

## HOUSING CRISIS IS REAL, AND GETTING WORSE

by Sam Venturella

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Is the plight of the homeless a result of Reaganomics - 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.

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.

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, another 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.

Horowitz ought to read [a published] letter from Douglas A. Benson of Waukegan. 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 a letter carrier. Talk with young marrieds with children trying to make ends meet on two paychecks or retirees existing on Social Security, life 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?

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 government regulation in housing construction. Isn't it time to look elsewhere? Maybe building site costs?

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.

The real estate tax is actually two taxes. Real estate consists of disparate components: land and improvements, (and) taxation affects each differently. 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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