Over the last 50 years, federal government programs have created more than five million housing units through construction and rehabilitation and have provided rental-housing vouchers to an additional two million families. While these numbers may seem impressive, Alex F. Schwartz reminds us that the U.S. has not met the goals established by Congress in the 1949 Housing...
Act, “a decent home and a suitable living environment for every American Family.” In 2005, the National Low-Income Housing Coalition estimated that 94 million Americans, or almost 35% of the nation’s population confronted serious housing problems (e.g., physically deficient housing, a high rent burden) or were homeless.

The introductory chapters (Chapters 1 and 2) provide an overview of U.S. housing policy, summarize the key trends and patterns in the housing market, and provide definitions for the chapters that follow. Chapter 3 focuses on the largest housing subsidy of all—the tax benefits of homeownership, which primarily benefit middle-class families and the affluent. Government intervention in the housing market only began in the 20th century and blossomed during the New Deal with the introduction of government-insured mortgage insurance, the establishment of the secondary mortgage market and the promotion of long-term, fixed-rate mortgages. This chapter is particularly insightful about the growing role of the secondary mortgage market through government-sponsored enterprises, such as Fannie Mae and Freddie Mac. Chapter 4 explains that tax subsidies for homeowner housing benefit the affluent homeowners to a far greater extent than households of modest means and illustrates how lower income homeowners are less likely to take the mortgage interest tax deduction because they are less like to file an itemized tax return.

In the next three chapters, Schwartz turns his attention to the Low-Income Housing Tax Credit (LIHTC) program, which is currently the largest active subsidy program for affordable housing production; public housing, its historical problems, and current reform efforts under the HOPE VI program for the revitalization of distressed developments; and a variety of other federal programs used to develop or re-develop low-income housing. The main advantage of the LIHTC is its flexibility; State Housing Finance Agencies have a great deal of latitude in deciding what types of housing should receive it. The major disadvantages of LIHTC are that it offers little incentive to build mixed income housing (as the market-rate units receive no credit) and that there are simply not enough credits allocated to states on an annual basis.

Public housing, covered in Chapter 6 is the oldest and most widely known form of subsidized housing on the public radar screen. Although the problems with public housing include poor design, substandard construction, inadequate funding for capital improvements and operating support, concentration of poverty and in most cases weak management, resident satisfaction surveys and other evidence indicate that most public housing developments provide adequate housing. Among the supply-side programs covered in Chapter 7, only the Rural Development Section 515 Program (under the USDA) continues to produce housing today. Section 221(d) 3, Section 236 and the original Section 8 Program were all designed to foster development of low-income housing by private entities, and none of these programs lasted more than a decade. In Chapter 8, the focus shifts to rental housing vouchers. Schwartz indicates that the shift from housing subsides to rental subsidies was based on two beliefs that have not been verified empirically (1) that greater freedom of choice would improve conditions for low-income renters and (2) that the integration of the poor into more middle-class communities would help these families and their children to achieve socio-economic mobility. Chapter 9 discusses federal programs that require greater state and local government participation, e.g., Community Development Block Grants, HOME Investment Partnership Program, Tax-exempt bond financing, and Housing Trust Funds.

In Chapter 10 Schwartz discusses programs targeted to special needs populations such as the elderly, people with AIDS, the homeless, and persons suffering from mental illness. Perhaps the most interesting aspect of housing for persons with special needs is that under both the Fair Housing Act and the Americans with Disabilities Act alcoholism is considered a disability if it limits one or more of a person’s major life activities. Around the nation, non-profit organizations are increasingly targeting efforts to create housing for persons in recovery from substance abuse. Yet these efforts receive no mention.
In Chapter 11 Schwartz covers fair-housing and fair-lending regulations including the Community Reinvestment Act (CRA) that either encourage or force for-profit developers and financial institutions to incorporate affordable housing developments into their plans. Chapter 12 spotlights America’s current policy focus on homeownership and income integration. While such initiatives are politically popular there is little “empirical support for many of the benefits proclaimed for homeownership and income integration” (p. 267). Schwartz concludes the book, Chapter 13, by arguing that recent changes represent a continuation of a trend to shift funding from federally administered programs to block grants that give more discretion and autonomy to state and local governments. The most fundamental policy challenges today surround the inability of poor households to afford decent housing without some form of financial assistance and the persistence of racial discrimination in the real estate and mortgage markets.

The book’s main weakness is the absence of a detailed discussion about how the provision of affordable housing requires the blending of funds from a myriad of federal, state, local, and private sources. Schwartz mentions the need to blend funds in Chapter 5 when he discusses the LIHTC, but he does so as if it were a thing of the past. Perhaps my criticism is colored by the fact that most of the developments I work on as a consultant serve populations with special needs, but I am always dealing with issues such as blending HOME funds with tax credits and a healthy shot of Affordable Housing Trust Funds, to boot.

In the current, rather dismal, political environment practitioners like me need to understand the evolution of the different programs that make up the universe of housing policy. Schwartz’s study can help us understand why the different programs seem to speak different languages and to utilize the tools we have left to preserve existing low-income housing for the future. Keep this book on hand as a reference so as to maximize your effectiveness in these challenging times.

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