



EDITORIALS / OPINION

[Home delivery](#)

[Contact us](#)

[Site map](#)

[Traffic](#) | [Weather](#) | [Your account](#)

[Movies](#) | [Restaurants](#) | [Today's events](#)

[Marketplace](#)

[Jobs](#) | [Autos](#) | [Shopping](#)

[Homes](#) | [Rentals](#) | [Post an ad](#)

[Advanced search](#)

[Home](#)

[Local](#)

[Nation / World](#)

[Business / Tech](#)

[Editorials / Opinion](#)

[Eric Devericks](#)

[STop blog](#)

[Columnists](#)

[Sports](#)

[Entertainment](#)

[Comics / Games](#)

[Living](#)

[Pacific Northwest Magazine](#)

[Travel / Outdoors](#)

[Real estate](#)

[Obituaries](#)

[Special reports](#)

[Photojournalism](#)

[Corrections](#)

[Archive](#)

[Alerts / E-mails](#)

[Marketplace](#)

[Jobs](#)

[Autos](#)

[Homes](#)

[Rentals](#)

[Classifieds](#)

[Shopping](#)

[NWsource](#)

[Personals](#)

[Post an ad](#)

[Services](#)

[Your account](#)

[Contact us](#)

[Submit listings](#)

[Send us news tips](#)

[Seattle Times store](#)

[Advertise with us](#)

[RSS feeds](#)

[Wireless](#)

[Newspapers In Education](#)

[Home delivery](#)

Thursday, September 22, 2005 - Page updated at 12:00 AM

Guest columnists

Harsh housing realities require strong leadership

By **Bruce Katz and Michael Stegman**

Special to The Times

Forty years ago this month, President Lyndon Johnson signed legislation creating the Department of Housing and Urban Development, commonly known as HUD.

HUD's creation in 1965 was a testament to the political pull of housing as a critical national issue for both parties and for business, civic groups and labor alike.

Today, however, national leadership on housing is again desperately needed, given a large and growing affordability gap affecting a new generation of working Americans. Yet, the sad fact is that HUD and federal housing policy appear incapable of responding to the harsh housing realities of a young century — and no one in Washington, D.C., seems to care.

Here's the context: Housing prices for both sale and rental properties have appreciated rapidly throughout the country — well beyond the traditional hot markets of San Francisco, New York and Boston.

In the past five years, real hourly wages have grown by only 2 percent while the median home price has increased by 52 percent. Though homeownership levels are currently high, a good portion is due to the use of highly leveraged mortgage products, a risky proposition in a rising interest-rate environment.

King County has experienced a comparable run-up in prices, and the Census Bureau's American Community Survey shows that county household income actually declined from 2003 to 2004.

The consequences of these market dynamics are dramatic. According to the nonprofit Center for Housing Policy, more than 14 million households in the country — one out of every eight, or 12.5 percent — now pay more than 50 percent of their income for rent or mortgage payments and/or live in physically dilapidated housing. In King County, it's higher — 14 percent.

This statistic masks the true extent of the challenge: Back when HUD was created, having a housing-cost problem meant spending more than 25 percent of income on rent or mortgages and mainly affected the inner-city and rural poor. Forty years later, a housing-cost crunch means spending 50 percent or more of household income for housing, as severe cost problems have spread up the income ladder and into the

[E-mail article](#)

[Print view](#)

[Search](#)

[Most e-mailed](#)

[Most read](#)

[RSS](#)

suburbs.

In the face of such broad and diverse challenges, HUD's arsenal of programs and policies falls dismally short.

Fewer than 25 percent of qualified households receive any type of HUD housing assistance. At the same time, the stock of permanently affordable housing subsidized by HUD dwindles due to the lapse of long-term contracts and the necessary redevelopment, as at Rainier Vista in Southeast Seattle, or demolition of the nation's worst public housing.

Meanwhile, most of the real federal action on housing production and income support is happening outside of HUD.

Since 1986, the Treasury Department has administered the Low Income Housing Tax Credit Program, the principal driver of subsidized rental housing production, while the earned-income tax credit (EITC) has emerged as the principal tool for reducing rent and mortgage burdens. More than six times as many individuals and families receive the EITC as receive HUD housing vouchers.

But even these laudatory non-HUD efforts are not sufficient, nor are they part of anything even resembling an integrated national housing policy.

There's no shortage of good ideas out there for national leaders to consider.

States, cities and counties, for example, are experimenting with a range of housing innovations including housing trust funds, progressive zoning efforts and regulatory reforms that promote infill and density.

Business and university leaders in places like Philadelphia, Long Island and Chicago are implementing employer-assisted housing efforts to woo new employees and reward existing ones.

The Millennial Housing Commission, authorized by Congress several years ago, recommended a plethora of housing reforms, large and small, to address the affordability gap.

What is missing from the national discussion is leadership. Even during last year's election, the political class in Washington, D.C., and both presidential candidates failed to speak to the issue.

The Bush administration's housing record has been characterized by ill-conceived legislative proposals to eliminate programs like HOPE VI, the highly successful public-housing redevelopment effort.

It appears few national politicians — Democrats or Republicans — perceive housing as central to their political survival or advancement.

And so, on this 40th anniversary of HUD, the nation's leaders need to begin a conversation about today's markedly different housing landscape, and how our federal housing agency and national housing policy can be retooled for a new century.

Who will lead on housing?

Bruce Katz is a vice president of the Brookings Institution and director of the Metropolitan Policy Program there. Michael Stegman is the director of the Center for Community Capitalism at the University of North Carolina at Chapel Hill. Both served as HUD officials during the Clinton administration.

Copyright © 2005 The Seattle Times Company

 [E-mail this article](#)

 [Print this article](#)

 [Search archive](#)