RESEARCH TO ACTION LAB

RESEARCH REPORT

Decommodification and Its Role in Advancing Housing Justice

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Decommodification and Its Role in Advancing Housing Justice

As long as there is a price on shelter, it will be inaccessible to millions of people.
—Keeanga-Yamahtta Taylor

A housing system that leaves millions of families homeless or housing insecure[1] and contributes to detrimental societal impacts is in many ways an inevitable consequence of conditioning access to housing on ability to pay. The acceleration of the commodification of housing—driven in large part by the promotion of individual homeownership, disinvestment in public and subsidized housing, and the subsequent rise in speculative activity—has led to unprecedented levels of housing insecurity. Almost half of renters and nearly a quarter of homeowners now spend more than a third of their incomes on housing, and rates of homelessness are on the rise. As the scholar and activist Keeanga-Yamahtta Taylor has noted, "As long as there is a price on shelter, it will be inaccessible to millions of people" (Taylor 2019).

Although housing insecurity predates the COVID-19 pandemic, the combination of the pandemic-induced economic crisis, expiring eviction and foreclosure moratoriums, lapsing of emergency rental assistance programs, and rising interest rates has put millions of additional renters and homeowners at risk of housing instability and makes public action all the more urgent. Advocates are increasingly calling for decommodifying housing, such as by investing in public and social housing and supporting community- and tenant-owned models, as one way to ensure that safe, affordable housing is available to all who need it. Other approaches have included calls for the creation of a Social Housing Development Authority (Baiocchi and Carlson 2020) and a comprehensive "homes guarantee" that would invest in existing public housing, build new social housing units, establish a National Tenants' Bill of Rights, and end housing speculation.[2]

Many local and state governments have implemented or are beginning to consider policies and programs to support decommodified housing, such as building new social housing and providing funding for community land trusts. But decommodification at the scale required to advance housing justice will also require federal intervention, since decommodified housing today constitutes less than 1 percent of US housing stock.[3] In this brief, we trace the history of housing commodification, show how the market has failed to provide housing affordable to people with the lowest incomes and explain why it is structurally incapable of doing so, and draw links between decommodification and housing justice. We conclude by providing recent examples of state and local action to decommodify housing as well as recommendations for three strategies the federal government can pursue to support decommodification and advance housing justice.

What Is Commodification and Why Does It Matter?

Commodification is the process by which the economic value of an object comes to dominate its other uses, such as material and ethical (Tucker 1978). Concerted postwar policy efforts to entangle housing with financial systems expanded housing commodification, shifting the primary function of housing as a place for people to live to a means of producing and accumulating profit (Madden and Marcuse 2019). In this section, we briefly trace the history of housing commodification in the United States, discuss the implications of growing commodification for housing security and affordability, and introduce the concept of *de*commodification.

A Brief History of Commodification in the United States

Housing commodification in the United States has been largely driven by broader financialization, or the expanding influence of financial institutions in the public sphere. This process has linked real estate and financial markets to a greater extent than ever before. But housing policy is also entangled with many other areas of social and economic policy, including health, education, and employment. Because the trajectory of the US housing sector is so far-reaching, the historical scope of this analysis focuses on three key trends of the 20th and 21st centuries that connected the housing and financial sectors to an unprecedented degree and, in so doing, accelerated the commodification of housing: the promotion of individual homeownership as the primary means of wealth building, the disinvestment in public and subsidized housing programs, and the increase in institutional investment. Although we aim to trace the causes of today's high levels of commodification, we also acknowledge that housing has historically cycled between periods of increased and decreased commodification, in tune with the political turns of each era.

PROMOTION OF INDIVIDUAL HOMEOWNERSHIP

Postwar policies of the 1940s catapulted housing to the cornerstone of the "American Dream." In the first half of the 20th century, homeownership was a reality for less than half of American households. By 1950, homeownership rates had increased significantly, topping 62 percent nationally by 1970 and nearing an all-time high of almost 70 percent in 2004.[4] This expansion of homeownership was the result of a concerted effort by the federal government to create a "nation of homeowners,"[5] which included lowering the cost of buying homes, expanding the availability of capital for mortgage lending, and subsidizing "white suburbia" (for more detail on federal homeownership policies, see Chew and Flegal 2020, Karapiperis 2012, and McCabe 2016).

A common justification for the public subsidization of private homeownership is that high levels of homeownership are likely to have positive spillover effects such as greater levels of civic engagement and better outcomes for children, as well as the potential for individuals and families to build wealth through homeownership. But the empirical evidence on spillover effects is mixed,[6] and policies encouraging homeownership have actually led to negative externalities including suppressing the construction of new housing and generating social conflict by pitting homeowners against renters, as in the case of NIMBY ("Not In My Back Yard") homeowners who fiercely oppose local land-use and zoning changes they perceive as threats to their property values, even if those changes offer broader societal benefits (Fischel 2005).

Further, federal homeownership policies, such as the $26 billion mortgage interest deduction and the $35 billion capital gains exemption, are structured to reward homeownership as an investment strategy, providing greater benefits to people with higher incomes and more expensive homes.[7] Tying wealth to homeownership, as the federal government has done since the mid-20th century, contributes to the commodification of housing because it forces homeowners to rely on the continued appreciation of their homes to build wealth and achieve financial security. It also exacerbates inequality and the racial wealth gap, as Black households, Latinx households, and other households of color have been and continue to be deliberately excluded from the housing and mortgage markets—or included on predatory terms (Taylor 2019). Promoting homeownership as a wealth-building vehicle thus conflicts with policy goals of maintaining affordability and stability: as housing prices rise and homeowners accumulate wealth through their homes, homeownership becomes increasingly out of reach for many renter households across the nation, who are disproportionately households with low incomes and households of color.

DISINVESTMENT IN PUBLIC AND SUBSIDIZED HOUSING

The increase in American homeownership rates beginning in the mid-20th century was accompanied by a decline in public and subsidized housing throughout the latter half of the century. Kingsley (2017) identifies three types of federal housing programs providing "deep, gap-filling rent subsidies": public housing, privately owned subsidized housing, and housing choice vouchers. Of these programs, only housing choice vouchers—which provide subsidies to households renting apartments on the private market—have experienced any growth since the 1980s.

The majority of today's public housing stock was built before the 1970s and has deteriorated significantly since, largely because of inadequate funding for ongoing operations and maintenance needs. Few public housing projects have been built since the 1970s, and the inventory of public housing has been further reduced by initiatives that allowed the demolition or conversion of public housing units without replacement. Since the mid-1990s, public housing agencies have demolished or sold more than 200,000 public housing units to private owners,[8] and since 2012, an additional 140,000 public housing units have been converted into housing choice voucher units or privatized into project-based rental assistance contracts.[9] The stock of privately owned subsidized housing has also declined since the 1960s, with spending on these programs significantly curtailed by the Reagan administration in the 1980s. The number of households living in public housing units declined from 1.14 million in 1993 to less than 1 million today,[10] and the number of households living in privately owned subsidized housing units similarly declined from 1.72 million in 1993 to 1.37 million in 2016 (Kingsley 2017).

In contrast, the number of households using housing choice vouchers increased from 1.2 million in 1993 to 2.3 million in 2016. Another federal program that saw significant expansion in this period was the Low-Income Housing Tax Credit (LIHTC), which grew from serving 400,000 households in 1993 to 2.57 million households in 2016 (Kingsley 2017). The LIHTC provides subsidies to developers or other investors in return for commitments to maintain affordability for at least 30 years (in some cases, 10 years). Notably, both these options rely on providing subsidies to private actors instead of public or community-based organizations, and this shift has reduced the amount of decommodified housing available to households and contributed to the increased commodification of housing. Beyond economic gain, this shift has also empowered private landlords at the expense of renters—a 2018 pilot study on housing choice vouchers found that landlords have substantial power in deciding whether or not voucher holders can use their benefits, and it also found that securing housing with a voucher is extremely difficult, with denial rates as high as 78 percent in some cities (Cunningham et al. 2018).

INCREASE IN INSTITUTIONAL INVESTMENT

A third trend that has led to increased commodification is the growing presence of institutional investors in the housing market, resulting from a combination of factors including "free market" deregulation in the late 20th century, as well as the post-2008 environment featuring low interest rates and an abundance of foreclosed properties for sale.[11] But the growth in institutional investment is also, in many ways, an inevitable consequence of the long-term underproduction of housing across the nation. Housing prices rise when supply fails to keep pace with demand, and institutional investors seeking returns on capital are naturally drawn to the profit-making opportunities that this shortage presents.

Individual owners have historically owned the majority of rental properties in the United States,[12] and although this still holds true, individuals now hold just 38 percent of rental *units*. This is because institutional investors (LLPs, LCs, LLCs, and general partnerships; real estate investment trusts; real estate corporations; and trustees) dominate the multifamily sector, owning 49 percent of all rental units and 77 percent of units in properties with more than 50 apartments.[13] And although most single-family homes continue to be owner occupied, the pace of institutional investment increased during the pandemic: institutional investors purchased 28 percent of single-family homes sold in the first quarter of 2022, well above the 16 percent averaged from 2017 to 2019.

The increase in institutional investment in residential real estate has been accompanied by a rise in speculative activity. Speculators invest in property to further wealth accumulation—they are invested in transforming "housing" into "real estate," swooping into communities during periods of individual and collective crisis to purchase homes and extract profit from them. Institutional investors are more likely to purchase lower-priced homes, for instance, which they typically then either convert into rentals or upgrade to sell at a higher price (JCHS 2022). The most potent example is that of Blackstone—the world's largest private equity firm with nearly $500 billion in assets under management—which bought more than 50,000 foreclosed homes from banks in the wake of the 2008 crisis, using government aid,[14] and then rented these homes at prices well above market rate, producing billions in profit while accelerating displacement and opening the door to gentrification in many neighborhoods.[15] Today, Blackstone is the largest landlord in the United States (Ferrer 2021),[16] but its actions are not unique among private equity firms. The ability of large institutional investors such as Blackstone to profit off speculating on residential real estate contributes in large part to commodification and increasingly unaffordable housing costs.

What Does It Mean to Decommodify Housing?

Federal policies enabling real estate speculation have allowed private actors to profit off housing investments while evading their fiscal, social, and legal accountability to tenants (Ferrer 2021). Combined with the disinvestment in public and subsidized housing, this has led to an unprecedented level of commodification, which produces and perpetuates housing injustice. To achieve increased (and ideally universal) housing affordability and access, advocates are calling for housing to be removed from the speculative market, or decommodified.[17] This entails removing a significant portion of the housing stock from the private market, thus reducing the impact of speculation on housing access and ensuring permanent affordability by shifting to alternative housing models that promote public or community ownership and focus on protecting residents from displacement.[18] Decommodified housing models fall into two broad categories:

- **Public or social housing**, which is generally owned by governments or other public entities, and
- **shared equity models**, in which ownership is generally shared between residents and community members or organizations.

In 2021, there were 958,000 public housing units across the country (down from more than 1.1 million units in the 1970s) administered by local public housing agencies (PHAs) under the general oversight of the US Department of Housing and Urban Development, or HUD.[19] Although HUD provides funding and oversees the program, PHAs own and manage the developments, though some contract out to management companies or transfer ownership to private subsidiaries.[20] Only families with low incomes are eligible to live in these public housing units, and partly because of a legacy of racist siting decisions, a disproportionate share of today's public housing is concentrated in racially segregated neighborhoods with fewer resources.[21]

Social housing, in contrast, describes a range of off-market models that are nonspeculative, democratically run, and publicly funded (Baiocchi and Carlson 2022). Social housing is generally distinguished from public housing in that it is made available to residents with a wide range of incomes; in Austria, for example, 80 percent of the population is eligible to receive social housing, and 60 percent of residents live in publicly backed or government-owned housing.[22] Social housing models create sustained affordability by using rental payments from higher-income households to subsidize rents for lower-income households. Though popular in some European countries including Austria, Finland, and Sweden, social housing has yet to take hold in the United States. However, some scholars have called for the creation of a Social Housing Development Authority that would dramatically expand the government's ability to create permanently affordable, democratically controlled housing funded by the state (Baiocchi and Carlson 2022).

Although data on shared equity housing are less readily available, estimates put the number of US families living in shared equity homes at approximately 250,000.[23] Shared equity housing encompasses a number of different models, including community land trusts (CLTs), limited equity cooperatives, and deed-restricted homeownership.[24] CLTs are independent structures (often nonprofits), generally governed by residents and community members, that hold and steward land so that it is affordable in perpetuity. CLTs purchase land and hold it in a trust, then make available properties that sit atop the land for either purchase or rent. This makes the property in question much more affordable because prospective buyers purchase only the house and lease the land from the CLT in a long-term ground lease. Buyers also commit to a restricted sale price to ensure the home remains affordable for future residents. Beyond homeownership, CLTs can also be used for rental housing, community spaces, or commercial purposes.

Limited equity cooperatives are governed by member residents and differ from traditional homeownership models in that cooperative residents purchase shares in the collective development (rather than an individual housing unit) and commit to reselling at prices that maintain affordability over the long term, whereas deed-restricted housing simply means that there are parameters that homeowners must abide by to protect long-term affordability. Most commonly, restrictions include limitations on who is eligible to buy the unit, an income cap (to ensure that low- and moderate-income families can benefit), and a cap on the resale price to ensure the unit remains affordable in the long term.[25] In an evaluation of seven shared equity housing programs across the country, researchers found that the programs not only were successful in creating homeownership opportunities for households with low incomes but also allowed purchasers "to accumulate assets while creating a stock of affordable housing that remains within reach of subsequent lower-income homebuyers" (Temkin, Theodos, and Price 2013).

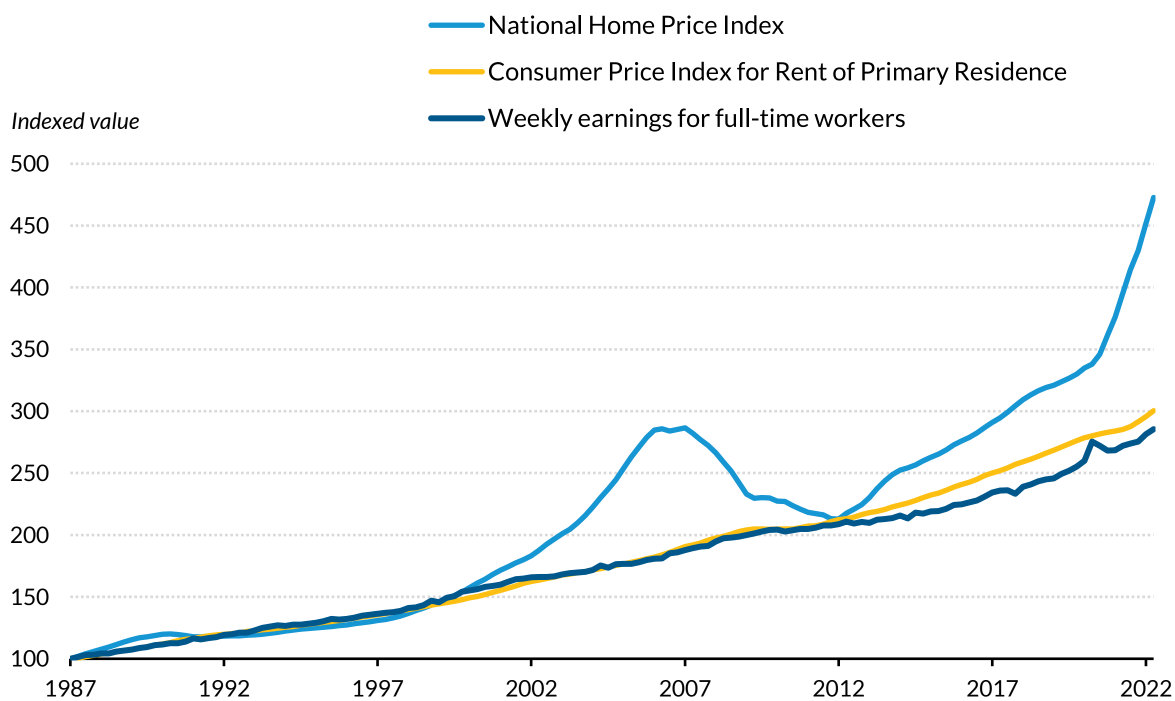
But the approximately 1.2 million public and shared equity housing units in existence today constitute less than 1 percent of the nation's housing stock,[26] and achieving full, systems-level decommodification of all housing would likely require a shift away from our current economic system, with its strong focus on individual ownership of property. This does not mean, however, that advocates and policymakers cannot work toward a just future that provides safe, affordable housing for all who need it. In this brief, we use "decommodification" to mean increasing the nation's stock of decommodified housing from present levels, which could help alleviate present housing insecurity while laying the groundwork for systems-level decommodification and housing justice.

Advancing Housing Justice through Decommodification

The Urgent and Growing Need for Safe and Affordable Housing

The nation's well-documented housing shortage continues to accelerate. Estimates of the current shortage range from 4 to 7 million homes,[27] and a recent report concluded that the deficit in homes doubled between 2012 and 2019.[28] The severe shortage of housing has led, unsurprisingly, to large increases in the cost of housing. Nationwide, the median price of a single-family home reached an all-time high of $357,900 in 2021,[29] and home prices are now more than twice as high as they were in 2012 (figure 1). Rents have risen similarly quickly, with national median rents surpassing $2,000 in 2022 for the first time.[30]

FIGURE 1
Housing Costs versus Earnings from 1987 to 2022



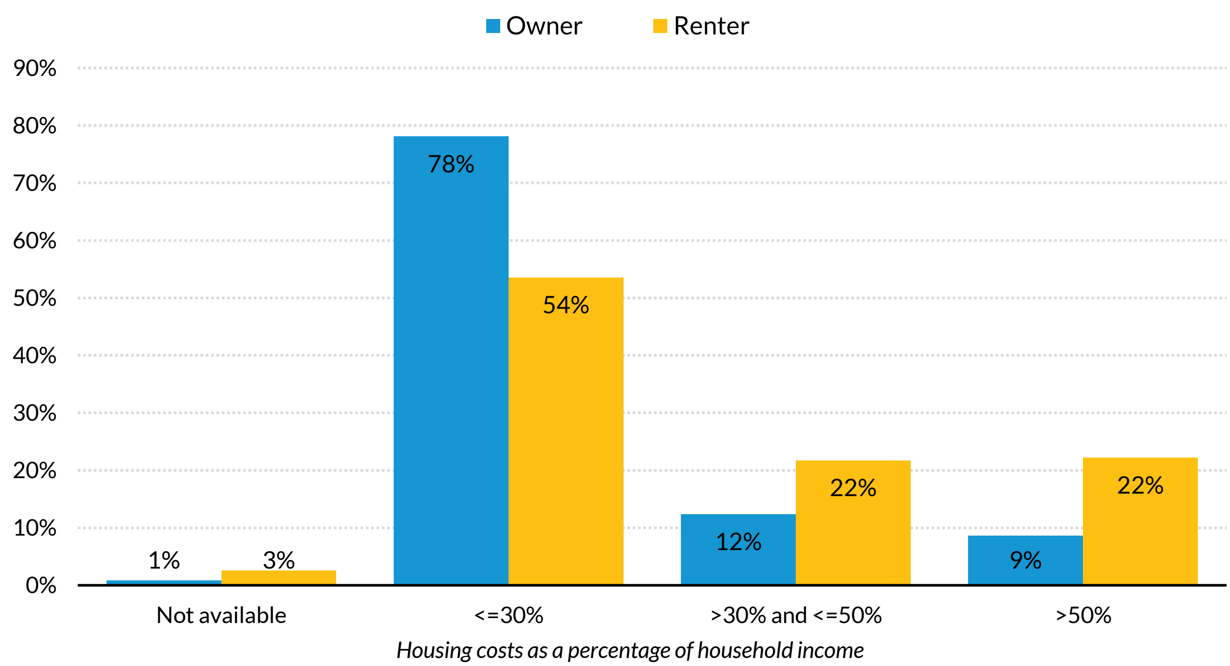
Sources: S&P Dow Jones Indices LLC, S&P/Case-Shiller US National Home Price Index [CSUSHPISA]; US Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Rent of Primary Residence in US City Average [CUUR0000SEHA]; US Bureau of Labor Statistics, Employed full time: Median usual weekly nominal earnings (second quartile): Wage and salary workers: 16 years and over [LES1252881500Q]. Retrieved from FRED, Federal Reserve Bank of St. Louis, October 14, 2022.
Notes: All series are indexed to a value of 100 starting in January 1987. The rent index represents the consumer price index for urban consumers only and reflects the average cost of renting a primary residence in US cities. The earnings index measures median usual weekly earnings for wage and salary workers 16 years and older.

Because wages have failed to keep pace with the growth in housing costs, households nationwide are facing increasing strain. In 2022, nearly half of all renters—comprising 44.2 million households in total—spent more than a third of their incomes on housing (JCHS 2022). According to the National Low Income Housing Coalition (NLIHC), there is no longer any state, metropolitan area, or county in the country where a worker earning the prevailing minimum wage can afford to rent a market-rate two-bedroom home.[31]

People with lower incomes—who, because of historical and ongoing systemic racism, are disproportionately people of color—are especially affected by high housing costs.[32] They are much more likely to rent their homes,[33] which makes them vulnerable to the whims of their landlords and often leaves them unable to secure long-term housing stability, given the short-term nature of many rental leases. This vulnerability manifests in multiple ways: not only are renters, particularly renters of color, disproportionately cost burdened (figure 2),[34] but nonwhite renters are also much more likely than white renters to face both eviction and homelessness (Thomas 2017).

FIGURE 2

Housing Cost Burdens by Tenure, 2015–19



Source: US Census Bureau 2015-2019 American Community Survey 5-year estimates. Retrieved from the US Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy query tool, October 14, 2022.
Notes: Housing cost burden is defined as the percentage of household income spent on housing costs. For renters, housing costs constitute gross rent (including utilities). For owners, housing costs comprise mortgage payments, utilities, association fees, insurance, and real estate taxes.

Beyond the immediate financial precarity it brings to individuals and families, housing insecurity is also associated with severe physical and mental health impacts, including more frequent hospitalizations, psychological distress and depression, and even an increased risk of premature death (Baggett et al. 2013).[35] Housing insecurity can also lead to more frequent interactions with social systems, including the welfare and criminal legal systems, and may lead to longer-term impacts on economic mobility and success.[36]

Widespread housing insecurity does not just affect individuals; it also has social, economic, and environmental consequences. Research has shown that children who grow up in places with lower levels of residential segregation and income inequality have better outcomes later in life, including economic and health outcomes (Chetty et al. 2014; Chetty, Hendren, and Katz 2016). Preventing children from low-income families from living in higher-opportunity neighborhoods—and failing to invest in neighborhoods of color and neighborhoods with high rates of poverty—thus has longer-term social and economic costs. One study found that the shortage of affordable housing costs the American economy $2 trillion a year in lower wages and productivity (NLIHC 2017). Consigning lower-income families who cannot afford to live in downtown cores to far-flung suburbs and hours-long commutes also has severe environmental consequences. All of these adverse impacts suggest that a different approach to housing is needed.

The Necessity of Public Intervention

Ensuring the availability of safe, affordable housing can provide economic, social, and health benefits to many families and individuals. Research has found increasing access to affordable housing to be the most cost-effective strategy for reducing childhood poverty (Giannarelli et al. 2015). Families living in affordable housing are much more financially stable and can spend twice as much on retirement savings and five times as much on health care (JCHS 2014). Access to safe and affordable housing has also been shown to improve health outcomes for both children and adults and can contribute to increased productivity and economic prosperity (NLIHC 2017). Given the numerous individual and societal benefits, increasing access to safe and affordable housing is surely a worthwhile policy goal for governments at all levels.

Some housing advocates—most notably, factions of people who identify as part of the "Yes In My Backyard" (YIMBY) movement—argue that making it easier for the private market to build and develop homes can solve the current affordable housing shortage.[37] But many experts have acknowledged that building and operating housing affordable to those with the lowest incomes is financially unsustainable for developers and landlords (Schuetz 2022; Schwartz 2021).[38] In 2018, the national average monthly operating cost for a rental unit, excluding mortgage and other debt-related expenses, was $439.[39] If landlords were to set rents at this rate—which would not service their mortgage debt or provide them with any profit—housing would still remain unaffordable to the more than 12 million households with incomes less than $15,000 in 2020.[40] Thus, although increasing the supply of market-rate housing is likely to reduce overall housing costs (Phillips, Manville, and Lens 2021), doing so still leaves behind the many households who cannot afford even these reduced costs, for whom the market has no incentive to build homes.[41]

Even putting aside the longer-term profit problem, the practical necessity of maintaining positive cash flow in the short term means that developers are at this moment canceling new projects and cutting back on future land development in the face of higher interest rates and resulting slower demand.[42] In the meantime, the housing shortage continues to worsen, and long lead times on construction and land development mean that even when demand begins to rise again, supply will remain far behind.

Exacerbating the supply failures of the market is the fact that demand for housing in some metropolitan areas is expected to dramatically increase in the next several years because of climate change–induced migration. A 2018 study found that 1 in 12 Americans currently living in the southern half of the country will move west toward California, Oregon, and Washington over the next 45 years in their quest for homes less susceptible to extreme climate events (Fan, Fisher-Vanden, and Klaiber 2018). Some expect that this next great migration will "accelerate rapid, perhaps chaotic, urbanization of cities ill-equipped for the burden, testing their capacity to provide basic services and amplifying existing inequities."[43] This is likely to be particularly true when it comes to housing, given the already-constrained supply in many cities and the length of time it takes to build new homes.

Some level of public intervention is clearly required to alleviate the twin supply and affordability crises and ensure that safe and affordable housing is available to all who need it. But although a number of federal housing programs exist to assist housing-insecure families, they have fallen far short of need. Research has found, for instance, that because of funding limitations, only 1 in 4 families eligible for federal housing choice vouchers—the largest federal rental assistance program—actually receive them.[44] This is in part because federal investments in affordable housing have decreased significantly in the past several decades. Adjusted for inflation, federal spending on housing assistance programs is three times lower today than it was in the 1970s (Yentel 2019). Moreover, rental assistance programs, though effective at subsidizing housing costs for those who receive support, fail to solve the underlying structural problems that lead to housing instability (Kawitzky et al. 2013). Alleviating the housing shortage and ensuring that safe, affordable homes are available to all who need them therefore requires not only increasing funding for existing housing programs and reforming policies that restrict supply, but also removing a significant proportion of homes from the private, speculative market.

Decommodification and Housing Justice

In February 2023, researchers at the Urban Institute published an updated framework for housing justice, including a working definition and a list of guiding principles. Building on work by advocates, organizers, policymakers, and researchers, they proposed that housing justice could be understood as "ensuring everyone has affordable housing that promotes health, well-being, and upward mobility by confronting historical and ongoing harms and disparities caused by structural racism and other systems of oppression" and identified eight key principles that guide existing housing justice work, including housing as a human right, antiracism and racial equity, choice and agency, and community and well-being (Pitkin, Elder, and DeRuiter-Williams 2023).

This framework makes clear that continuing to treat housing as a commodity first and foremost amounts to a deliberate disregard of the legacy of racist public policies and private practices that have led to poor housing outcomes for Black, Latinx, Indigenous, and other people of color, including forced removal, racially restrictive covenants, mortgage redlining, exclusionary zoning, predatory inclusion, and more (Rothstein 2017). As Keeanga-Yahmatta Taylor observes in her 2019 work *Race for Profit*, racially inequitable outcomes in the housing market are "the predictable outcome when the home is a commodity" (p. 262).

This is because treating housing as a commodity incentivizes practices that lead to housing instability and poor housing outcomes, particularly for families with low incomes and families of color. A 2022 ProPublica exposé documented the profit-maximizing practices of large private equity–backed landlords, such as charging exorbitant fees, forcing out existing households to bring in higher-paying tenants, and skimping on maintenance and other services.[45] These practices are not limited to a handful of corporate landlords, either: one study found that large corporate owners in Atlanta were 8 percent more likely to evict their tenants than small landlords (Raymond et al. 2016). The same study also found that the largest private equity firms file eviction notices on a *third* of their properties in a year. These findings are supported by many other studies (e.g., Greenberg et al. 2022), and many firms acknowledge engaging in these profit-making strategies.[46]

Strengthening tenant protections—for instance, by establishing rent control policies, creating just cause eviction laws, and protecting tenants' right to organize—is key to reducing predatory behavior on the part of landlords and ensuring that tenants who can afford to rent homes on the private market are able to stay in their homes. But, as many scholars have recognized, tenant protections must also be paired with policies that decommodify housing to "permanently enshrine tenants' rights."[47] Removing a significant portion of housing stock from the private, speculative market will not only protect low-income residents and ensure that they have access to safe and affordable housing in perpetuity but can also repair historical and ongoing harms and ultimately advance housing justice.

How Policymakers Can Support Decommodification

Though the need for more public and shared equity housing is clear, many questions remain pertaining to the amount of housing that needs to be decommodified to achieve housing justice and how that scale might be accomplished. More research is needed to answer these questions, as well as to shed light on the challenges associated with decommodification, any potential negative impacts, and how much it would cost to decommodify at the necessary scale. In the absence of concrete answers, this section explores incremental approaches that state and local governments have undertaken to decommodify housing and suggests several options—within the constraints of our existing economic system—that federal policymakers can consider to support these emerging efforts.

State and Local Efforts

Over the past several years, some local and state governments have begun to recognize that increasing access to safe and affordable housing for people with low incomes and people of color requires recognizing the primacy of housing as a home and place to live rather than a financial asset and a means of accumulating profit. This recognition has come in no small part because of the advocacy of groups such as Moms for Housing in Oakland,[48] Reclaiming Our Homes in Los Angeles,[49] and the People's Action Network nationally.[50]

Public and social housing in particular have experienced a resurgence in local and state politics. In 2021, Maryland's Montgomery County approved the creation of a $50 million Housing Production Fund, which would enable the county's affordable housing agency to build new mixed-income public housing. That same year, San Francisco's Board of Supervisors approved a measure allocating $64 million to purchasing vulnerable properties and taking them off the speculative market.[51] As of this writing, several more measures are pending approval. In April 2022, a Washington, DC, council member introduced a Green New Deal for Housing bill to create sustainable, climate-friendly social housing. Seattle residents are also set to vote on a proposed initiative to establish a public developer to create permanently affordable, renter-governed social housing in a special election in February 2023.[52]

Support for community- and tenant-owned models also continues to grow.[53] In 2019, New York City approved $750,000 in funding to incubate the creation of community land trusts, a move described as "a huge step forward," by the chair of the New York City Community Land Initiative.[54] Seattle has also set aside funds from its $290 million Housing Levy to support CLTs, and in 2021, California dedicated $500 million in funding for nonprofits, including CLTs, to buy properties at foreclosure auctions.[55]

Aside from dedicating funding for community organizations to purchase land and properties, state and local policymakers are pursuing bills that provide property tax exemptions for CLTs, in addition to "opportunity to purchase" acts, which give nonprofit developers, tenants, or other community groups the right of first refusal when private landlords put properties up for sale. The DC Council enacted a Tenant Opportunity to Purchase (TOPA) Act more than 30 years ago, and both Massachusetts and New York are currently considering statewide TOPA legislation. San Francisco launched a Community Opportunity to Purchase Act in 2019 giving qualified nonprofits the right of first refusal to purchase certain properties offered for sale, and cities such as Los Angeles and Minneapolis are also exploring local opportunity to purchase policies (Greenberg et al. 2022).

State and local governments can pursue several other strategies to advance decommodification and housing justice, in addition to investing in public and social housing and supporting community- and tenant-owned housing models. Because profit is largely driven by scarcity, increasing overall housing supply is a necessary (though, as noted earlier, insufficient) strategy for advancing decommodification. Changes to land-use and zoning policies to allow dense, multifamily housing by right would help significantly increase housing supply and thus decrease housing costs. Another strategy could be to limit the ability of private and institutional investors to profit from speculating on real estate, which is key to reigning in housing bubbles and shifting the status quo away from treating houses as investments instead of homes. This could be done by implementing measures such as land value taxes,[56] which discourage landowners from holding on to undeveloped land; vacancy taxes, which discourage property owners from leaving units empty;[57] or flipping taxes, which penalize investors who purchase properties only to resell them a short time after. Atlanta's mayor has even called for restrictions on the amount of housing that can be held by institutional investors to prevent communities from being "overrun" by speculators seeking profit.[58]

Yet another strategy is to strengthen tenant protections, which are necessary to ensure that tenants have access to safe, affordable housing, regardless of who owns it. This is important even when housing is publicly owned, as demonstrated by the case of the New York City Housing Authority, which in 2020 was named the worst landlord in the city.[59] These protections can include establishing just cause eviction regulations, which limit the grounds on which landlords can evict tenants; guaranteeing a right to counsel, which would provide tenants facing eviction with legal representation; and implementing rent and vacancy control measures, which limit the amounts by which landlords can increase rents. Rent and vacancy control measures can not only protect tenants but also reduce speculative activity by limiting the potential profit for landlords and investors.

Opportunities for the Federal Government

Although state and local governments have important roles to play, decommodification at scale also requires federal support. Despite the decline in federal investments in affordable housing in recent decades, federal programs and funding have lifted millions of families out of poverty, and a renewed commitment by the federal government to provide safe, affordable housing for all who need it has huge potential to advance both decommodification and housing justice. The remainder of this section highlights three main avenues through which the federal government can support the decommodification of housing.

REINVEST IN PUBLIC HOUSING

For the past half-century, public housing has been "the most stigmatized form of rental housing in the United States," stereotyped as crime-ridden, poverty-stricken, and decaying.[60] This reputation is due in part to racist siting decisions that further entrenched segregation by placing most public housing in high-poverty areas, as well as chronic underfunding beginning in the 1980s that has led to a backlog of maintenance issues (Docter and Galvez 2019). But despite the current state of most public housing, it remains a program in high demand, with years-long waiting lists in many localities.[61] Expanding the stock of publicly owned housing—and ensuring that it is high quality and safe to live in—is key to decommodification at any sort of scale. But doing so requires the repeal of the 1998 Faircloth Amendment, which prevents net increases in public housing stock from 1999 levels. Although the House of Representatives passed a bill that would have repealed the Faircloth Amendment in 2020, it did not make it to the Senate.[62]

Even with Faircloth still standing, there are currently 200,000 fewer public housing units than there were in the 1990s,[63] meaning that many municipalities are legally allowed to build more public housing.

The federal government can provide these localities with the funding needed to construct new public housing, but this funding should be accompanied by conditions that ensure the mistakes of the past are not replicated—in particular, ensuring that new developments provide mixed-income housing, that a fair share of them are sited in high-opportunity neighborhoods, and that ongoing funding is provided for operations and maintenance needs (Popkin et al. 2021).

The construction of new public housing should also be accompanied by the funding needed to rehabilitate existing public housing units and ensure they are safe, high quality, and climate resilient. A 2010 assessment sponsored by HUD estimated the cost of unmet maintenance and repairs at $21 billion (Docter and Galvez 2019)—a level of funding only the federal government can provide.[64]

REFORM AFFORDABLE HOUSING PROGRAMS AND POLICIES

The federal government's current approach to supporting affordable housing comprises a patchwork of programs administered by several different agencies, ranging from HUD to the US Department of the Treasury. Many of these programs, including the LIHTC, Housing Choice Vouchers, and Project-Based Rental Assistance, are designed to incentivize private developers and landlords to build affordable housing or rent to low-income households. But this focus on incremental, market-based reforms has proven insufficient for meeting the scale of our housing challenges, as demonstrated by the growing rates of housing instability and homelessness. To ensure that safe, affordable homes are available to all who need them, the federal government can take several steps to reform its affordable housing programs and policies.

First, federal funding must be expanded to match the scale of need. As noted, federal spending on housing assistance programs is three times lower today than it was in the 1970s (Yentel 2019), with rental assistance helping just 20,000 families a year from 2010 to 2015, compared with 160,000 families from 1975 to 1995.[65] The Biden administration should thus request that Congress fully fund existing rental assistance programs (such as the Housing Choice Voucher program) and provide additional funding to develop and preserve affordable housing. Although increasing funding for existing programs may not advance decommodification directly, doing so is key to addressing housing instability in the short term.

Second, reforms should be made to existing programs intended to increase the supply of affordable housing, notably, the LIHTC, which provides $9 billion in tax credits every year to subsidize affordable housing. A substantial body of research has pointed to the inefficiency, complexity, and corruption of the LIHTC program (Edwards and Calder 2017). An analysis by Missouri's state auditor found that only 35 cents of every tax credit dollar issued to the state were used to build affordable housing, with the remainder largely pocketed by developers and investors (Edwards and Calder 2017). Although improvements can be made to the LIHTC program to increase efficiency and reduce complexity and corruption, the federal government should also consider replacing LIHTC altogether with a program providing affordable housing funding directly to states and municipalities. This program could mandate that a certain portion of the funding be used for decommodified housing, including public or social housing and community- or tenant-owned housing, or provide additional incentives for states and municipalities that choose to build decommodified housing. The federal government could also link other sources of funding, such as funding for transportation and other types of infrastructure, to state and local support toward decommodified housing options.

Third, the federal government could leverage its regulatory power to incentivize the expansion of decommodified housing. For instance, the Federal Housing Finance Agency, in its role as conservator of the government-sponsored enterprises, could direct Freddie Mac and Fannie Mae to provide low-cost financing and other preferential terms to decommodified housing projects. It could also increase funding to the National Housing Trust Fund, which is currently derived from a fee on government-sponsored enterprise activity, and dedicate a portion of National Housing Trust Fund spending to the development of new public or social housing or the establishment of large-scale acquisition funds to take existing homes off the private market.

SUBSIDIZE METHODS OF WEALTH BUILDING BEYOND ONLY HOMEOWNERSHIP

To facilitate the shift from viewing houses as assets to viewing houses as homes, the federal government can create programs to subsidize methods of wealth building beyond homeownership alone. Current homeownership subsidies benefit largely wealthier households and encourage the purchase of more and larger homes—90 percent of the benefits from the mortgage interest deduction accrued to families earning $100,000 or more in 2018, who constitute the wealthiest quarter of American taxpayers (Tax Policy Center 2022). In 2015, homeowners also received more than 70 percent of all federal housing subsidies (including both tax credits and program expenditures), even though homeowners make up less than two-thirds of all households and renters are disproportionately cost burdened.[66]

To ensure that homeownership subsidies instead benefit lower-income households, the federal government can reform the mortgage interest deduction, which is not only regressive but also inefficient and costly, to target first-time homebuyers instead of existing wealthy homeowners (Gale, Gruber, and Stephens-Davidowitz 2016). However, because encouraging homeownership as the primary method of wealth building contributes to the commodification of housing, the federal government should create alternative avenues for households to build wealth and tie homeownership subsidies to purchases of shared equity housing rather than homes on the private market. These alternative avenues could include matched savings accounts (Sherraden, Schreiner, and Beverly 2003), particularly for lower-income workers who may not have access to employer-sponsored retirement savings plans, as well as child development accounts, or "baby bonds," which some cities and states have already implemented (Brown and McKernan 2021). To close the racial wealth gap and make greater strides toward housing justice, the federal government should also consider providing reparations to Black people, Indigenous people, and other groups the state has historically exploited and excluded from wealth-building opportunities.

Looking Forward

Although this brief has outlined the many reasons that decommodification at scale is necessary to providing safe, affordable housing to all who need it, the lack of large-scale investment from housing providers in decommodified models means many logistical questions persist. More research is needed to determine the level of decommodification necessary to achieve housing justice as well as how best to build, operate, and govern decommodified housing at scale and in ways that advance equity. Learning from the experiences of existing public, social, and shared equity housing models—both domestic and abroad—will be key to increasing the nation's stock of decommodified housing.

Decommodifying housing is not a panacea for the many interlinked causes of housing instability, including segregated neighborhoods, inequitable access to educational and employment opportunities, and other manifestations of structural racism. But acknowledging the primacy of the house as a home, rather than an investment, is an important step toward providing housing security and stability for all who need it. The incremental, market-based reforms of the past half-century have proven insufficient to adequately house households with low incomes, households of color, and others in need of assistance. Decommodification can ensure that safe, affordable homes are available to all, and in so doing repair historical and ongoing harms and ultimately help advance housing justice.

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