Formal Housing Provision Under Neoliberalism in the United States

Privatization as the New Enclosure and the Defense of Public Housing

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ABSTRACT

Property in the United States has been used as a mechanism for speculative investment and wealth generation since its earliest days. Policies meant to address ownership throughout the history of the country, like the Homestead Act and the G.I. Bill, highlighted and further embedded the idea that property – especially housing – is not only the best method through which to build wealth, but also an indication that the underlying ideology positions housing as a commodity. This ideology has been further reinforced by more recent policies by the U.S. Department of Housing and Urban Development, including HOPE VI and the Rental Assistance Demonstration program, which – coupled with austerity measures – have contributed to the perceived demise of public housing in the United States. But as we enter a new political moment, resistance to this ideology is becoming more widespread as alternatives to market-based solutions to ongoing housing crises gain mainstream attention. In confronting the insidious ideology that perpetuates the idea of housing as a commodity, the path is being paved for greater state participation in housing provision and stability for renters and low-income owners alike.
Public housing is facing a precarious moment: across the world, real estate power has grown unchecked for decades and threatened government-owned and social housing. This power, paired with the neoliberal political project of disparaging publicly owned housing (as well as social assistance at large) through racist and classist tropes, has chipped away at popular support for the program in the United States and beyond as homeownership levels continue to rise. After decades of federal policies redirecting funds from publicly owned, operated, and maintained housing toward subsidies and incentive programs catered to the private housing market, many scholars and housing advocates are left to debate whether public housing in the United States is a thing of the past. As compared with the Global South and Europe, the United States has a particularly uninspiring track record in providing its residents with secure and stable housing. Countries like Brazil and Mexico spend twice as much of their gross domestic product on public housing provision than the United States does. Both have largescale housing programs at the national level, whereas the U.S. has drastically reduced its federal capacity for funding, developing, and managing socially or publicly owned housing. Its recent and dramatic pivot toward mass privatization has met resistance, though perhaps not enough to stop the capitalist developer lobby from acquiring a stranglehold on the housing landscape. In this sense, the U.S. might serve as a cautionary tale for other countries teetering on the brink of neoliberal ideological seizure.

But the tale less often told is one of hope for public housing: the private market is failing to provide an adequate number of housing units, leaving deep chasms in the provision of housing – particularly for extremely low-income groups. This market failure has prompted a recent revitalization of tenant organizing, demands for social services, and renewed support for public housing. As long as there is organized, working-class power to challenge capital’s hegemony, public and social housing stand a chance to serve as better, safer, and more stable housing than what the market can provide. By organizing within and outside of the state, activists and advocates for comprehensive, safe, and secure housing for all can change the political tide and preserve the future of public housing in the United States. In this way, all is not lost: public housing can and will be revitalized.

This piece argues that housing provision is an issue of equity – instead of economy, as our political and economic structures might suggest – by briefly outlining the following: varying perceptions of the right to housing across multiple countries; the history of enclosure and our relationship to land, property, and housing; the state of public housing today in the U.S., particularly as it stands under neoliberal rule; and the path forward for housing practitioners concerned with long-term affordability and the revitalization of public housing. By allowing for the imagination of truly affordable, stable, and beautiful housing, advocates can rescue public housing and challenge the...
power of the real estate state – and perhaps even neoliberalism at large.

**HERE AND THERE:** COMPARING THE RIGHT TO HOUSING ACROSS THE GLOBE

Before considering the effects of neoliberalism on today’s housing landscape, it makes sense to consider alternative paradigms across the world; the obsession with private property rights, homeownership, and individual autonomy in the United States by no means represents the dominant model of property relations across the world. While nowhere in the U.S. Constitution is housing guaranteed, many other countries include positive rights to housing (often along with education, healthcare, voting rights, etc.) in their constitutions, and take much more earnest approaches to housing their residents.

For instance, Brazil’s Constitution of 1988 states plainly that “education, health, nutrition, labor, housing, leisure, security, social security, protection of motherhood and childhood, and assistance to the destitute, are social rights.” Similarly, South Africa’s Constitution of 1996 seeks reparations for apartheid by guaranteeing housing for all. While there is still a deficit of housing, unhoused South Africans have legal standing for challenging the state in its failure to deliver adequate housing in a timely manner. Colombia’s 1991 Constitution reiterates its commitment to the concept of the social function of land: “there is the social angle, which centers the issue of distribution upon the state and redefines property not as an individual absolute right, but as a social function that entails responsibilities.” Bolivia’s 2009 Constitution goes a step further in protecting the social function of land and property, outlining exceptions to the guarantee of private property (e.g., if it is harmful to ecological preservation or future generations) and asserting additional positive rights for indigenous communities while acknowledging the Country’s colonial past.

Outside of an explicit right to housing, views on homeownership and the privatization of land and property vary drastically across the globe. In Singapore, owner-occupiers use universally accessible home ownership as a long-term asset-building strategy. This serves as a mechanism through which Singaporeans secure their income stream over the entire life cycle of 99-year leases in place of Western models of welfare. The vastness of this program could only be carried out by a robust state like Singapore’s, with sufficient capacity and the willingness to take on risks that the private sector would likely never choose to take on. In countries like Germany and Sweden, where ownership rates are relatively low, it is often because there is limited stigma around rentership as a class indicator and because social or public housing often means high-quality and even luxurious housing.

The United States contrasts sharply with many of these examples: our Constitution guarantees no positive rights, thereby allowing for no straightforward legal recourse for pressuring the state to provide these rights; the state cannot be held accountable for failing to uphold its constitutional duties where there are none. The idea that Americans are not entitled to housing (or education, healthcare, and so on) is not simply written into the Constitution; rather, it is an embedded and prominent component of the American psyche, especially as it relates to housing and property. And unlike countries where rentership is seen as a desirable social position, in the United States, rentership is, at best, regarded as a stepping stone toward ownership and, at worst, a class signifier.
In order to understand the current landscape of housing, we must first acknowledge the centuries of evolving land relations and conflict that influence our present moment. Without attempting to pinpoint the exact origins of American perceptions of property and, in particular, housing as a vehicle for wealth generation, it is useful to consider the process of pre-industrial enclosure in England. In this process, formerly communal land, also known as the commons, was consolidated in order to augment the landowner’s profit through increased land value. Inherent in this mechanism is exclusion: one person’s ownership means another person’s lack thereof. Accompanying this process was the dissolution of “common rights,” which E. P. Thompson describes as “class robbery” on the part of feudal lords. Marxist theorists argue that in this manner, pre-industrial landowners leaned on state mechanisms (such as enabling enclosure laws) to expropriate public land for private gain.

This idea of exclusion via enclosure underpins the story of the American frontier as well. While perpetuating notions of freedom and liberty, the United States was built on stolen land and the displacement and genocide of entire peoples. The Homestead Act, one of the greater drivers of this enclosure, was an effort to redistribute wealth by creating opportunity for poorer (mostly Southern white) Americans to build wealth. But it was also a means of enclosure (and thereby exclusion): the Act promoted the idea that public money could be wielded to make land available as a vehicle for private investment. And while it was indeed redistributive, the Homestead Act was also a means by which American boosters and the capitalist class deputized poorer Americans to stretch the Western boundary of the young nation. As expansion into the West pushed indigenous communities off the Great Plains, the Act was manifest destiny incarnate: the white man’s journey to tame the land he stole – with assistance from the state – and to build his wealth upon it. As Daniel Cole and Elinor Ostrom note, “once land becomes scarce, conflict over who has the rights to invest in improvements and to reap the results of his or her efforts can lead individuals to want to enclose land through fencing or institutional means to protect their investments.”

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A BRIEF HISTORY OF PUBLIC HOUSING IN THE UNITED STATES

Less than a hundred years ago, public housing was a welcome addition to the provision of housing. Many tenants flocked to public housing built under the Public Works Administration starting in 1934, leaving behind their often well-worn and outdated homes. These homes were frequently dilapidated and lacked electricity or sanitary infrastructure. As Rhonda Williams notes in *Public Housing Myths*, “they expected decent housing. After all, the federal government – the self-avowed purveyor of American democracy and freedom – was their landlord.” By 1963, there were over 500,000 units of public housing across the States.

But other forces were already converging to threaten the very existence of public housing. As white veterans began building wealth through homeownership with the help of the G.I. Bill, over one million black veterans were locked out of the very same benefit, deliberately stifling intergenerational mobility for black Americans. Working in tandem with the G.I. Bill was white flight to suburbia, and accompanied by a hefty portion of the tax base for many major metropolitan areas. Real estate agents engaged in ‘blockbusting,’ warning white buyers of imminent integration and the (unfounded) specter of lost property values produced by a multiracial neighborhood. With a revenue stream depleted by these majority white property owners, racism and the symptoms of disinvestment began eating away at the reputation of public housing. Meanwhile, New Deal reforms and the standardization of housing mortgages created accessible pathways to ownership [again often disproportionately benefiting white men] and allowed a securities market to emerge. This securities market quickly evolved into a predatory, crisis-triggering means of speculation by an elite few, based on the housing of millions of Americans.

As the number of public housing units reached one million in 1973, racist and classist depictions of public housing complexes, like Pruitt-Igoe in St. Louis and Cabrini Green in Chicago, had diminished public support for government-owned housing. Soon after, Richard Nixon’s new federalism policies would promote the decentralization of the housing program administration and set the stage for the coming days of austerity.

THE RISE OF NEOLIBERALISM AND ITS CHOKEHOLD ON PUBLIC HOUSING

With the election of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States in 1979 and 1981 respectively, much of the Western economy shifted away from Keynesian liberalism and toward neoliberalism. With its principles of individual autonomy, a non-interventionist state, and a sheer faith in
market fundamentalism, this new set of economic ideals immediately threatened the provision of social services and public-owned goods. With the dissolution of the Keynesian redistributive state – arguably the safeguard against underlying forces of capitalism waiting to be unleashed via deregulation – social assistance quickly faced a grave prognosis. Deregulation and mass privatization meant the erosion of state intervention, allowing capitalist predators to descend upon once publicly provided services, including housing.

As Manuel Aalbers and Brett Christophers aptly note, politicians supported the financialization of housing “as a bulwark against communism and revolts by giving working class residents a stake in the system, by making them dependent on wage labor, and by locating them further from the urban centers of oppositional movements.” Nevertheless, the oft-cited benefits of homeownership – wealth generation as well as the moralistic assertion that ownership begets an involved yet docile citizen – are “generally not so much intrinsic features of homeownership as they are consequences of the political project of pushing homeownership at the expense of other tenures.”

But the sentiments toward Pruitt-Igoe, Cabrini Green, and the ‘failed’ public housing program lingered: responding to political pressure, Congress declared a ‘state of crisis’ and established the National Commission on Severely Distressed Public Housing to investigate housing conditions and prepare recommendations based on the findings. Between 1989 and 1992, the Commission found that only 86,000 units were “severely distressed.” Although 8 percent this number represents less than 8 percent of the nation’s public housing stock – the Commission’s report to Congress inspired the legislation that created HOPE VI. Although the Commission’s report suggested a strategy of preserving public housing stock, HOPE VI quickly became a project of redevelopment, demolition, and the selling off of publicly owned property. With HOPE VI, the U.S. Department of Housing and Urban Development (HUD) promoted a new era of mixed-income developments, conveniently propagating the idea that public housing projects often needed to be demolished to make room for these new communities. In this way, HOPE VI did away with HUD’s previous one-for-one replacement policy, which required every demolished unit to be replaced in order to keep the number of public housing units stable. Despite public outrage at this policy, which led to the displacement of tenants and a deeply diminished housing stock, HOPE VI continued to wreak havoc on public housing.

Since 2012, the Rental Assistance Demonstration Program (RAD) has supplemented HOPE VI in supporting the neoliberal project of mass privatization and financialization. Perhaps most notably, this was achieved by enabling public housing authorities to convert their projects into Section 8 housing – thereby serving as a means of propping up the private housing market. Following the mixed-finance approach propagated by HOPE VI, RAD sought to address a gargantuan $26 billion capital needs backlog. Public housing authorities began collaborating with banks on debt financing packages as developers secured Low-Income Housing Tax Credit (LIHTC) financing, rewriting their own roles as housing providers. On its own, LIHTC has been shown to concentrate poverty by disproportionately siting credits in high needs neighborhoods – a product of allowing the private market free rein. HOPE VI, RAD, and LIHTC have collectively shifted the role of public housing authorities away from managing public housing and toward real estate brokerage. The “real estate state,” as defined by Samuel Stein in Capital City, had been gifted with this public
facilitation of redevelopment.

As this was happening, austerity was taking its toll on social services at large. As public housing authorities sold off their properties to developers and private landlords, uneven investment ravaged cities. Market-rate developments replaced public housing, and neighborhoods that were once inhabited by hundreds of low-income public housing tenants now faced displacement as their neighbors faced gentrification. As Stein notes in Capital City, “those who cannot afford the resulting rising rents (or, in the case of homeowners, rising property assessments) are expelled: priced out, foreclosed, evicted, made homeless.” With this dissolution of political support and funding for public housing came a gap in housing provision, resulting in a disastrous market failure. Despite wildly high demand (there are only 29 affordable units for every 100 low-income households) the market has clearly failed at providing housing, especially for the lowest income groups.

A NEW ERA OF PUBLIC HOUSING IN THE UNITED STATES

Despite these disastrous policies, there is hope to be found in the resilience of public housing and the belief in social assistance more generally. A new political moment is challenging the status quo by highlighting the hypocrisies inherent in neoliberal ideology: namely, by pointing out the fallacy of a meritocracy and the trust in the market to solve the housing crisis. At the helm of this effort are programs like The Green New Deal for Public Housing, introduced by Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez, which seeks to “provide economic empowerment opportunities in the United States through the modernization of public housing.” The bill would slash over five million tons of carbon emissions through renewable energy retrofitting, creating over 200,000 jobs in the process. And while this bill is largely a symbolic gesture – unlikely to pass through the Senate – it represents both the weight of our country’s housing crisis and a rallying cry of a burgeoning, class-conscious majority demanding such sweeping reforms. If it is serving as a simple gesture in this moment, other wildly popular programs like Medicare for All similarly began as mere symbols for an alternative future, but have seen increasing public support in recent years (for example, this healthcare program now boasts a 70 percent approval rating across the general public). Programs that rewrite our economic and political structures are gaining popularity. These forces, which punish the socially vulnerable and funnel wealth upwards, are by no means natural. If public housing is a disaster, it is only because it was designed to be so by the hegemonic forces propagating neoliberalism and the degradation of the state. As James Hanlon states in “The Origins of the Rental Assistance Demonstration Program,” “public housing as a program is no longer viable in relation to factors that have more to do with political ideologies and overarching fiscal priorities than with the intricacies of regulatory procedures and cost analyses between different forms of assistance.” But if the failures of public housing can be tied to an insidious ideology, what happens when that ideology is challenged?
programs, including The Green New Deal for Public Housing, are evidence that there is a better way forward and the public support needed to see it through.

The New York City Public Housing Authority (NYCHA) serves as another important reminder that public housing is not inherently doomed to fail. NYCHA survived through decades of deep budgetary cuts, even as many of its counterparts in cities across the country were unable to weather austerity programs directly targeting their very existence. NYCHA’s provenance as a provider of housing – housing that people of equal income levels preferred over privatized housing, no less – reminds us of the original promise of public housing. It can and should be safe, stable, and desirable. NYCHA’s robust management and maintenance system ensured this, and until the specter of neoliberalism and its accompanying attack on public spending, NYCHA served as a shining example of how well public housing can be run under the right governance and funding structures. It serves as a guide to how we might reinvigorate public housing in other cities while continuing to provide housing for almost half a million New Yorkers. In the meantime, we can look to alternative housing models to empower the working class and anyone else who would benefit from housing outside of the market realm.

These models abound; from community land trusts (CLTs) to real estate cooperatives, people all over the world are taking a stand against the real estate state. In the United States alone, there are over 225 CLTs seeking to stifle market forces. These organizations attempt to challenge the stronghold that the real estate market has over affordability by providing safe and secure housing far below market rate, thereby stymying inflation and preserving affordability in perpetuity. Housing cooperatives similarly challenge the market-based status quo by allowing their residents control over their housing through democratic governance structures and affordable financing mechanisms. These organizations are often democratically governed, upending the norm of the exploitative landlord-tenant relationship so visibly rampant in the United States. Outside of the U.S., organizations like Fundo Imobiliário Comunitário para Aluguel (Community Rental Real Estate Fund, or FICA) in Brazil help us envisage a future in which we are no longer beholden to the whims of corporate developers and landlords by “protecting real estate and land from unchecked market forces and speculation, thus ensuring its use in an economical, just, democratic and sustainable manner.”

In advocating for a reimagining of public housing, it is important to note that a shift in the ways we conceptualize rentership versus ownership is already happening: a recent study showed that 57 percent of adults find buying a home less appealing than previously, and 54 percent think renting has become more appealing. It will take persistent and challenging work, and must be paired with support for the fight for equitable housing on the ground by housing advocates, grassroots organizations, and the politicians they influence. We are in a dynamic political moment that does not come along often, with a resurgence of tenant activism and leftist organizing growing by the day. The Right to the City Alliance, which is inspired by Henri Lefebvre’s 1968 book of the same name, represents just one of many social movements dedicated to the housing justice proposed by the Green New Deal for Public Housing. Bans on rent control are being challenged from California to Illinois to New York. And with a historically popular presidential candidate calling for the nationalization of healthcare and housing, it is undeniable that the political winds are shifting.
ENVISIONING THE FUTURE OF PUBLIC HOUSING

When considering the potential boons of reshaping our relationship to property and housing, it is easy to imagine how challenging the efficacy of the most easily accessible tools at our disposal can benefit the working class. These market-based mechanisms, which too often provide windfall profits to developers while deepening concentrations of poverty have been proven many times over to be incapable of providing adequate housing, especially for those at the lowest incomes.

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To close without mention of Red Vienna would be folly: as we celebrate its 100th anniversary, it is a fitting moment to remember some of the most inspiring examples of public housing. In the early 1920s, the Austrian capital was led by Social Democrats who prioritized the provision of luxurious public housing. They designed developments as a place to recreate, to recharge, to thrive; Karl Marx-Hof and Reumannhof, in particular, were resplendent buildings occupied by tenants across income levels as part of Die Ringstrasse Des Proletariats, or Boulevard of the Proletariat. Embedded in their designs were the trappings of everything public housing can and should offer its residents: verdant courtyards, natural light, and a bevy of shared facilities that catered to all walks of life, from childcare centers and libraries to swimming pools and public schools. There are lessons to be learned from these 100-year old public housing complexes. The time of racist and classist perceptions of public housing must come to an end. To provide the type of housing everyone deserves, we must agitate and demand it from the state, while always pushing for its decommodification. This is not to say these goals are not a long and winding political project – but in the meantime, housing advocates should push for policies that more readily enable alternative housing models, like CLTs and cooperatives. As Stein notes in Capital City, “land is a commodity and also is everything atop it; property rights are sacred and should never be impinged; a healthy real estate market is the measure of a healthy city; growth is good – in fact, growth is god.” But by supporting efforts that seek to challenge the hegemonic stronghold of neoliberalism, housing advocates and practitioners can push the needle and lead us toward a robust provision of luxurious, beautiful, publicly owned housing.
ABOUT THE AUTHOR

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ENDNOTES

4. Brazil Constitution, Title II, Ch. 2, Art. 6 (1988).
5. South Africa Constitution, Ch. 3 (1996).
27. Samuel Stein, Capital City, 46.


40. Stein, Capital City, 16.