Housing Studies

ISSN: 0267-3037 (Print) 1466-1810 (Online) Journal homepage: https://www.tandfonline.com/loi/chos20

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To cite this article: Anne B. Shlay (2015) Life and Liberty in the Pursuit of Housing: Rethinking Renting and Owning in Post-Crisis America, Housing Studies, 30:4, 560-579, DOI: 10.1080/02673037.2014.963521

To link to this article: https://doi.org/10.1080/02673037.2014.963521

Published online: 11 Dec 2014.

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Housing Studies, 2015
Vol. 30, No. 4, 560–579, http://dx.doi.org/10.1080/02673037.2014.963521

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Life and Liberty in the Pursuit of Housing: Rethinking Renting and Owning in Post-Crisis America

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(Received March 2013; accepted August 2014)

ABSTRACT *The recent housing crisis's devastating effects on U.S. households' economic situations provides reason to examine the risks, pitfalls and assumptions underlying contemporary housing policy. This paper examines issues associated with renting and owning housing in America. It argues that housing operates as (1) a dimension of the U.S. system of stratification, (2) a method for the unfair distribution of resources in metropolitan space, and (3) a mechanism for the construction of the "other" and as a vehicle for social exclusion. Homeownership restricts people to homogeneous neighborhoods, renders low-income families and renters of all types unacceptable, makes neighborhoods fertile ground for learning who is socially undesirable, breeds class-based distinctions, and puts people in financially risky situations. Rethinking questions about renting and owning may allow consideration of how housing can play a more constructive role in pursing economic opportunities, redistribution and social and economic justice in America.*

KEY WORDS: Home ownership, housing policy, housing tenure

Introduction

In September 2008, the U.S. public awakened to a new reality—an economic crisis was in the offing. Lehman Brothers had filed for bankruptcy and all of a sudden, or so it seemed, the USA was moving toward disaster and ruination. Within days, weeks and months, numerous people had lost their life savings as the stock market plunged. No one was immune. Everyone lost something. Businesses from large to small laid off massive numbers of workers. Housing prices plummeted while homeowners' equity literally disappeared. Newly minted college graduates faced a failed labor market while the less educated got even further behind. Housing foreclosures escalated like falling dominos across neighborhoods, regions, and even entire states.

The U.S. economy was sinking fast into an economic abyss dragging the rest of the world with it. Although the tentacles of this calamity wreaked havoc with every sector of

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the economy, the heart and ultimate root cause of this crisis was quickly determined. This was a housing crisis (Immergluck, 2009).

Housing became singularly associated with the forces undermining the U.S. economy and wreaking havoc with global capitalism. While there were disagreements in points of emphasis, consensus quickly coalesced around the conclusion that housing was the genesis of crisis particularly mortgage loan underwriting and securitization (Demyanyk & Van Hemert, 2011; Immergluck, 2009; Pezzuto, 2012).

The system that financed homeownership was flagged as thoroughly flawed and perilously corrupts with astronomical exigencies that created effects rippling from individual households to neighborhoods to regions and ultimately the globe. Yes, housing made the world go round and also could stop it in its tracks.

But reports of the death of global capitalism proved to be greatly exaggerated. By mid-2013, many of the bad practices associated with this economic fallout appeared to be ameliorated. As unemployment went down and consumer spending went up, the end of this crisis was said to be near. The media jubilantly trumpeted the housing market's return (Joint Center for Housing Studies of Harvard University, 2013). Ding dong, the witch is dead.

With the housing crisis seemingly aborted, U.S. housing markets have regained a slow but steady pulse (Joint Center for Housing Studies of Harvard University, 2013). Housing is being bought and sold, home values are increasing, new construction is happening, and unemployment is slowly receding—all contributing to a U.S. economy of consumers armed with enough confidence to purchase commodities to go into their appreciating homes. The apparent lesson is that reversing housing's undermining of the economy is the key to a future of growth and abundance.

The recent housing crisis' damaging effects on U.S. households' economic situations provide reason to examine the risks, pitfalls, and assumptions underlying contemporary housing policy. This paper argues that despite claims of a denouement in the most recent U.S. housing crisis, a grim housing predicament remains. This ongoing housing crisis has two critical elements. The first is that housing works as a method for social and economic stratification and is a force underlying inequality similar to education and occupation. The second is that housing policy and practices have become a point of origin for the construction and inculcation of socially intolerance ideologies around neighborhood desirability and who constitutes desirable neighbors.

Efforts to stabilize the housing market promise to continue housing policies that produce economic insecurity and social intolerance based on revering homeownership (and homeowners) and denigrating renting (and renters). Intolerance toward different social groups is reinforced through the operations of a U.S. housing system that is focused on increased housing values, housing appreciation and whatever contributes and detracts from both.

Through policies around homeownership and rental housing, U.S. housing policy continues to wreak havoc with the application of core American values such as equal opportunity, social tolerance, and beliefs in cultural pluralism. While laws such as fair housing or community reinvestment attempt to correct for specific problems in the housing market, it is the overall organization of the housing market, not occasional economic aberrations or market failure, that works to increase economic inequality and reduce people's opportunities for economic success. Economic inequality and learned social intolerance are built into the very structure of how housing is routinely part of the U.S.

metropolitan landscape. Housing reinforces bigotry and intolerance. Concerns with housing as an investment makes social intolerance a normal way of keeping up the neighborhood and what is known as protecting property values. The economic devastation associated with the most recent housing crisis has propelled policy modifications of some of the mechanics and institutions associated with the homeownership market. But the basic supports and functioning of the housing market have not been substantially altered. The housing market's reappearance as the comeback kid merely sets in motion more of the same, promising greater inequalities in the future.

This paper is a social analysis of the workings of U.S. housing markets, focusing specifically on renting and owning. Its purpose is to provide a critical way of thinking about how renting and owning are supported in America. This paper is neither empirical nor theoretical, but rather offers a set of ideas for reframing what constitutes housing problems in the USA. It argues that problems stemming from the housing market do not solely represent market dysfunction but epitomize how housing routinely functions in American's lives. Rethinking basic questions about renting and owning may allow consideration of how housing may play a more constructive and optimal role in pursing economic opportunities, redistribution, and justice in America.

This paper examines two issues associated with renting and owning. These are home owning and renting as (1) a dimension of the U.S. system of stratification and method for the unfair distribution of resources in metropolitan space and (2) a mechanism for the construction of the "other" and as a vehicle for social exclusion.

Renting and Owning As Stratification

The field of social stratification focuses on the ordering of people within a society by social group membership (Beeghley, 2008; Doob, 2013). Group membership provides varying levels of access to resources, income, and wealth. Social stratification emphasizes the role of group members as well as employment and education in explaining social and economic outcomes. The mechanisms that explain how people acquire these jobs, degrees, and qualifications explain how people move up or down the social hierarchy.

The theoretical importance of housing to stratification was recognized long ago by sociologist William H. Form who began writing about housing in the post-World War II era before enactment of civil rights legislation (Form, 1951). He viewed newly planned suburban housing developments as opportunities for social mixing that would likely create new forms of stratification. Housing was proposed to be a growing factor in stratification processes because of the possibilities of interaction posed in these newly formed communities. Housing per se did not stratify people. Rather, it was hypothesized that it created new environments in which stratification could take place. Yet, theorizing a link between housing and U.S. stratification remained moribund.

British sociologists more directly investigated housing's role as a dimension of class structure by introducing the concept of housing classes (Couper & Brindley, 1975; Rex & Moore, 1967; Saunders, 1984). Housing was alleged to be part of class identification based on the types of housing people had as well as their housing preferences and aspirations (Couper & Brindley, 1975). British scholars focused on the distinction between class identities established in the consumptive (what people consumed such as housing) versus the productive spheres of life (where people worked such as in factories) (Saunders, 1984). Housing was viewed as a vehicle and variable in the establishment of class consciousness.

British homeownership was either lauded or condemned as a mechanism for establishing individual, rather than collective, demands for property rights. Housing was important because it influenced people's values around politics and class identity. Housing reflected competing value systems and a new form of "consciousness" (Couper & Brindley, 1975).

Yet, with the rise of neoliberalism and the decline of the welfare state, the British concept of housing classes appeared largely irrelevant and was discarded. The privatization of public housing, the increasing dominance of the private housing sector, and increased home ownership rates ended discussions of the role of housing in fomenting or dissipating class identification (Saunders, 1984).

In the USA, devoid of these types of polarized class identities and with less overt recognition of class, housing became a key mechanism through which people evaluated their achievements. Homeownership became a major indicator of success. Since the Great Depression emerged the expectation that if people played by the rules, they were rewarded with homeownership (Green & Wachter, 2005; Jackson, 1987). This housing realization became known as the American Dream.

Today, U.S. homeownership has been virtually synonymous with wealth acquisition, not in the sense of being wealthy per se, but having an asset from which a family's wealth could be built. With the introduction of long-term amortization, homeownership became a vehicle for long-term savings—a nest egg for retirement and for sending children to college. It was only recently that homeownership became expected to generate an instantaneous windfall. For most American homeowners, homeownership was a wealth acquisition vehicle through making regular mortgage payments, staying put, and inevitably building up equity. Homeownership, along with a college degree and a good job, became the underpinning of financial stability.

Housing, however, is not an equal opportunity vehicle. Rather than promote wealth acquisition for all, it has become a mechanism that both explains and perpetuates social and economic inequality. It is a vehicle for stratification in three distinct ways, through differentials in: (1) access to homeownership, (2) the amount of wealth acquired through homeownership, and (3) the quality and quantity of spatial benefits accrued through homeownership, renting, and more generally through the structuring of location.

In the language of the field of stratification, becoming a group member of the homeowner community has been limited by various forms of racial, ethnic, and economic barriers including redlining and bank lending practices, racial steering, and the activities of housing intermediaries (e.g., government-sponsored enterprises). The homeownership acquisition process has varied considerably for different groups leading to different rates of homeownership among these groups (Wachter & Megboluge, 1992). Much of more recent housing policy has been designed to eliminate differences in homeownership rates between these groups (Schwartz, 2010; Van Zandt, 2007).

But the economic benefits from homeownership also vary for different groups because housing equity (value accrued in the owned home) varies as well. Differences in housing equity explain wealth differentials between groups and over time (Krivo & Kaufman, 2004; Oliver & Shapiro, 2006).

Yet housing's power as a dimension for stratification and for the reproduction of inequality is more complex than its availability as a piggy bank in times of need. As shown by scholars of segregation and concentrated poverty, housing stratifies through how it distributes households across neighborhoods and metropolitan areas (Massey & Denton, 1993). Inequality is perpetuated through segregative mechanisms that provide unequal access to social networks, education, recreation, health care, and unemployment (Briggs, 2005; Jargowsky, 1997; Wilson, 2010, 2011, 2012).

Place itself is a dimension of stratification (Briggs, 2005; Logan & Molotch, 1987). It is through housing access, choice, and opportunities that people get sorted into these different social life enhancing or denying places (Dreier *et al.*, 2013). Racial and ethnic discrimination, both overt and covert, is routinely and rightly condemned for its role in this process (Massey & Denton, 1993).

But in the absence of any racial or discriminatory barriers, housing would still continue to operate as a systemic barrier to neighborhood access. Place-based inequality and barriers to neighborhood access are built into the American housing system as a way of life. Place-based inequality is the outcome of how homeownership and rental housing as well as homeowners and renters are distributed and separated from each other. These processes are part of the normal, accepted, and established mechanisms for building housing and community in America.

The housing financial infrastructure that is the bedrock for the structuring of the U.S. housing market is being reproduced in developing countries. Through securitization, significant work is being undertaken to increase homeownership in Third-World countries (Fisher & Jaffe, 2003; Gwin & Ong, 2008; Ross, 2013).

Table 1. The many layers of housing

Layers	Elements	Effects
Physical	Structure type Dwelling size Lot size Amenities Age Condition Design Density	Security Well-being Satisfaction
Economic	Cost/affordability Investment Tenure Taxes Value	Disposable income Wealth/savings Security Debt
Consumption	Building materials Furnishing Decorating Consumer durable goods Maintenance	Employment Economic stimulation Debt
Location	Neighborhood Political jurisdiction Accessibility Public services Community Infrastructure Economic development Crime/safety	Human capital Employment Social mobility Income Security Well-being

Source: Shlay (1995).

Multifamily rental housing construction is also increasingly being supported by the second mortgage market (Kendall & Fishman, 2000; Nothaft & Freund, 2003; Thallam, 2012). Securitization is now part of multifamily housing development both in the USA and abroad. Models for both owning and renting are being exported to the Third World by global financial structures (Ellen *et al.*, 2010; Peppercorn & Taffin, 2013; Rolnick, 2013; Ross & Pelletiere, 2014). Homeownership that may be packaged and sold across the globe seems to be the housing future for most developing countries and is being pursued aggressively for upwards mobile families (Aalbers, 2008; Gilbert, 2008; Mitlin, 2011). First-World housing markets are being fundamentally reproduced within Third-World countries through the financialization of urban space (Campbell, 2013; Rolnick, 2013). These exported housing market structures will seemingly be inevitably accompanied by the social values and behaviors that are linked to these structures.

The globalization of housing markets means that housing is being inserted as a fundamental part of how housing and spatial opportunities are structured and distributed across the globe. Housing appears to be on its way to being a dimension of stratification processes on a worldwide basis.

A Multidimensional Definition of Housing

Understanding housing's role in social stratification requires a broader conceptualization of housing. Framed as a set of dimension, housing in a variety of ways influences people's life chances and social mobility prospects. These housing dimensions are shown in Table 1 (Shlay, 1995).[1]

As shown in the first column, housing consists of four layers: physical, consumption, economic, and location. The physical layer of housing consists of material things such as structure type, size, age, and design. The economic layer includes elements related to costs as well as tenure—renting or owning. The consumption layers highlights how housing is connected to the consumption of materials; it includes anything that is purchased for the house from building materials to furniture, decorations, appliances, and the employment associated with building, filling up, and maintaining housing. The final element is location. It is where the housing is located focusing on accessibility and proximity including the neighborhood, political jurisdiction, access to amenities and opportunities, environmental quality, etc.

The third column shows more explicitly how housing connects to people's economic opportunities and class mobility. These potential effects of housing are the variable outcomes of housing. The physical layer of housing influences people's satisfaction and well-being. The economic layer affects households' acquisition and loss of money and wealth. The consumption layer, through its ability to stimulate the economy, affects the economic climate and employment. Location through providing variable levels of accessibility to people, services, and opportunities affects people's acquisition of human and social capital, jobs, and access to schools, transportation, recreation, and employment centers. The composite of these effects illustrate housing's importance to the stratification process.

Stratification and Housing

Housing affordability is a good example of housing's social and economic effects. Housing costs are typically the largest household expenditure. Government guidelines suggest that households should not spend more than 30 per cent of their income on housing, either as rent or mortgage payment. Households spending more than 30 per cent of their income on housing are considered to have an excessive housing burden (Schwartz, 2010). The percentage of households exceeding 30 per cent of their income on housing indicates the extent of affordability problems. Households with affordability problems are likely to have insufficient income for other important items such as food, transportation, quality neighborhoods, etc.

According to the 2010 U.S. Census, roughly 30 per cent of homeowners, 52 per cent of renters, and 22 per cent of all households had excessive housing cost burdens.[2] On the basis of housing affordability, housing is a critical feature of the American opportunity structure.

Yet, the field of stratification is almost entirely concerned with non-spatial variables. The central explanatory variables are employment and the labor market, education, politics, and public policy.

Stratification texts suggest that housing is not a cause but an outcome of inequality (Beeghley, 2008; Doob, 2013). The acquisition of particular types of housing reflects households' access (or lack of access) to wealth and power.

Housing, however, is perceived as a cause of racial and ethnic inequality largely through mechanisms of segregation and discrimination (Conley, 1999; Logan, 2013; Oliver & Shapiro, 2006). Following this logic, the economic deprivations experienced by racial and ethnic minorities as a result of discriminatory mechanisms should dissipate with the success of fair housing initiatives.

U.S. Homeownership Policy and Social Mobility

U.S. housing policy is largely targeted at promoting homeownership (Collins, 2007).[3] U.S. housing policy in large part promotes homeownership by providing support to the private financial system that finances homeownership. These policies have included the government supported secondary mortgage market (Fannie Mae and Freddie Mac), government insured loans (FHA and VA), regulation of interest rates (the Federal Reserve), and mandates to provide equal access to credit (the Community Reinvestment Act and the Equal Credit Opportunity Act). In addition, federal tax policy encourages homeownership through the mortgage interest deduction. Taken together, these policies are credited with sustaining high and increasing rates of American homeownership.

New rental housing construction has only recently been supported by policy (Nothaft & Freund, 2003). Since the 2008 financial crisis, more federal housing supports have been devoted to supporting the production of multi-family housing (Freddie Mac, 2014). A moribund secondary mortgage market for multifamily housing has come alive because the economic downturn and other factors have made rental housing more profitable (Thallam, 2012).

To be sure, the development of a secondary mortgage market for rental housing supports increased production of rental housing. And increasing the construction of rental housing should have positive economic benefits for renters. The involvement of public policy in increasing the supply of rental housing appears to be a positive sign.

But supporting the construction of rental housing is not equivalent to supporting renting as an institution, particularly when recent policy changes around rental housing are compared to the policies directed at homeownership. For years, federal housing policy has largely been about developing supports for financing the acquisition of housing by homeowners. Homeownership policy has encouraged households to become homeowners, and to stop being renters. They are provided with many benefits from home owning including economic benefits, subsidies, nicer housing, and better neighborhoods. The homeownership industry as well as the home owning public is being directly supported by policy.

The federal supports provided for rental housing have been quite different and more limited. Until recently, the major and largely only support for rental housing was the Low Income Housing Tax Credit (LIHTC), a policy that provided tax benefits to corporations that became involved in the production of rental housing (Schwartz, 2010). Now more support for rental housing support is being provided by the federal government in the form of mortgage guarantees and securitization—support that helps in the acquisition and construction of multifamily housing (more than four unit structures) (Nothaft & Freund, 2003; Thallam, 2012).

This multifamily housing support is a supply side policy for the production of rental housing. Multifamily housing policy now supports more development and financing of multifamily housing. But there are no policies, other than providing more rental housing units, which specifically encourage people to rent (for example, a rent income tax deduction similar to the homebuyers mortgage interest deduction).

Moreover in the USA, rental housing is not represented as a rethought and now optimal housing tenure choice. Rental housing remains at best, second best. The demand for rental housing has increased because of the contraction of housing credit markets and less flexible underwriting, not because people want to rent. The thousands of households who lost their homes through foreclosure are not eager to enter the rental housing market. They are perceived by themselves and others as failed homeowners. The increase in renters is not a reflection of additional supports for rental housing but of the failure in supports (probably temporary) for homeownership (Green & Wachter, 2005; Immergluck, 2009).

The additional supply of rental housing, particularly of rental single family homes, is largely the result of massive foreclosures on their owners; these homes were never intended for rental occupancy. These rental homes, as nice as they may be, represent failure—a failed economy, a failed housing market, and a failed set of policies. Renters in these homes are not the solid home owning citizens that they replaced. They simply got lucky. And if the economy and policy have their way, renters will not be in those homes for long.

The owned home is portrayed as a uniquely American vehicle for social mobility. But homeownership provides these benefits only if certain conditions are met. It is under these conditions that homeowners may or may not build equity in their homes, gain appreciation in value, and provide their families with the neighborhood-based resources that will permit them to be successful. These mobility enhancing housing conditions stem from the multidimensional layers of housing and are fundamental features of how the owned home promotes or impedes social and economic mobility.

The anticipated optimal home purchase scenario is one where the home appreciates in value with the homebuyer gradually paying down the mortgage. When the home is sold, the house's equity plus appreciation become a source of retirement and intergenerational wealth transmission. Under the right conditions, the owned house is an economic and social launching pad for mobility through the acquisition of wealth as well as place-based resources.

But this optimal scenario is not automatic and many things can go wrong. Homeownership as the American dream is portrayed as a promise. But there are no guarantees. The neighborhood may change and become less desirable. Public services may be poor or deteriorated. Unemployment may ensue. The cost of credit may make homeownership less viable. Population growth may slow down. The housing market may stagnate. This more negative scenario describes the very real uncertainty associated with housing markets.

Even under less optimal scenarios where housing values appreciate less than expected, households may be financially better off owning their homes for two reasons. First, by investing their money into their home (i.e., paying off their mortgage), homeowners are engaged in a form of forced savings, savings that may appreciate less but savings nonetheless. More wealthy people, however, may have more discretionary funds to invest more profitably than lower income households who are more likely to be depend fully on the limited appreciation tied up in their home. As with most aspects of homeownership, the benefits from it appear to be unequally distributed and have a class dimension.

The second reason homeowners may be better off financially is because renting in the USA is often an insecure, unaffordable and exploitative form of tenure. Therefore, it may not be the case that the benefits from homeownership are so good but that the costs from renting are so bad. The negatives associated with renting as a housing tenure may suggest that more work should be done supporting renting and renters rather than simply advocating for and supporting homeownership.

All home purchases operate under conditions of uncertainty. Homebuyers and lenders seek to manage that uncertainty. Underwriting and appraising provide some protection but neither have the force of law or hard science as the recent housing crisis has shown. There is no guarantee that housing will be a quality economic and social launching pad.

Much of what it means to manage housing uncertainty is the work of managing the protection of housing values. Some of that work goes into the evaluation of the would-be owner and the current market value of the property. Some of that work also goes into efforts to control the neighborhood or the local community—who moves in, quality of schools and services, and local land use. But much of any change in value is outside of the control of individual household or institutions. Demographics, energy prices, tastes and preferences, local economic conditions, monetary policy, and more are responsible for whether property appreciates and depreciates. In the aggregate, these social, economic, and political conditions create the market forces that establish property values.

Market forces may be as destructive as natural disasters in destroying the economic value of a home. Homeownership, in some ways, can be regarded as a form of speculation. Its promise of payback depends on forces over which people have no control. The homeownership promise is particularly uncertain for racial and ethnic minority homebuyers whose neighborhoods may be less desirable, targets of discrimination, and with poorer quality place-based amenities such as schools.

Housing Opportunities and Constraints

The decision to own or to rent is more than simply a choice of tenure. The choice of tenure is coincident with the acquisition of other housing features. The decision to rent or to own restricts people to particular types of neighborhoods as well as to particular types of housing units. This is because rental and owner-occupied housing units vary by dwelling unit and neighborhood type. Neighborhood and housing choices are constrained by tenure decisions.

Although this appears to be changing, rental units are typically more available in central city areas than in suburban neighborhoods (Rosenthal, 2008). Owners are typically able to find housing in both central city and suburban neighborhoods. Owners are limited by the costs of housing in different areas, not by its tenure. Renters, however, may not be able to find any rental housing in some neighborhoods, particularly in more wealthy suburbs.

By opting for homeownership, homebuyers' housing opportunities are enlarged to include neighborhoods with higher quality services such as schools and safety. By renting, people's neighborhood choices tend to be more limited. Because homeowners often work to keep renters out of their communities, the opportunities for renters and homeowners to live together are often limited by design. Moreover, it is largely homeowners who do the excluding of renters not the other way around.

Communities often control local land use through conducting studies using fiscal impact analysis. Fiscal impact analysis examines the effects of development on tax revenues and public expenditures—essentially the property tax base (Burchell & Listokin, 2012). Planners seek to minimize land use whose costs exceed revenue generation. As a consequence, multifamily housing sized to accommodate families with children is often excluded by local jurisdictions because it is claimed they do not pay their way.

Critiques of this type of exclusionary process abound claiming that it is a link in a "chain of exclusion" (Pendall, 2013), an artifact of the method used (Edwards, 2001), and artificially focused on housing instead of the real fiscal culprits such as school costs (Obrinsky & Stein, 2007). Nonetheless, communities believe that multifamily housing is a fiscal loser and fiscal impact analysis can confirm these beliefs while providing ample legitimation for using land use control to exclude multifamily rental housing.

By renting, families may have more limited access to important social mobility permitting resources because rental units are excluded from these communities (Katz & Turner, 2008). The relationship between tenure and location affects the cost–benefit calculus of owning versus renting. Renters may seek to become homeowners not because this makes sense economically but because their families will be restricted to poor schools and public services if they do not. The relationship between neighborhood quality and tenure ups the ante on people's tenure choices.

Neighborhoods' housing tenure composition plays a significant role in the spatial distribution of services and opportunities across metropolitan areas. Neighborhoods of homeowners are typically higher quality and with better services and amenities than neighborhoods of renters. To live in the better neighborhoods with the best services requires becoming a homeowner. The segregation of homeowners from renters is so commonly accepted that renter exclusion from quality neighborhoods may not even be recognized as a problem.

The disparities in neighborhood quality between neighborhoods of renters and homeowners may seem normal because people expect neighborhoods of homeowners to be better than neighborhoods of renters (and because homeowners and renters rarely coexist spatially). The social acceptance of these disparities underscores that negative views of renters are normative.

Low Income Housing Policy and Social Mobility

There is no explicit federal policy on rental housing (Downs, 2008). Renters form the pool from which future homeowners are drawn. Policies are not targeted at improving the quality of the rental housing experience but at recruiting renters to join the home owning ranks.

Recent policies to support the construction of private market rental housing through creating a publicly supported secondary market for multifamily housing expand the supply of rental housing. But this does not appear to be a shift in encouraging renting over home owning. The absence of explicit policy support for renters and renting and the ubiquitous support for homeownership contributes to the expansion of homeownership by making homeownership more attractive and renting less attractive. From a policy perspective, renting is the outcome of a failed homeownership policy. Permanent renters, i.e., renters who cannot or will not become homeowners, are perceived to be failed homeowners.

Policies around low-income rental housing have taken three general forms: housing vouchers, public housing, and tax credits (Schwartz, 2010).[4] Housing vouchers provide families with rent subsidies to live in private sector rental housing. Public housing is housing owned by government provided to families at subsidized rates. LIHTCs provide tax credits to businesses that finance low-income housing development (Schwartz, 2010).

In the last two decades, federal housing policy toward poor families has more directly recognized the role of housing as part of the social mobility process. Policy has been constructed to target poor renters' social mobility prospects, largely through the manipulation of location (Briggs, 2010; Katz & Turner, 2008).

This change in low-income housing policy reflects the recognition that housing operates as a tool for family self-sufficiency (Shlay, 1993). Initially, this leap in policy stemmed from the recognition that public housing, by virtue of concentrating families with severe yet similar problems, represented an opportunity to provide services such as education, employment training, and child care and other services to give poor families an opportunity to develop the requisite human capital and supports to obtain employment and become self-sufficient (Bratt, 1989; Rohe & Kleit, 1997; Shlay, 1993; Shlay & Holupka, 1992). The goal for public housing residents was upward social mobility, largely defined as getting people off of the welfare rolls and out of public housing.

Working with the idea that the location of housing is linked to families' economic and social prospects, the concept of portability was introduced, permitting voucher holders to move to a different housing authority jurisdiction (Rosenthal, 2008). Changing the name of the voucher program to Housing Choice Voucher reflects the policy goal for families to be able to choose the best location for them to live while receiving a housing subsidy.

Public housing has also undergone dramatic changes based on the idea that the location of public housing has limited families' social mobility (Briggs *et al.*, 2010; Popkin *et al.*, 2000). Public housing has been modified to incorporate a "mixed income" approach (Kleit, 2004). With the idea of having acutely poor families live among higher income ones, the redevelopment of public housing has combined forces with the private sector to build housing development with units that can be rented or owned by both assisted and unassisted families.

The Hope VI program of dedensification epitomizes this approach. It financed public housing reconstruction to include demolition of high rise buildings and a blend of market rate and assisted owner occupied and rental housing in a low rise setting where public and private units would be indistinguishable. It also reduced the number of low-income families served by public housing (Popkin *et al.*, 2000).

At this point in time, the effects of these strategies on the life chances of voucher holders and public housing residents are not well known or understood (Briggs *et al.*, 2010; Crowley & Pelletiere, 2012). The idea of manipulating location, however, has been the precise objective of several experiments including the Gautreaux and Gautreaux Two programs and the Moving to Opportunity program (Boyd, 2008; Boyd *et al.*, 2010; Goering & Feins, 2003). Each program was based on the deliberate relocation of voucher holders to higher-income (or more white) neighborhoods. Although the findings on outcomes are mixed, the very existence of these programs is testimony to the idea that housing is a factor in family social mobility prospects.

Today, the most important revenue source for the production of new affordable rental housing, LIHTCs, is distributed in part, based on location. The LIHTC is the only federal policy that exclusively supports rental housing production (Schwartz, 2010). These credits are allocated to states who distribute credits based on a "quality allocation plan." Because this policy depends so heavily on local political criteria, it is not possible to generalize about how space and location are used in the decision-making process.

Ironically, federal low-income housing policies—the minimalist policies in place around rental housing production rehabilitation, preservation, and subsidies—are the only direct housing policy that fully take into account the multidimensional nature of how housing influence social mobility. Housing policy for poor people reflects the place-based effects of housing on social and economic opportunities. Policy supporting homeownership ignores space, place, and location.

Overall, the policy prescription for renters is for them to become homeowners. Except for a small proportion of acutely poor families, there is no policy on rental housing. In many ways, permanent non-poor renters are housing policy anomalies. The policy on rental housing is focused almost entirely on encouraging people not to be renters.

Renting and Owning As Social Exclusion

Homeownership is a primary vehicle through which many forms of spatial and social exclusion are introduced and rationalized. In the name of protecting property values with code phrases such as maintaining the character of the community, homeownership is the king, queen, and royal court of not in my backyard.

The adage that one must protect neighborhoods of homeowners is so taken for granted that it is viewed as common sense and therefore is not easily challenged. There is widespread consensus that homeowners need protection from any type of land use or land users who will allegedly bring down the value of their properties.

How the incursion of different types of land use and land users signifies a change in property values is not the expression of a physical law of science but is a collective social expression—one that affects the market. If there is agreement that particular factors make an area more desirable, property values will likely increase. If there is agreement that other factors make an area less desirable, property values are likely to decrease. This underscores the social underpinnings of neighborhood change; various factors operate as "market signals," not because they are intrinsically bad or good but because they are part of a belief system. Anything can bring down (or up) the value of property if people believe it does (or does not). The social basis of a market signal also means that the meaning and forcefulness of this signal can change.

Zoning

The protection of homeownership, typically single family homeownership, is often accomplished through local zoning (Pendall, 2008; Shlay & Rossi, 1981). The requirement for single family homeownership protection is incorporated into zoning's guiding principles. Considered the "highest and best use," single family housing is typically segregated from other forms of land use including (or especially) multifamily land use. Following the early prescriptions of the landmark 1926 Supreme Court case that gave zoning legal standing has brought the near uniform practice of segregating single family land use from everything else.[5]

The legitimacy of single family zoning and the need for protecting homeownership has become a major foundational rationale for social and physical exclusion (Goetz, 2007; Pendall, 2013). Of course, all zoning is discriminatory because as the litany goes "if you don't discriminate, you don't zone." By definition, zoning privileges some land uses over others and, therefore, is a method for discriminating among particular types of land use and ultimately, land users (Silverman & Patterson, 2011).

Zoning excludes people through the coincidence of land use and land users. Exclusion occurs because types of land use and land users tend to covary. For example, multifamily land use tends to be rental housing, rental units tend to house lower-income households, lower-income households tend to be minority or single-parent female headed households, and so on. By excluding multifamily buildings, these "protections" of single family homeownership permit the legal segregation of middle-class and upper-class white homeowners from lower-income, minority, and non-traditional renter households (Pendall, 2013). This type of social exclusion is permissible because land use segregation is legal and constitutional.

The prevalence of single family neighborhood homogeneity across metropolitan areas throughout the USA is testament to the popularity of zoning as local planning tool. Although zoning is typically controlled by local political jurisdictions, there is surprising uniformity in metropolitan land use patterns particularly around single family land use.

No law of physics deems single family homeownership superior to other forms of land use. The concept of privileging one form of land use over another is socially constructed. Zoning, like all forms of prescribed land use segregation, is based on commonly held principles about appropriate land use and ultimately land user relationships. Zoning for single family housing homogeneity is part of an American housing and land use culture (Perin, 1977). Zoning laws reflect socially constructed incompatibilities; there is nothing inherently incompatible among different land uses or land users. Given the acceptance of zoning for homogeneity and the deemed legitimate exclusion of incompatible forms of land use, zoning by default also reflects prevailing attitudes and values toward land users.

Home Ownership and Social Exclusion

The ownership part of single family land use is fundamental to the exclusion that takes place. In contrast to renters, homeowners typically view themselves as investors. As owners (as opposed to renters) they believe they have the right to control neighborhood land use in order to control threats to the value of their homes. Control over land use and neighborhood proximity is considered to be a fundamental right of the homeowner.

Renters may also have opinions over what occurs in proximity to their homes. But it is doubtful that renters believe that they have the same rights as homeowners. It is also unlikely that renters would be ceded the same type of authority as owners.

Homeowners believe they have the right to control local land use not because they live in a community but because they own property in the community. It is the risk to property values that provides social legitimation to property owners' concerns, something renters by default cannot have. Neighborhood associations often call themselves homeowners associations because they do not believe that renters and owners have the same interests. Homeowners may not actually consider renters to be live in a community because they are perceived as temporary and transitional, as if homeowners are not.

Homeowners are mobilized by what they consider to be perceived threat to property values. What gives a threat authenticity is the shared agreement that it is a threat. The veracity of the threat is rooted in the collective consensus around the threat. The reason why something loses value is because people believe it is worth less. These threats, called negative externalities, can be almost anything although there is often consensus over a range of potential negative externalities. Negative externalities bring down property values, not because they are inherently bad or dangerous but because people believe they are bad.

Through the negotiation of threats to local property values, homeownership generates ideas about the other. Homeownership is a central mechanism through which social exclusionary mechanisms may be identified, constructed and learned. Homeownership may also be how particular groups of people may come to be identified as inferior, socially different, and undesirable. Through the protection of property values, homeowners are typically intolerant of renters. It is through homeownership that intolerance toward renters, non-traditional family types, minorities, and low-income people is both learned and collectively validated.

The collective belief over what constitutes positive or negative externalities works to define property markets. The market is the composite of these attitudes toward different types of land users and land uses. These positive and negative attitudes are reflected in changes in property values, the barometer that accounts for these attitudes. The processes through which specific groups of people and communities are legitimately excluded are how social intolerance toward different groups is learned, accepted, and internalized. Whoever they are, they become "those people."

Renters are viewed as one of the worst negative externalities (Downs, 2008). Renters are defined as people who pay someone else for the temporary use of their property. But to the homeowner concerned about property values, renters take on many additional dimensions, what sociologists call stereotyping. Stereotypes are projected behaviors and characteristics based on limited information (Conley, 2013). Economists typically call this statistical discrimination, which is the projection to the individuals based on knowledge of the average characteristics of a group (Moro, 2013). Common stereotypes about renters include the belief that they are noisy, inconsiderate, and negligent toward property, not committed to the labor force, bad parents, poor, minorities, sexually indiscriminate, drug users, drug sellers, heavy drinkers, and other negative characteristics.

The exclusion and intolerance of renters and other perceived threats to property values may not necessarily be viewed as pejorative. The exclusion of renters from neighborhoods of homeowners is considered rational economic behavior. Homeowners' desire to not live proximate to renters is considered a legitimate point of view. It would not be legitimate, however, to refuse renters a job or college admission because they are renters. Parents would not necessarily disapprove of their child marrying a renter although it is unlikely that they would want a renter to live next door.

Homeowners' concern about jeopardizing their property values is considered to be reasonable because the money invested in their homes is a critical part of their lives—their life savings, children's college tuition, retirement income, and the like. The link between homeownership and future wealth acquisition provides veracity to the fight against perceived threat to property values. Homeowners believe that their owned home is their nest egg, their chance for economic security, and a vehicle for social mobility. Homeowners expect that the money that they can obtain from their house will make their lives better and help them and their families get ahead whether the field of stratification acknowledges this or not.

If homeownership is necessary for social mobility, the near obsession with property values, although perhaps racist, homophobic or elitist, may be understandable. But the consequence is that homeowners become gatekeepers with public legitimation to refuse neighborhood entry to any type of land user or land user, with the exception of protected classes. Homeowners have power that is ideological as well as political. The not in my neighborhood lament is the watchword of the homeowner. This seemingly innocent system for protecting people's investments turns into a fountain for social exclusion, reducing the supply of land for rental housing and generating and reinforcing negative perceptions of people, particularly those whose characteristics may be associated with rental housing.

Housing is part of the foundation for the reproduction of a racist and classist culture. It has become a prime mechanism through which people define and construct the "other." Housing has become a vehicle through which intolerance is identified, constructed, and learned and through which social exclusionary mechanisms are learned and perpetuated.

Housing and the American Way

The dark recessionary cloud that has dominated U.S. housing markets for the last half decade has wreaked havoc with many people's lives. The threats posed by the market's collapse have rippled from the top down with each unnerving wave getting stronger, not weaker, as they move from institutions to people. The admonishment from all circles is that this should never happen again, that the best of human volition should be put in place to make sure that people are not socially and economically undermined so severely and without warning in such a precipitous and brutal way.

The housing crisis emerged from an amalgam of bad motives, incorrect planning, failed regulations, greed, evil people, mismanagement, bad judgment, and the like (Immergluck, 2009). All are implicated in this travesty. But the housing system as a tool for upward mobility is fatally flawed. Fundamental problems are built into the housing system. The aftermath of the crisis and its seeming resolution does not eliminate these fundamental problems. These flaws continue to undermine the social mobility prospects of families, denigrate renters to the worst neighborhoods, and maintain a housing culture of exclusion that fosters racism and ethnocentrism. Racism and ethnocentrism are routinely learned as social rules for enhancing and protecting property values. These are social processes linked to housing and land use that reinforce an already compromised social value system. U.S. housing policy is featured as a key player underlying the inequalities found in everyday life. It is a major part of the explanation for why some families prosper and others do not.

Despite housing's importance to family social mobility and prosperity, it remains a risky investment. There is no mechanism that protects families from financial ruin and devastation. While savings invested in federally regulated depository institutions are guaranteed in the event of the dissolution of financial institutions, investors in housing are on their own, despite the government's cheerleading of Americans to buy housing as a strategy for building wealth. Homeownership is professed to be critical to local, national, and even global economies. Yet, when homeownership does not perform well as an economic investment, the main loss is incurred by the investor with the most to lose—the homeowner.

Americans buy homes because the homeownership market contains the best housing in the best neighborhoods and because it is the prescribed method for economic success. The quest for housing appreciation or at the very least, stable housing values creates a culture of exclusion where keeping land users and land use out of neighborhoods defines local neighborhood composition.

This paper argues for a critical evaluation of the role of housing tenure in maintaining an American system of stratification. It argues that housing is critical to families' social and economic success. Homeowners with appreciated housing values are rewarded with wealth and prosperity. Those who are unlucky, and for many luck is a key explanatory variable, are economically penalized. Renters, largely excluded whenever it is possible, get the worst housing in the worst neighborhoods. Housing may be as important as either education or employment in predicting social and economic outcomes. Yet it is rarely mentioned as a dimension of social stratification.

Housing is a structural feature much like education and employment that affects social mobility though its ability to confer or limit wealth acquisition and to facilitate or impede access to spatially based resources. It is not simply an indicator of social inequality; it is a causal mechanism underlying inequality. Housing tenure works to solidify divisions and antipathies among different social groups under the guise and rationale of protecting property values. Housing operates as the fundamental basis for creating and enhancing divisions among Americans.

This social analysis presented in this paper is an indictment of homeownership and the negative effects it has. It restricts people to neighborhoods largely homogeneous in land use and population, renders low-income families and renters of all types unacceptable, makes neighborhoods fertile ground for learning about who and what are socially undesirable, breeds class-based distinctions and the reproduction of inequality, puts loads of people in financially risky and potentially perilous situations, and denigrates renters whose only sin is that they do not have the somewhat permanent occupancy status that homeownership appears to offer.

Many generations have prospered as homeowners but only by disadvantaging others. While proponents applaud the Americans dream of homeownership, analyses closer to the earth recognize that dreams also include hallucinations, delusions, and plain old nightmares. Waking from the dream means recognition of the profound negative consequences of a housing market build on pernicious ideologies. Rather than a tool for enhancing privilege and inequality, housing policy can be constructed to support opportunities for renters and homeowners alike—a housing policy that reflects an authentic American way of life and liberty in the pursuit of housing.

Notes

[1] This conceptualization follows economists' description of housing as a bundle of attributes.

[2] These numbers are calculated using Census figures of non-tax adjusted housing costs, which may inflate the percentage of homeowners with excessive housing cost burdens. Schwartz (2010) provides analyses of after tax adjusted homeowner housing costs and the numbers with excessive housing cost burdens are comparable.

[3] Homeownership was featured as part of the mission statement of the U.S. Department of Housing and Urban Development, a reference deleted after the recent housing crisis ensued.

[4] There is somewhat of a third thrust of housing policy targeted at homeless people. But it is difficult to characterize the composite of activities around homelessness as housing policy per se. It is really a grab bag of programs around providing shelter, treating substance abuse, and getting homeless families access to benefits. Very little of the policies around homelessness is directly related to housing.

[5] The decision's language is important. It states: With particular reference to apartment houses, it is pointed out that the development of detached house sections is greatly retarded by the coming of apartment houses, which has sometimes resulted in destroying the entire section for private house purposes; that, in such sections, very often the apartment house is a mere parasite, constructed in order to take advantage of the open spaces and attractive surroundings created by the residential character of the district. Moreover, the coming of one apartment house is followed by others, interfering by their height and bulk with the free circulation of air and monopolizing the rays of the sun which otherwise would fall upon the smaller homes, and bringing, as their necessary accompaniments, the disturbing noises incident to increased traffic and business, and the occupation, by means of moving and parked automobiles, of larger portions of the streets, thus detracting from their safety and depriving children of the privilege of quiet and open spaces for play, enjoyed by those in more favored localities—until, finally, the residential character of the neighborhood and its desirability as a place of detached residences are utterly destroyed (Village of Euclid vs. Ambler Reality Company, 1926).

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