.9%</td>
<td>-22.2%</td>
<td>-17.8%</td>
<td>-6.1%</td>
<td>18.0%</td>
<td>34.3%</td>
</tr>
</tbody>
</table>


Concomitantly, the income of the lowest fifth of the population increased by 9.1% (from $10,297 to $11,239); for the second fifth of the population, the increase was an even more modest 4.7% (from $27,892 to $29,204, and for the third fifth, the increase was 11% (from $44,914 to $49,842). The income of population groups grew far more slowly than did the price of rental housing, exacerbating the housing affordability crisis.  

### Mean Household Income for Each Fifth and Top 5 Percent, All Races: 1967 to 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Lowest fifth</th>
<th>Second fifth</th>
<th>Third fifth</th>
<th>Fourth fifth</th>
<th>Highest fifth</th>
<th>Top 5 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11,239</td>
<td>29,204</td>
<td>49,842</td>
<td>80,080</td>
<td>178,020</td>
<td>311,444</td>
</tr>
<tr>
<td>1970</td>
<td>10,297</td>
<td>27,892</td>
<td>44,914</td>
<td>63,310</td>
<td>112,080</td>
<td>172,030</td>
</tr>
<tr>
<td>% Change</td>
<td>9.1%</td>
<td>4.7%</td>
<td>11%</td>
<td>26.4%</td>
<td>58.8%</td>
<td>81%</td>
</tr>
</tbody>
</table>


Given the affordability standard adopted by the Federal government in 1981, neither the lowest nor the second-lowest quintile can afford the median rent. Thus it is no surprise that 46% of renters cannot afford the cost of their housing. In Baltimore, the City’s housing agency has calculated that 41,637 low-income households—104,092 people—have worst-case housing needs and are at imminent risk of eviction and homelessness.

With 9.3% of Baltimore renters having household incomes below $5,000 per year and 14.8% of renters having incomes between $5,000 and $10,000 per year, we can hardly expect the housing market to serve a large number of our neighbors. In the following section, we shall examine in more detail the plight of impoverished Baltimoreans.

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85 Ibid., p. 1.
Baltimore and Its Neighborhoods

“Baltimore is Best,” “The City that Reads,” “The Greatest City in America,” “Believe,” “Baltimore: A Great Place to Grow”—Baltimore has no lack of slogans. Yet these examples of civic boosterism have done little to overcome the problems Baltimore shares with most “Rust Belt” cities and other urban areas of similar size. These interconnected problems include very high rates of poverty, segregation, and unemployment, inadequate transportation systems, a challenging educational environment, deindustrialization, depopulation, high crime rates, and third-world inequality—in health, incomes, and opportunity. Certainly Baltimore has strengths such as diversity, vibrant arts and music scenes, relatively low housing costs (for those who can afford them), “world-class” medical institutions, and its location along the Washington-Boston corridor.

Among comparably sized cities, Baltimore ranks third in percentage of inhabitants with incomes below the Federal Poverty Guidelines and third in percentage of housing units that are vacant (behind Detroit and Cleveland in both cases). 87 Baltimore ranks ninth in the number of violent crimes reported annually, 88 although only three cities with more violent crime have a higher rate per 100,000 population.

There are 621,342 stories in Baltimore, 89 but first a tour through the facts:

<table>
<thead>
<tr>
<th>Demographics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baltimore</strong></td>
</tr>
<tr>
<td>Race</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Origin</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Data derived from U.S. Census Bureau State and County QuickFacts*

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<table>
<thead>
<tr>
<th>Housing</th>
<th>Baltimore</th>
<th>Maryland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Units</td>
<td>296,450</td>
<td>2,391,350</td>
</tr>
<tr>
<td>Occupied Units and %</td>
<td>239,251 (80.7%)</td>
<td>2,156,411 (90.2%)</td>
</tr>
<tr>
<td>Vacant Units</td>
<td>22,801</td>
<td>61,532</td>
</tr>
<tr>
<td>Multi-unit Structures</td>
<td>32.8%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Homeownership rate</td>
<td>49.5%</td>
<td>68.7%</td>
</tr>
<tr>
<td>Median Value of owner-occupied unit</td>
<td>$163,700</td>
<td>$319,800</td>
</tr>
</tbody>
</table>

Data derived from U.S. Census Bureau, 2010 Census Demographic Profiles and Maryland Department of Planning

<table>
<thead>
<tr>
<th>Incomes</th>
<th>Baltimore</th>
<th>Maryland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>$38,748</td>
<td>$70,579</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td>24.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Children in Poverty</td>
<td>35.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>11.2%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Data derived from U.S. Census Bureau Small Area and Poverty Estimates, Maryland Department of Planning, and U.S. Bureau of Labor Statistics

Baltimore generally fairs poorly as compared to State-level data, including a 9.7% lower rate of high school graduates, a 10.3% lower rate of college graduates, a 9.5% lower rate of housing occupancy, and the median value of owner-occupied homes in Baltimore is 51.2% of the value throughout the State. The median household income in Baltimore is 54.9% of the State as a whole, the poverty rate is 2.4 times as high as the State’s rate, and most shockingly, children are more than three times as likely to live in poverty than are children throughout the State.

These disparities are not limited to a Baltimore City – State of Maryland comparison; within the city, inequality is even more marked. A child born in Guilford is likely to live nearly 20 years longer than a child born in Upton; the family income of a child born in Roland Park is almost 4.5 times the family income of a child born in Sandtown-Winchester. As these data suggest, Baltimore’s housing and income crisis is not distributed city-wide, but follows the segregated patterns established at the beginning of the 20th century and maintained throughout the 21st century.90

There are stark and startling disparities between a relatively comfortable Baltimore of gleaming waterfront playgrounds and leafy avenues with stately homes and the Baltimore of glass-strewn playgrounds with no equipment, abandoned homes and recreation centers, closed fire stations, and unemployment rates above 25%. The residents of the latter neighborhoods are not welcome at the Inner Harbor or Harbor East—and, no doubt, will not be welcome in the so-called public parks at the proposed Harbor Point development. Their children are arrested 7.5 times more often and they are likely to spend some time in rent court, with 69,698 warrants of restitution (eviction notices) filed in 2012. Should they be evicted and unable to secure a bed in one of Baltimore’s few emergency shelters, they are likely to be threatened with arrest and driven away from any safe place they find to sleep.

The chart above provides some sense of the struggles in which many Baltimore families must engage to secure housing. As discussed above, when families spend more than 30% of their net income for shelter costs, their housing is considered to be unaffordable, and they may encounter evictions and homelessness. Thus, at least 40.1% of all Baltimore renters are in such jeopardy, and the situation is even more desperate for the 24.9% of renters who pay more than 50% of their income for housing.

Of course the housing situation is even more precarious for low-income Baltimoreans. 80% of low-income renters in the city pay more than 30% of their income for housing. As noted in the introduction, the Consolidated Plan of the Baltimore Housing (a trove of useful information) reports that 41,637 low-income households—104,092 people—have worst-case housing needs.

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91 "relatively", because even in the face of expressway commutes, gated communities, and private police forces, poverty and crime, there can be no impermeable barriers between those with possessions and the dispossessed.
92 Baltimore Neighborhood Indicators Alliance and Jacob France Institute, “Vital Signs 11” Spring 2013.
94 Personal communication from Zafar Shah, staff attorney of the Public Justice Center’s Human Right to Housing Project, 1/28/13.
95 This is, in part, a reference to the struggle over Camp 83, a homeless refuge destroyed by the City in March 2013 – see, for example, Shen, Fern, “City Workers Trash the Remains of Camp 83”, Baltimore Brew, 3/8/13, http://www.baltimorebrew.com/2013/03/08/city-workers-trash-the-remains-of-camp-83/; see also “Outrage and Confusion at City Council’s ‘Journey Home’ Hearing, Word on the Street, 3/14/13, http://tiny.cc/43v01w.
To address this daunting magnitude of housing problems, Baltimore Housing’s current Five Year Plan proposes to provide an additional 1,634 extremely-low, very-low, and low-income households with affordable rental housing, thus addressing 3.9% of the need.\(^{98}\)

As the 2013 Comparative Neighborhood Data chart above clearly illustrates, solutions to the affordable housing crisis also require an income-raising component. In neighborhoods such as Upton and Sandtown-Winchester, the employment rates are 35.2% and 42.2%, respectively, and the percentages of residents with incomes less than $25,000 per year are 65% and 52.9% respectively. Producing and maintaining housing affordable to individuals at such levels of impoverishment is an extraordinary challenge in the context of housing as a commodity.

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III. Vacant Housing

In what appears to be a curious contradiction, the dramatic rise in the numbers of our neighbors with “worst-case housing” problems and the contemporary increase in homelessness are accompanied by a simultaneous growth in the number of vacant housing units. Forums on homelessness rarely fail to elicit the question, “Why can’t people bereft of housing be matched with housing bereft of people?” This section of “Housing Our Neighbors” explores the phenomenon of vacant housing.

The U.S. Census Bureau reports that at the conclusion of 2000, there were 10,424,540 vacant housing units in the U.S.;\(^9\) this number had risen to 13,701,000 by the second quarter of 2013, an increase of 31.4%;\(^10\) another source, RealtyTrac, finds that the number of vacant housing units in the U.S. is 5,625,000 (12.5% of all housing units).\(^11\)

![Not Seasonally Adjusted Year-Round Vacant Housing Units](image)

The numbers of vacant units in Baltimore is a matter of much dispute. Baltimore Housing’s Consolidated Plan for 2010-2015 reports that the number is 16,594.\(^12\) This number only includes houses that meet the definition of “vacant” as “an unoccupied structure that is unsafe or unfit for human habitation or other

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\(^12\) U.S. Census Bureau, Business and Industry, Time Series and Trend Charts, http://www.census.gov/econ/currentdata/dbssearch?program=HV&startYear=1990&endYear=2013&categories=ESTIMATE&dataType=YRVA&geoLevel=US&notAdjusted=1&submit=GET+DATA.
\(^13\) Baltimore Housing, op. cit., p.21.
authorized use." The 2011 American Community Survey of the U.S. Census Bureau states that 57,230 housing units in Baltimore are vacant. Of this total, 20,573 are for rent or for sale, sold but not yet occupied, and occasional use; thus, 36,657 houses are vacant in the important sense that they would be available to those without homes. The Census Bureau’s “Profile of General Population and Housing Characteristics: 2010” provides yet another set of numbers: of 46,782 housing units counted, 22,801 were neither for rent, for sale, or reserved for occasional use. Finally, the U.S. Department of Housing and Urban Development publishes a housing census document, “SOCDS Census Data: Housing Units by Occupancy Status”; this document provides a 40-year view of vacant houses in the City.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Vacant Units</th>
<th>Vacants as % of Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>16,805</td>
<td>5.3%</td>
</tr>
<tr>
<td>1980</td>
<td>21,045</td>
<td>7.0%</td>
</tr>
<tr>
<td>1990</td>
<td>26,982</td>
<td>8.9%</td>
</tr>
<tr>
<td>2000</td>
<td>41,028</td>
<td>13.7%</td>
</tr>
<tr>
<td>2005</td>
<td>51,284</td>
<td>17.4%</td>
</tr>
<tr>
<td>2006</td>
<td>58,306</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

The actual number of vacant houses in Baltimore is difficult to know precisely, in part because the definitions matter, and in part because the processes by which houses become vacant and occupied are dynamic. A journey through west, east, and northwest Baltimore, however, brings into view vast swathes of vacant units. Many blocks have more vacant than occupied units; other blocks have gaps where vacant units have been demolished. In a number of cases, a lone home is occupied on a block in which all other units are vacant—this is especially difficult for the resident, because most public services are no longer provided on these streets.

Baltimore is, of course, not alone among once thriving cities in having a large number of vacant housing units; as these cities have become depopulated through suburbanization, deindustrialization, middle-class and white flight, and 21st-century America’s grotesque inequality. Among the cities with populations similar to Baltimore, Detroit (27.3%) and Cleveland (21.7%) have higher percentages of vacant houses; Memphis (16.7%) and Pittsburgh (16%) have lower percentages. These cities also struggle, as has Baltimore, to implement strategies that reduce the numbers of vacant units—and, in the best cases, to increase the supply of affordable housing.

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104 Building, Fire, and Related Codes of Baltimore City, Part II, §116.4.1, 2011, as amended by Ord. 11-419).
Cities have an economic incentive to limit the numbers of vacant housing units, as there are considerable costs to maintaining these houses. In 2009 and 2010, Detroit spent $20 million demolishing 4,000 vacant houses. A 2008 Ohio study calculated that vacant houses in eight jurisdictions cost $64 million in city services and lost property values. “Vacant and abandoned properties impose high costs on local communities. Cities bear the costs of municipal services—code enforcement, boarding, demolition, maintenance, and police and fire—associated with addressing vacant property. Local jurisdictions—in particular school districts—feel the impact of lost tax revenue from these properties. These costs and lost revenue have ripple effects in communities, limiting resources to address the problem of vacancy and to provide essential city services.”

With respect to the impact on property values, a 2011 study by the Federal Reserve Bank of Cleveland found that vacant properties reduce the value of nearby properties from 1.7% to 4.6%.

Vacant houses result from the dynamic among at least three fundamental factors: public polices, market forces, and individual actions/choices.

Public Policies
- Federal, State, and local appropriations for housing
- Tax provisions, including property taxes, mortgage interest deductions, tax credits for homeownership, historic buildings, low-income construction, high-income construction, enterprise zones, and brownfields

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• Zoning regulations
• Segregation de jure and redlining
• Inclusionary housing laws
• Public spending on housing-related matters including education, recreation, public safety, transportation, cultural amenities that subsidize outmigration
• Declining revenues
• Urban renewal (e.g. HOPE VI)
• Economic development strategies

Market Forces
• The supply of housing
• The size and income of the population competing for housing
• Location, especially related to the socio-economic-political environment
• Globalization and deindustrialization
• Redlining
• Profitability of housing maintenance
• Concentration of wealth
• Securitization of mortgages (e.g. bundling and derivatives)

Individual Actions/Choices
• Racist selling and buying practices
• Landlords failing to maintain housing or pay taxes
• Adjacent property abandonment

Explicating the complex relationships among these factors is beyond the scope of this paper; however, strategies to impact upon the production of vacant housing ought to address the factors cited above. Some jurisdictions have implemented promising policies and programs that do more than simply turn vacant houses over to developers or demolish them. Three such examples can be found in Boston, New Haven, and Youngstown, Ohio. Boston’s Dudley Street Neighborhood Initiative entailed a community gaining the power of eminent domain to place 1,300 vacant lots in a Community Land Trust. This collaborative effort has created a democratic structure to plan and operate an area with 24,000 ethnically and racially diverse residents. New Haven’s Real Options to Overcome Foreclosure (the ROOF Project) acquires and rehabilitates vacant houses to rent or sell them to low- and moderate-income households, not to create profits for developers. Youngstown, Ohio created a region land bank in collaboration with Mahoning County to acquire distressed properties and facilitate their distribution. In 2008, the U.S. Conference of Mayors published a summary of such projects, “Vacant and Abandoned Properties: Survey and Best Practices.”

Certainly, non-traditional strategies for vacant housing abound, frequently in the spirit of moving “homeless people into the people-less homes,” as articulated by Chicago housing activist Willie “J.R.” Fleming. Fleming, a former member of the National Union for the Homeless, created the Chicago Anti-Eviction Campaign, “freeing,” fixing, and finding residents for 20 of Chicago’s 62,000 vacant

111 Basolo (2000) reviewed data from 1,070 cities with populations greater than 25,000 and found that the median ratio of economic development dollars to affordable housing dollars was 6.8:1.0.
houses, while organizing the neighborhoods in which these houses are located. Similar activities are being organized by Take Back the Land (in Miami, Portland, Rochester, and other cities); City Life/Vida Urbana in Boston; Occupy Our Homes in Minneapolis, Atlanta, Washington, D.C., and New York City; Home Not Jails/San Francisco Tenants Union in San Francisco and Oakland (“People from Europe squatted this country over 300 years ago, and their squats are still going.”); and other communities throughout the U.S. (and the world—see Squat!.net’s list of housing takeovers in Germany, the Netherlands, England, Australia, South Africa, France, Spain, Wales, Belgium, Greece, Ukraine…).

Baltimore, too, has a proud history of squatting, primarily of the informal, individual variety. Dozens of vacant houses throughout the city are temporary homes to homeless people; they are often referred to as “abandominiums.” More publicly, the Baltimore Homeless Union announced and carried out a series of building takeovers in 1985, including the occupation of a vacant school directly behind the Baltimore City Department of Social Services’ Homeless Unit, as well as placing several homeless families in foreclosed houses. On May Day 1990, the National Union of the Homeless coordinated the takeover of vacant publicly owned houses in eight cities. The well-publicized occupation of buildings on New York City’s Lower East Side from 1989-1999 resulted in the City selling some of these buildings for $1.00 to the Urban Homesteading Assistance Board, which then turned them over to the squatters.

On August 15, 2013 the City of Baltimore announced a $21.65 million plan to raze 1,500 homes; according to the report in the Baltimore Sun, the land will remain vacant until investors are found. This decision appears to be another short-sighted approach to the problem; houses as “investments,” i.e. commodities fundamentally characterized by their exchange value, are a primordial cause of the vacant house phenomenon. Focusing on the use value of housing—understanding houses as “homes”—is an essential framework for housing our neighbors.

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117 http://takebacktheland.org/
118 http://clvu.org
119 http://occupyourhomes.org/
120 http://sftu.org
121 http://en.squat.net/
122 Austen, op. cit.
123 Wenger, Yvonne, "City to raze hundreds of vacant houses in stepped-up plan: Vacants to Value programs gets an infusion of cash", The Baltimore Sun, 8/17/13, p. 1.
IV. Inclusionary Housing

As noted above, Baltimore, like many older jurisdictions in the United States, has a large surplus of housing units, but a concomitant shortage of affordable housing for all but the wealthy. The Fair Market Rent for a two-bedroom apartment in Baltimore is $1,251, requiring an income of $50,040/year (25% more than the median household income). Thus, 150,000 Baltimore households have incomes insufficient to afford the average apartment; yet, only 25,000 Baltimore households receive housing subsidies of any sort. Baltimore Housing, the City’s housing agency, reports that 41,637 low-income households (104,092 individuals) have worst-case housing needs, paying more than 50% of their total income for housing and/or living in substandard conditions. These Baltimoreans have attenuated access to food, transportation, and other necessities. Should they lose their housing, they will join the thousands of their neighbors who experience homelessness each year.

Two intersecting phenomena are causing local jurisdictions to seek innovative methods of assisting lower- and moderate-income households secure housing. First, market forces and public policies have resulted in the loss of tens of thousands of units of affordable housing by means of gentrification, conversion to other uses, and abandonment or demolition by property owners, including the government. Concomitantly, the Federal support for affordable housing has declined dramatically during the past 35 years (see section II, above); public housing has been starved for operating and capital funds, and Congress even prohibited the Federal government from facilitating the construction of additional public housing units (by means of the Faircloth Amendment to the U.S. Housing Act of 1937). Most local and State governments have refused to dedicate substantial funding to housing for anyone but the wealthy (although they are very good at subsidizing high cost housing—see for example Harbor East in Baltimore City and the proposed Harbor Point development with more than $1 billion of public subsidies).

To ameliorate the affordable housing crisis, local jurisdictions and advocates have begun to rely upon a relatively inexpensive methodology: inclusionary housing (also known as inclusionary zoning). First adopted by Fairfax County, Virginia in 1973 and Montgomery County, Maryland in 1974, inclusionary housing laws require residential developers, under widely varying circumstances, to set aside housing for households that cannot afford the housing being constructed. In some jurisdictions, these developers can contribute money to a housing trust fund instead of building the “affordable” units themselves. More than 400 jurisdictions have adopted inclusionary housing ordinances, and at least 75,000 housing units have been constructed.

In 2007, following a long struggle led by the Citizens Planning and Housing Association, Baltimoreans United In Leadership Development, American Federation of State, County, and Municipal Employees, Service Employees International Union, Association of Community Organizations for Reform Now, CASA de Maryland, and Health Care for the Homeless, Baltimore City adopted inclusionary housing legislation. The purpose of the legislation was to expand the supply of affordable housing with a minimum of public financing.

The ordinance, set to sunset in 2012 but extended by the City Council in 2011, applies to residential

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124 Housing Authority of Baltimore City, op. cit. 2/21/13.
125 Housing Authority of Baltimore City, op. cit. 2/21/13.
128 Calvert and Hopkins, op. cit.
129 Innovative Housing Institute, “2010 Inclusionary Housing Survey: Measures of Effectiveness, p. 7”.
130 Ibid., p.10.
131 Code of Baltimore, Article 13, Subtitle 2B.
developments producing at least 30 units of housing and incorporating a major public subsidy. At least 20% of these housing units must be “affordable”:

- 30% would be reserved for households with incomes less than 30% of the area median income (currently the HUD-adjusted Area Median Family Income (HAMFI) is $81,788; 30% or less of the HAMFI is $24,536 for a family of four).
- 25% of the inclusionary units must be set aside for households with incomes between 30% and 60% of the HAMFI ($24,536 - $49,073).
- 25% of the units must be reserved for households with incomes between 61% of HAMFI and 80% of HAMFI ($49,074 - $65,430),
- The remainder must be provided to eligible households at a rental cost that does not exceed 1/12 of 30% of 100% of the HAMFI.
- Home ownership opportunities are also possible.

While Baltimore’s inclusionary housing experience can only be characterized as dreadful, two nearby jurisdictions have thriving inclusionary housing programs. Montgomery County, Maryland adopted its program in 1974 and has produced 13,246 units of affordable housing since implementation in 1976, an average of 368 units annually. The current Fairfax County, Virginia ordinance was adopted in 1990 and has produced 2,448 units of affordable housing, an average of 111 units per annum. 

In contrast, the three-year-old Baltimore City ordinance is thought to have produced a dozen units, an average of two per year provided by only two developers. Data is difficult to secure, as the required annual reports have never been issued and the Inclusionary Housing Board, required six years ago by the ordinance, has never been convened. The legislation permits the Housing Commissioner to waive any inclusionary housing requirements and he has done so on at least two significant occasions (the west-side Lexington Square project and the Harbor Point project—the developer of the latter has agreed to contribute $3 million to the Inclusionary Housing Offset Fund).

Inclusionary housing legislation has proven to be completely ineffective in ameliorating Baltimore’s crisis of affordable housing and homelessness. Housing advocates must now choose to advocate for a more aggressive ordinance, or focus on other struggles more likely to produce housing justice.

133 Personal communication from Baltimore Housing official Michael Pokorny, 5/16/13. 
134 Art. 13. Sec. 2B-6(c): Notwithstanding any other provision of this subtitle, if the Housing Commissioner determines that the cost offsets or other incentives available to a residential project are insufficient to offset the financial impact on the developer of providing the affordable units required by this subtitle, the Housing Commissioner shall either exempt the residential project from this subtitle or modify the number of affordable units … [without] the approval of the Board of Estimates…".
V. Mortgage Interest Deduction

An essential aspect of the American housing system is the mortgage interest deduction, a tax policy that is implicated in the production and price of housing. The mortgage interest deduction [MID] is the focus of the Common Sense Housing Investment Act of 2013; thus, a brief history and analysis of this policy will provide important context for this legislation.

The mortgage interest deduction is found in 26 USC § 163, which authorizes taxpayers who itemize deductions (rather than take the standard deduction of $6,100 for an individual and $12,200 for a couple) to deduct the amount of interest paid on a mortgage for a “qualified residence.” The current limit on the value of a “qualified residence” is $1 million, implemented through the Tax Reform Act of 1986.

The MID is the second largest “tax expenditure,” i.e. “revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.” It is currently valued at between $70 billion and $80 billion annually; the Congressional Joint Center for Taxation estimates that between 2013 and 2017, the MID will cost $379 billion.

The Mortgage Interest Deduction is often considered to be a policy aimed at increasing homeownership; however, it did not originate as such and the evidence that it produces this result is decidedly mixed. In a paper published in the May 2008 American Economic Review, James Poterba and Todd Sinai found that “…the mortgage interest deduction lowers the cost of capital for owner-occupied housing by seven percent,” an amount that had a negligible effect on the rate of homeownership. Bourassa and Yin are among those who argue that the MID increases the price of homes, thus reducing the number of homeowners.

The history of the mortgage interest deduction is intimately related to the history of the Federal income tax, which has included deductions for interest of all sorts as a business expense. The first Federal income tax was implemented in 1862 in order to finance the Civil War; this tax expired in 1872. In 1894, the Wilson-Gorman Tariff Act was introduced to reinstitute the income tax. Interestingly, support for the imposition of a tax on the income of the wealthy was in large measure a reaction to increasing inequality and the organization of small farmers, labor, and the poor throughout the country. As Representative Uriel Hall of Missouri warned his colleagues:

135 Legal Information Institute, USC Title 26 › Subtitle A › Chapter 1 › Subchapter B › Part VI › § 163; http://www.law.cornell.edu/uscode/text/26/163.
137 The largest tax expenditure is the deduction received by employers for health care benefits. See, for example, Joint Committee on Taxation, “Tax Expenditures for Health Care”, JCX-66-08, 7/30/08, https://www.jct.gov/publications.html?func=startdown&id=1193.
"When you oppose a measure of this kind, when you come to the great masses of the people and say that the wealthy of the Government shall bear none of its burdens, then you make a foundation for the argument of anarchy, socialism and demagoguery, that eventually will sweep back and curse this country, as it did in France in the days of the French Revolution." \[143\]

The Supreme Court struck down the tax provisions of this legislation as an unconstitutional direct tax in *Pollock v. Farmers’ Loan & Trust Company* (1895). It was not until the adoption of the 16th Amendment to the U.S. Constitution in 1913 that the Federal income tax was reinstated through the Revenue Act of 1913. This legislation created a graduated income tax; only 1% to 2% of the population were subject to this impost.\[144\] The Act included a 1% tax on incomes above $3,000 ($4,000 for married individuals); and additional 1% surcharges on incomes between $20,000 and $70,000, between incomes of $70,001 and $100,000, between incomes of $100,001 and $250,000, between incomes of $250,001 and $500,000, and for incomes greater than $500,000 (for a total of 7%).

The Revenue Act of 1913 included the following language: “That in computing net income for the purpose of the normal tax there shall be allowed as deductions: First, the necessary expenses actually paid in carrying on any business, not including personal, living, or family expenses; second, all interest paid within the year by a taxable person on indebtedness. . . .”\[145\] This language established the modern mortgage interest deduction as an aspect of the general deduction of any interest, and not specifically as a homeownership policy.

Mortgages were a relatively unimportant tool for homeownership through the early 20th century. Michael Stone estimates that in 1890, fewer than 30% of nonfarm owner-occupied homes were financed with mortgages; indeed, homeownership was not common and most homes were purchased with cash.\[146\] The advent of the streetcar, opening up vast tracts of rural land was a critical component of suburbanization and the growth of homeownership. (This phenomenon was to be repeated in the 1950s with the rise of the automobile and the construction of the interstate highway system.) By the 1930s, homeownership had become so common that one of the significant problems brought about by economic crisis of the Great Depression was foreclosures and the resulting homelessness. Among the first acts of the Roosevelt Administration was the creation of the Federal Housing Administration and the Federal National Mortgage Association to purchase mortgages from savings and loan institutions to replenish mortgage funds.

As incomes declined, the MID became less important as a source of tax expenditures, even as mortgages became an important social policy mechanism. In his trenchant work *Not in My Neighborhood: How Bigotry Shaped a Great American City*, former Sun reporter and editorialist Antero Pietila chillingly describes the Federal Homeowners’ Loan Association collaborating with realtors and bankers to literally draw red lines around certain Baltimore neighborhoods in order preserve and enforce segregation.\[147\] Baltimore’s landscape continues to be shaped by the policies and practices of housing segregation practiced for the past century and more.

By the conclusion of WWII, homeownership was becoming more common; 44% of the population were homeowners. The 1950s and 1960s saw an explosion in suburbanization as a result not only of

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\[145\] Sixty-Third Congress. Sess. I., Chapter 16, Section II B. (emphasis added).


\[147\] Pietila, op. cit., pp. 61-74.
transportation trends, but also the introduction of loan guarantees (and no down payments) for veterans through the Servicemen’s Readjustment Act of 1944. Since that time, more than 18 million veterans have been guaranteed home loans valued at greater than $913 billion.\textsuperscript{148}

The mortgage interest deduction remained unchanged until the Tax Reform Act of 1986; not only did this legislation create the Low Income Housing Tax Credit, but it placed a ceiling of $1 million on the value of a “qualified residence” for tax deduction purposes, while reducing the maximum tax bracket from 50\% to 28\%.\textsuperscript{149}

The social, and even economic, value of the mortgage interest tax deduction has been debated for at least the past decade, with many conservative and liberal opponents proposing its replacement with a tax credit.\textsuperscript{150} The “savings” from the MID tax expenditure—new Federal revenues—could be targeted readily toward affordable housing, a policy change currently championed by Representative Keith Ellison and addressed more fully in the penultimate section of this paper.

\textsuperscript{150} See, for example, Eng, et al., op. cit.
VI. Increasing the Supply of Affordable Housing: The National Housing Trust Fund and HR 1213

With millions of our neighbors experiencing homelessness annually, and tens of millions more tenuously housed, affordable housing schemes are desperately needed. Appropriations for Federal programs such as public housing and rental vouchers are unlikely to increase in the near term; States and localities face sufficient financial pressures that they are not expected to offer solutions. An important solution that does not require elusive annual appropriations, the National Housing Trust Fund, was created in 2008; however, the Trust Fund has remained unfunded and its promise unfulfilled.

In the midst of the Clinton Administration’s refusal to reverse declining Federal support for affordable housing, the National Low Income Housing Coalition and its allies began to advocate for a new funding mechanism. The Federal Housing Trust Fund would have created a $5 billion block grant permitting States to facilitate the construction and rehabilitation of low-income housing. The concept eventually received support from Senators John Kerry (D-Mass.), Jack Reed (D-R.I.) and Bernie Sanders (I-Vt.), and Representative Barney Frank (D-Mass.), who introduced legislation to implement the NHTF. Sufficient Congressional support was not achieved until the economic crisis of 2007-2008 forced millions of homeowners into foreclosure and even homelessness. When Congress adopted relatively broad legislation—the Housing and Economic Recovery Act of 2008—to ameliorate this phenomenon, Title I Section 1338 created the National Housing Trust Fund.152

The Trust Fund largely benefits renters, as at least 90% of dollars in the Fund are required to be targeted to the preservation, production, rehabilitation, or operation of rental housing. The remaining portion can be directed toward homeownership activities including production, down payment and closing-cost assistance, and reductions in mortgage interest rates. At least 75% of Trust Fund rental housing expenditures must be directed toward extremely low-income households, i.e. those with incomes less than 30% of median income (nationally $52,098 as of June 2013—30% of median household income would be $15,629; in Baltimore, the Area Median Income (AMI) is $85,600; 30% of AMI is an annual income of $25,680).153

Section 4567 of the Housing and Economic Recovery Act of 2008 required the Federal Home Loan Mortgage Corporation [Freddie Mac] and the Federal National Mortgage Association [Fannie Mae] to transfer a portion of their annual surpluses to the Federal Department of Housing and Urban Development.154 These funds would capitalize the National Housing Trust Fund and be distributed to the States according to a complicated formula related to their lack of affordable housing.155 Unfortunately, the mortgage crisis had a dramatically negative impact upon Fannie Mae and Freddie Mac, requiring Federal treasury bailout. Without surpluses being available from these sources, affordable housing advocates have been required to seek alternative funding mechanisms that simultaneously would not cannibalize appropriations for public housing and the Section 8 rental subsidy program.

Thus, housing advocates had despaired of finding a means to increase the supply of affordable housing. In March 2013, however, Representative Keith Ellison of Minnesota introduced the Common Sense Housing Investment Act in 2013. This bill proposes to replace the mortgage interest deduction with a

152 The Housing and Economic Recovery Act of 2008, Section 1338, as codified in USC Title 12 Chapter 46 Subchapter I Part B Subpart 2 § 4568.
154 §4567 (a) Affordable housing allocations, set aside and allocation of amounts by enterprises.
155 §4568 (c) (3) (B) Housing Trust Fund Distribution to States by needs-based formula.
15% tax credit. Not only would many more middle-class Americans be assisted by the tax credit approach, but H.R.1213 would generate sufficient tax revenues to provide an estimated $196 billion over the next ten years for the construction of new housing units, the rehabilitation of existing housing units, strengthening public housing, and significant numbers of additional Housing Choice vouchers.

As described in section III above, the mortgage interest deduction is an inefficient mechanism to promote housing; only 24% of homeowners take advantage of the deduction. 36% of mortgage interest deductions benefit households with incomes greater than $100,000 and only 9% of households with incomes less than the national median of $52,098 claim the deduction—many taxpayers earn so little that they would not benefit from itemizing deductions and thereby forego the mortgage interest deduction.

In contrast to the mortgage interest deduction, H.R. 1213 ameliorates the problem of limited assistance by amending the Internal Revenue Act of 1986 to transform the mortgage interest deduction into a tax credit; thus taxpayers who do not itemize but use the standard deduction would receive an income tax reduction (a tax credit) of 15% of the eligible mortgage interest that they paid in any calendar year. The tax credit policy would increase the number of homeowners receiving Federal tax subsidies from 39 million to 55 million.156

As the National Low Income Housing Coalition’s United for Homes campaign explains, the Common Sense Housing Investment Act of 2013 has the following features:

- It caps on the maximum size of an eligible mortgage at $500,000 (the current cap, implemented in 1986, is $1 million).
- It converts the mortgage interest deduction to a 15% non-refundable mortgage interest tax credit, phasing out the MID between 2014 and 2019.
- It changes the formula for funding the Low Income Housing Tax Credit by increasing the value of the State housing credit ceiling from $1.75 times the State population to $2.70 times the State population.157
- It directs the Secretary of the Treasury to credit the Housing Trust Fund with 60% of increased revenues resulting from the transition from the existing deduction to the tax credit.158
- It further directs the Secretary of the Treasury to credit 30% of the increased revenue to the Section 8 rental subsidy program159 and the remaining 10% of increased revenues to the Public Housing Capital Fund.160

The National Low Income Housing Coalition calculates, based on the Tax Policy Center’s analysis, that the implementation of H.R.1213 would result in additional tax revenue of approximately $196 billion over ten years. Given the distribution percentages cited above, the National Housing Trust Fund would receive approximately $109 billion, the Low Income Housing Tax Credit would increase by approximately $14 billion, the Section 8 rental subsidy program would expand by approximately $54 billion, and the Public Housing Capital Fund would gain approximately $18 billion (desperately needed, as the amount of deferred capital required to modernize and rehabilitate existing public housing was estimated at $26 billion in 2010).161

How would the implementation of the Common Sense Housing Investment Act of 2013 impact Maryland? Nationally, 4% of mortgages are valued at more than $500,000, the ceiling for a “qualified mortgage” under the proposed law. Maryland ranks 7th nationally, with 6.1% of mortgages being valued

156 Eng, op. cit., p.4.
157 H.R.1213 Sec 5(a).
158 H.R. 1213 Sec 6(a)(1).
159 H.R. 1213 Sec 6(a)(2).
160 H.R. 1213 Sec 6(a)(3).
at more than $500,000; thus, there would be a negative impact upon a small proportion of Marylanders.\textsuperscript{162}

With respect to new funds to support housing for our impoverished neighbors, Maryland would receive $69,600,000 for each five billion dollars generated for the National Housing Trust Fund.\textsuperscript{163} Should the project raise $109 billion, Maryland would receive $1,517,280,000 in Housing Trust funds producing between 15,173 and 30,346 desperately needed affordable housing units.\textsuperscript{164}

The Common Sense Housing Investment Act is the first opportunity in many years to ameliorate the homelessness and housing crisis that condemns tens of thousands of our neighbors to inadequate housing—or to none at all. Further, this legislation creates a more equitable and more broadly useful housing subsidy scheme for middle-income Americans. H.R.1213 is worthy of our support.

\textsuperscript{162} National Low Income Housing Coalition, “The Percentage of Mortgages in the United States over $500,000 by State (2007-2011),” http://nlihc.org/sites/default/files/U4H_500k-mortgages-percent.pdf, accessed on 8/21/13 at 4:04PM.

\textsuperscript{163} Estimated State Allocations for Every $5 Billion Invested In the National Housing Trust Fund, http://nlihc.org/sites/default/files/U4H_State_Allocations_5bill.pdf.

\textsuperscript{164} The cost of housing units is variously estimated at $100,000 by Baltimore Housing and $50,000 by the nonprofit Builders of Hope (Lorraine Mirabella and Jamie Smith Hopkins, “Nonprofit plans to rehab 500 city homes”, April 27, 2012, The Baltimore Sun http://articles.baltimoresun.com/2012-04-27/business/ba-ba-vacant-homes-rehab-20120427_1_housing-agency-housing-prices-nonprofit-group).
VII. On Housing Justice

As the late winter of 2012 became the early winter of 2013, the City of Baltimore declared war on an encampment of homeless individuals. Unable to secure affordable housing or even access emergency shelter, a shifting group of 20 women, men, a service dog, and at least one cat organized themselves into a community under an on-ramp to the Jones Falls Expressway (I-83). The members of Camp 83 did their best to assure that everyone had sufficient food and drink, warm blankets and tents, and felt secure—difficult tasks given the circumstances.

In January, the City announced that the community was to be destroyed and that outreach workers would try to find alternate arrangements for the residents. In some cases, this might mean being placed on a waiting list for supportive housing; in other instances, this entailed standing in line outside an emergency shelter each night—carrying all of one’s belongings and waiting for a bed (the City later proposed storing belongings in an inaccessible site several miles from downtown).

The residents of Camp 83 and sympathetic Baltimoreans began to meet—not solely to prevent the encampment’s destruction, but to promote effective solutions to homelessness. The City had adopted a Ten Year Plan to End Homelessness in 2008, but only a small percentage of those without housing had been assisted. The struggle over Camp 83 promised to promote public discourse concerning homelessness, affordable housing, and the question of public sector accountability—should the government assist those most in need or those whose resources permit them to influence the public policy agenda? (In this case, it appeared that a prominent citizen or two had complained about the “unsightly” homeless encampment.)

Following weeks of rancor and public debate, Department of Public Works employees and the police destroyed the encampment. A number of the residents were temporarily housed by a small assisted living organization; Federally funded rental subsidies were provided to several residents; some simply disappeared. The destruction was well-documented by still photographs and video images, available on the Internet at websites such as [www.baltimoresun.com](http://www.baltimoresun.com), [www.baltimorebrew.com](http://www.baltimorebrew.com), and [wordonthestreetbaltimore.wordpress.com](http://wordonthestreetbaltimore.wordpress.com).

In a previous century, Eugene Atget traveled throughout Paris photographing the destruction of the city by the voracious forces of modern economic development. Then as now, public officials colluded with those who possessed money and power to destroy the dwellings of the poor and working class, forcing them into unemployment, overcrowding, and homelessness, or into leaving the city altogether. Clearing these sites fostered investment in new (and more expensive) housing and “upscale” retail opportunities, as well as removing the impoverished and bereft from sight. As Bakunin observed in a different context, “The passion for destruction is a creative passion, too!” (Bakunin 1971).

In “The Work of Art in the Age of Mechanical Reproduction,” Walter Benjamin described Atget’s images as “crime scene photographs” (Benjamin 1968: 226)—also an apt description of the photographs of the homeless encampment’s destruction in Baltimore a century later. Perhaps there is an odd sense of

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165 See, for example, Bachrach, Peter and Baratz, Morton S., "Two Faces of Power", Chapter 1, Power & Poverty, New York, Oxford University Press, 1970, pp. 3-16.

166 See, for example the fine collection of photographs at the Atget Internet site, www.atgetphotography.com.

167 Columbia, South Carolina is banning “homeless” people from the downtown area and attempting to force them remain at a shelter on the outskirts of the city. See Keyes, Scott, “South Carolina City Approves Plan To Exile Its Homeless”, ThinkProgress, 8/20/13, [http://thinkprogress.org/justice/2013/08/20/2496741/columbia-criminalize-homeless/](http://thinkprogress.org/justice/2013/08/20/2496741/columbia-criminalize-homeless/).


nostalgia for the ramshackle structures now dismantled; alternatively, we may have a profound sense of sadness that our neighbors are forced to abandon even this bit of self-determination.

The “crimes” of inadequate housing and homelessness constitute housing injustice. The imbalance between the supply of housing and its need, the low quality of housing available to the 25% of Baltimoreans living in poverty, and the thousands of our neighbors who have nowhere to call home characterize our city just as definitively as Harbor Place and the Ravens. The slums of the past were well-documented by Engels, Dickens, Booth, London, Dahlberg, and Orwell—especially striking and influential were the tenement photographs of Riis, who brilliantly made social injustice visible in late-19th century housing. Yet today, homelessness and the severe lack of affordable housing are as evident as they were in that less “civilized” past. The 60-year-long outmigration to the suburbs, followed by the foreclosures of the 2007-2009 Great Recession, have produced a city in which only 239,251 of 296,450 housing units are occupied. In the midst of this seeming plethora of housing, the 2011 homelessness census found on one night 1,795 people literally sleeping on the street.

So long as housing remains a commodity, produced not to maximize its use value as a home, but its exchange value as the embodiment of capital, we will be faced with a nearly intractable housing and homelessness crisis. So long as development policies are centered around tourism and luxury waterfront projects while hiding the poor and homeless,170 gross inequities of housing, income, and health will be maintained. So long as Baltimore’s vacant housing is viewed as an arena for profit-making and not as resources to shelter our impoverished neighbors,171 gentrification will mean displacement rather than improved lives for all.172

171 Wenger, 8/17/13, op. cit.
Housing justice will be achievable when human needs and rights become the fulcrum for public policy and private economic activity. As Mark Twain observed, “Truth is stranger than fiction, but it is because Fiction is obliged to stick to possibilities; Truth isn’t.” Together we can demand the “impossible.”

On August 12, 2013, the House of Delegates of the American Bar Association (ABA) approved a resolution urging “governments to promote the human right to adequate housing for all through increased funding, development and implementation of affordable housing strategies and to prevent infringement of that right.” The Report to the 2013 Resolution declares homelessness a prima facie violation of the human right to housing and recommends a series of specific implementation strategies including prioritizing Federal funding toward reaching a human right to housing and prohibiting state and local governments from infringing on the right. The Resolution and Report are available at http://www.americanbar.org/content/dam/aba/administrative/homelessness_poverty/resolution117.authcheckdam.pdf

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Appendix A: On the Exchange and Use Value of Housing

Contemporary political economy reveals everything in our world to have simultaneously two types of value: use value and exchange value. Rain forests have use value as home to biodiversity and exchange value as sites for ecotourism. Prisons have use value as places of incarceration and, more rarely, rehabilitation; they have exchange value when privatized by profit-making entities such as the Corrections Corporation of America, operating 90,000 beds in 17 States, and trading on the New York Stock Exchange as CXW.

Understanding the role of housing in the political economy requires acknowledgement of these two forms of value: housing, of course, has use value as a home and exchange value as a commodity on the real estate market. The chief function of the exchange value of a commodity is not to meet the use value for which it may have been created, but to be traded for money, i.e. to create a profit. If we organize the economy with a focus on exchange values, around the fulcrum of profitability, then what we produce and the manner in which we allocate resources will differ markedly from an economy organized around the needs of its participants.

The housing-as-a-commodity-in-search-of-profits model of production and distribution leaves millions of our neighbors bereft of safe, decent, and affordable housing. This has been true of other aspects of the economy [notably health care], although in some cases we have organized solutions that remove those activities – in whole or in part – from the depredations of the market.

At the beginning of the 19th century, the delivery of fire protection and education was primarily organized through the market. Of the twinned values of use and exchange, exchange dominated and the distribution of these services was uneven. By the conclusion of that century, however, the use value of fire protection and education had eclipsed the exchange value—both became public services with rights attached and profits eliminated. As we shall see, it will be illuminating to consider housing in this context.

Fire Fighting

In her history of fire fighting in the U.S., Annelise Anderson observes that “In 1852, not one city in the United States paid its firemen….” Fire fighting was carried out either by volunteer companies which served their members, or by companies paid by fire insurance agencies. The role of these fire companies was to produce profits either for the volunteers (who might loot the burning building) or for the insurance company employing the company. Anderson describes volunteer fire company members rushing to fires and putting barrels over nearby water sources to prevent competing companies from dousing the fire. Martin Scorsese’s film Gangs of New York vividly captures such a scenario, with its depiction of competing fire companies brawling as a home burns to the ground.

It was not until the conclusion of the 19th century that fire departments became public entities serving entire jurisdictions and funded through tax dollars. “The modern department with salaried personnel and standardized equipment became an integral part of municipal administration only late in the 19th century.” We had collectively determined that market forces were not serving the fire protection needs of the citizenry; it generally was more efficient to organize, finance, and deliver this service through the

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176 Ibid.
177 “Gangs of New York” (2002) directed by Martin Scorsese
public sector. A vibrant volunteer sector remains, especially in small towns and rural areas, but urban jurisdictions universally have replaced this model, concomitantly removing the profit motive from fire fighting.

**Education**

As has been observed regarding fire protection, education similarly was largely a private function through the middle of the 19th century. The sociologist Michael Katz advises that systems of public education were essentially unknown in the U.S. until the 1830s, and not well-developed until the late 19th century.179 Competition for paying students was common and public support was meager. “Before the 1830s, education was largely an ‘informal, local affair,’ in which Catholic, Protestant, and other schools competed for pupils. Often local governments would provide modest aid to schools, albeit in an unsystematic manner. But there certainly was no conception of a ‘public’ school, neither in the United States nor anywhere else in the Western world.”180

Universal public education was a late-19th century development, resulting from the broad recognition that the profit-based educational marketplace ill-suited the needs of an increasingly complex and diverse society. General support for public education characterized both employers, who sought a better educated and disciplined workforce, and workers, who understood that with the decline of small farms, artisans, and apprenticeships, field and factory work was becoming the norm and educational attainment was an essential avenue of escape.

In the case of education and fire fighting, by the late 19th century it was broadly understood that the profit motive animating markets was ineffective in allocating public goods. During this period, housing also began to be viewed as a public good not effectively provided in the marketplace. Prior to 1830, housing primarily was valued for its use and was only secondarily understood to be a commodity. As Heskin observes, “The point of change is generally dated in the 1830s when urban housing began to be characterized as a major social problem. The increased criticism was brought on by bank-supported land speculation that drove urban land values up as much as 220% in the period between 1833 and 1837. With the increase in land values came equivalent increases in rents and deterioration in the condition of rental housing to the point of creating the beginnings of America’s first modern urban slums.”

In 1837 Baltimore’s *Niles Weekly Register* reported on a demonstration in New York City demanding “BREAD, MEAT, RENT, FUEL! THEIR PRICES MUST COME DOWN! The voice of people shall be heard, and will prevail.”182 5,000-6,000 people were said to have destroyed 1,000 bushels of wheat and 500 barrels of flour in anger at prices so high that hunger was rampant and too little income remained for rent.

The private sector’s inability to provide adequate housing at affordable prices became increasingly apparent; evictions were so common that in 1848 the New York State legislature adopted a bill preventing landlords from confiscating the possessions of tenants unable to pay rent.183 By 1850, Dr. John Griscom had created an organization to address slum housing in New York; that year the carpenters union advocated for public oversight over housing construction, for free shelter for the indigent, and for the abeyance of rent on substandard housing.184

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182 *Niles’ Weekly Register*, February 18, 1837, p. 400.

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Jacob Riis was one of the most trenchant observers of the market’s failure in serving the public good: “We are brothers whether we own it or not, and when the brotherhood is denied in Mulberry Street we shall look vainly for the virtue of good citizenship on Fifth Avenue. When the slum flourishes unchallenged in the cities, their wharves may, indeed, be busy, their treasure-houses filled – wealth and want go so together,- but patriotism among their people is dead.”185 Initially, the public sector’s role was to establish and monitor housing standards. By the second decade of the 20th century, the Federal government began to finance directly the construction of housing, a role that expanded dramatically by the mid-1930s. (As the chart on page 17 above demonstrates, the U.S. lagged far behind Europe in this regard, and has never reached their level of social sector housing.)

Situating education and fire fighting in the public sector is akin to privileging the use value of these activities over their exchange value. Situating housing in the public sector similarly privileges its use value over its exchange value, assuring that less wealthy members of the community have the same access to housing as do those with money. Promoting the use value of housing rather than its exchange value would mean thinking anew about the structure and function of the public sector’s housing role. Instead of a maligned and barely visible producer and operator of housing, the public sector could be the guarantor for all community members to have decent, safe, and affordable dwellings.

Rather than presiding over the decline of public housing, we might reinvigorate this sector, employing the most creative architects and engineers to produce structures of which we can all be proud. Unemployed individuals in impoverished communities could reconstruct neighborhoods, creating homes for those in need. Implementing this vision is a necessary, although not sufficient, condition for the abolition of homelessness and for the lasting resolution of our nation's housing crisis.

Appendix B: Selected Neighborhood Data

2013 Comparative Neighborhood Data

<table>
<thead>
<tr>
<th></th>
<th>Baltimore City</th>
<th>Roland Park</th>
<th>Upton</th>
<th>Guilford</th>
<th>Sandtown-Winchester</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>620,961</td>
<td>7,377</td>
<td>10,342</td>
<td>17,464</td>
<td>14,896</td>
</tr>
<tr>
<td>% African American</td>
<td>63.80%</td>
<td>7.90%</td>
<td>92.40%</td>
<td>11.80%</td>
<td>96.60%</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>73.5 years</td>
<td>84.1 years</td>
<td>years**</td>
<td>82.2 years</td>
<td>65.3 years**</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$40,100</td>
<td>$112,702</td>
<td>$13,835</td>
<td>$80,904</td>
<td>$23,565</td>
</tr>
<tr>
<td>Pop. w/income &lt;$25,000/year</td>
<td>34.50%</td>
<td>10.30%</td>
<td>65%</td>
<td>20.10%</td>
<td>52.90%</td>
</tr>
<tr>
<td>Pop. w/income &lt;Poverty Level</td>
<td>24.5%*</td>
<td>0.80%</td>
<td>50.60%</td>
<td>3.90%</td>
<td>37%</td>
</tr>
<tr>
<td>Renters paying &gt;30% income</td>
<td>53.80%</td>
<td>48.70%</td>
<td>58.40%</td>
<td>54.10%</td>
<td>58.30%</td>
</tr>
<tr>
<td>Crime Rate/1000 pop.</td>
<td>63.6</td>
<td>28.6</td>
<td>76.2</td>
<td>27.7</td>
<td>64.2</td>
</tr>
<tr>
<td>Shootings/1000 pop.</td>
<td>2.4</td>
<td>0.1</td>
<td>3.7</td>
<td>0.1</td>
<td>6.4</td>
</tr>
<tr>
<td>% Pop. 16-64 Employed</td>
<td>54.40%</td>
<td>69.30%</td>
<td>35.20%</td>
<td>55.60%</td>
<td>42.20%</td>
</tr>
<tr>
<td>Banks/1000 pop.</td>
<td>0.2</td>
<td>0.7</td>
<td>0</td>
<td>0.1</td>
<td>0</td>
</tr>
<tr>
<td>Dirty Streets/Alleys Rep./1000 pop.</td>
<td>65.3</td>
<td>13</td>
<td>58.9</td>
<td>14.7</td>
<td>152.7</td>
</tr>
<tr>
<td>Households w/no vehicle</td>
<td>29.60%</td>
<td>4.20%</td>
<td>63.60%</td>
<td>13.90%</td>
<td>59.70%</td>
</tr>
<tr>
<td>% Area Covered by Trees***</td>
<td>27.40%</td>
<td>58.60%</td>
<td>14.50%</td>
<td>49.50%</td>
<td>15.40%</td>
</tr>
<tr>
<td>% Vacant/Abandoned Prop.****</td>
<td>19.70%</td>
<td>0.10%</td>
<td>34.00%</td>
<td>0.20%</td>
<td>32.60%</td>
</tr>
<tr>
<td>% Vacants Owned by City*****</td>
<td>15.00%</td>
<td>0.00%</td>
<td>45.20%</td>
<td>0.00%</td>
<td>21.10%</td>
</tr>
</tbody>
</table>


**Baltimore City Health Department "Neighborhood Health Profiles", http://www.baltimorehealth.org/neighborhood.html

****http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_5YR_DP03

*****Baltimore City acknowledges owning approximately 5,700 vacant houses