

HOUSING CRISIS, A PERSONAL VIEW

by Sam Venturella

Is there a housing crisis? Or is it a figment of the imagination of populist gadflies?

Is the plight of the homeless a result of Reagonomics--the shifting of responsibility for welfare of the poor from the Federal Government to the States and Cities? Or is it a symptom of a greater, more serious problem? Who or what is responsible?

Isabel Wilkerson, of the New York Times, dates awareness of the homeless to the beginning of the 1980s. That may be true for journalists, but others were aware of the condition sooner, very much sooner. The City of Chicago, for example, initiated public housing way back when Edward J. Kelly was mayor. Kelly's reign began in 1933.

And, Mayor Kelly was a "Johnny come lately" in this game. Private philanthropists had already built rental apartments for the poor; Marshall Field on the north side, and Rosenwald on the south side.

No need to belabor the point that this is a situation that has a long history. It came with the industrial revolution.

What Wilkerson brings to our attention is that popular reaction is moving from empathy to intolerance. She might have said fear; for fear is the motivation for laws that ban panhandling in the subways, or ban (homeless) sleeping in parks and other public places. It is disconcerting--frightening, even-- to be confronted by a disheveled, smelly person asking for money.

The fact that homeless people are real enough and scary enough to cause politicians to enact laws to keep them out of sight doesn't faze the likes of Carl F. Horowitz of the Heritage Foundation.

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Horowitz doesn't see people, he sees numbers. In this case, numbers from the Census Bureau and the Center on Budget and Policy Priorities. The numbers are in studies: one on home ownership, the other on low-income rental units.

What do the numbers tell Horowitz? Why, they tell him that housing has become more affordable, not less so. No surprise that this is the opposite of the Census Bureau's study.

Horowitz plays by interesting rules. One rule--the most important--is to limit the population he talks about. In this case, the population is home buyers. Hold it, now. Let me repeat that. The numbers Horowitz talks about are HOME BUYERS. The HOMELESS don't exist in his world.

If you limit your world to home buyers, isn't it just natural that there is an affordable home for everyone in that world? That is a verity by definition.

Horowitz plays to the prejudices of the smugly comfortable, but does nothing to address the problem: *an increasing portion of the real world population cannot afford housing.*

Nowhere in his discussion of the affordability of homes for the home-buyer population does Mr. Horowitz discuss incomes or savings. Nor does he mention that an increasing number of home-buyers are singles and DINKs(double income no kids); nor that the number of home-buyers is decreasing. What is that saying statisticians have?

"Statistics don't lie, but..."

Horowitz ought to read the letter from Douglas A. Benson of Waukegan (Illinois) in the Tribune's Voice of the People (9-2-91).

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Benson advises: Get out from behind your desk. Talk with people. Talk with wage earners trying to get by on the hourly rates of a factory job, or a store clerk, or letter carrier. Talk with young married's with children trying to make ends meet on two paychecks; or retirees existing on Social Security, lifetime savings and a part-time job.

Benson points out first time buyers need an income of \$45,000 a year to mortgage a \$106,000 house. How many families have incomes of \$45,000 a year?

In her recitation of cities that have instituted anti-panhandling and anti-loitering laws, Ms Wilkerson mentions only one--Santa Barbara-- that has provided some place where the homeless can rest. If public officials were to use their smarts, they'd realize the need to provide a reservation for the homeless; a place where they can stay unmolested by the police.

One would imagine that think tanks would hire *thinkers* to find solutions to problems, rather than hire *sofists* to sweep problems under the rug.

As Wilkerson mentions, solutions from conventional wisdom haven't made a dent in the problem. Frustration has replaced the optimism that more dollars for government programs would solve the problems of the poor. How unfortunate that this frustration does not lead to a demand to drop conventional wisdom.

Perhaps Horowitz can't help himself. He offers another dose of conventional wisdom: a war on unnecessary local government regulations in housing construction. This bugbear has whiskers longer than Methuselah. Isn't it time to look elsewhere? Maybe building site costs?

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There is another dimension to the housing problem. It is the very real and present danger to continued widespread homeownership posed by the current form of the real property tax.

When either conservative or liberal pundits have touched on this problem, they offer no better "solutions" than do the populists and demagogues. They propose to 'freeze' or 'limit' either assessed values or tax rates, a la California's infamous proposition 13.

Who among them, for example, has ever mentioned that the real estate tax is actually two taxes? That real estate consists of disparate components: *land* and *improvements*? That taxation affects each component differently? That the tax on improvements tends to inhibit improvement and maintenance, while the tax on the site tends to stimulate improvement?

Have any of the think-tank pundits ever asked what would happen if taxes were to be removed from improvement value and increased on land value? I suggest such a change would increase employment, thus reducing the need for welfare for the poor. And, further, I suggest that any city that dares to try this change will experience an increase in the number of housing units.

More jobs at better pay will do more to remove panhandlers and reduce homelessness than a whole battalion of police. Less involuntary poverty means less taxes needed for welfare for the poor. We can then turn our attention to reducing welfare for the rich.

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