



Patrick Semansky in Washington, December 2021.



ROOT CAUSES OF HOUSING AND LAND JUSTICE: REAL DEMOCRACY OR REAL ESTATE DEMOCRACY?

Real estate industry professionals and homeowners have significant financial interests and influence on local government decisions that prioritize these interests at the expense of equitable housing solutions. Direct influence is illustrated by the disproportionate number of elected officials at all levels of government who are part-time real estate professionals. Indirect influence is further institutionalized and legitimized by local governments through the civic structures they have created such as planning commissions and neighborhood associations which disproportionately represent homeowners and real estate interests. This influence corrupts the public's trust in the democratic process and government.

At all levels of government, decision makers' vested interests in real estate are hindering balanced housing policy development. Until 2016, no real estate professional had won the White House. But for centuries thousands of them have served as elected and appointed officials in governmental bodies, from local planning commissions to Congress. A recent example of political influence was a 2012 political campaign by the National Association of Realtors to activate its over 1 million members to advocate for political issues and help elect its members to office on the local, state and national levels.¹

Elected officials often augment their salaries through real estate investment earnings; these provide potential conflicts of interest to these officials as they consider housing, taxation, and land use policies. A 2021 analysis of financial disclosure forms found 44% of U.S. Senators and 45% of U.S. Representatives derived income from residential or commercial rental properties.² Many of them were found to be in danger of violating a federal conflict-of-interest law. Similar analysis of financial disclosures in Oregon³ and Washington states found a disproportionate share of state legislators are landlords (20% in Oregon and 40% in Washington).⁴ This occurred when both states were considering a wave of proposals for state-wide renter protections, setting up clashes between legislators' personal finances and their public duties as they negotiated policy details.

Planning commissions, zoning boards, and ad-hoc task forces are common civic structures for engaging the development sector. Participants are often selected because of their real estate expertise (i.e. architects, land use lawyers, developers, etc.). While ethics training and conflicts of interest protocols are ubiquitous, participants' professional stake in their industry is an incentive to support government policies aimed at reducing risk to development. This emphasis on financial risk reduction can result in sacrificing fair housing policy objectives such as ensuring affordable housing in all new residential development or protecting the rights of people who were incarcerated or use housing vouchers to seek housing free of discrimination by landlords.

Financial donations are a direct method of influencing local development and zoning policy decisions. An analysis of a large-scale dataset of campaign donations in U.S. mayor's races found that donations had an effect on housing supply through direct intervention to benefit the donor's development projects and also contributed to the likelihood of candidates winning election with pro-development policy platforms.⁵ A 2016 L.A. Times investigation into \$600,000 in donations to four sitting councilmembers and the mayor by a Los Angeles developer throughout the decision making process for his large-scale development illustrates the specific interventions that elected officials have discretionary authority over.

Homeowners have a financial motivation to support restrictive housing development policy that limits the number of competing homes and thus appreciates their home value.⁶ Restrictive housing policies that keep out people or buildings perceived to lower home value have clear racial implications. Neighborhood associations are a civic structure local governments' use and often fund to engage residents on land use and development policy issues. However, recent studies have found that members of neighborhood associations are more likely to be white, older, highly educated, own their own home⁷ and largely represent the interests of affluent whites.⁸ A study of zoning changes in New York City during the 2000's showed that neighborhoods with these demographics are correlated with downzoning policies. Homes near high-performing schools and/or with higher percentages of white households were more likely to have their maximum density reduced.⁹

The concentration of power and influence described above is in stark contrast to the power of renters whose interests are marginalized by the mix of legislator-landlords, animus of homeowners, and their own vulnerability to involuntary displacement. Fortunately, tenant organizing groups and campaigns are experiencing a resurgence in the United States with dozens of recent wins through ballot initiatives and advocacy campaigns at all levels of government for rent protections such as rent stabilization, right to counsel, eviction moratoriums, just cause evictions, and more.¹⁰

In conclusion, the intertwining of the real estate industry with government decision-making processes has given rise to a concerning reality where financial interests and influence wielded by real estate professionals and homeowners have the potential to undermine the integrity of democratic

governance. The sway of real estate professionals in elected offices, coupled with the institutionalized channels of influence through planning commissions and neighborhood associations, has created a system that raises questions about the impartiality of policy formulation in ways that deeply entrench systemic racism. Moving forward, it is imperative to reform the relationship between the real estate industry, government, and homeowners to ensure that the fundamental principles of democracy, racial justice and fairness remain uncompromised in shaping the future of housing and land use policy.

- 1 Sichelman, Lew. [“Realtors group aims to influence politics in new ways”](#), L.A. Times, 2012.
- 2 Kimberly Leonard, Camila DeChalus, and Warren Rojas, [“When a lawmaker is your landlord”](#), Business Insider’s [Conflicted Congress Project](#), 2021.
- 3 Gruver, Tim, [“Here’s how many landlords serve in the Oregon Legislature”](#). The Center Square, 2021.
- 4 Smith, Rich, [“Here’s How Many Landlords Are in the Washington Legislature”](#). The Stranger, 2020.
- 5 Yu, Rui, [“Returns to Political Contributions in Local Housing Markets”](#). Wharton School, University of Pennsylvania, 2022.
- 6 Fishcel, William. [“The Homevoter Hypothesis”](#) Harvard University Press, 2005.
- 7 Aaron A Moore and R Michael McGregor, [“The representativeness of neighbourhood associations in Toronto and Vancouver”](#). Urban Studies Journal Limited 2020.
- 8 Thomas JC, [“Between Citizen and City: Neighbourhood Organizations and Urban Politics in Cincinnati.”](#) Lawrence, KS: University Press of Kansas, 1986.
- 9 Vicki Been, Josiah Madar, Simon McDonnell, [“Urban Land-Use Regulation: Are Homevoters Overtaking the Growth Machine?”](#). Journal of Empirical Legal Studies, 2014.
- 10 Shane Burley, and Laura Jedeed, [“As Renters Revolt, Tenant Unions are On the Rise”](#), Time Magazine, Oct 26, 2023

ROOT CAUSES AND SYMPTOMS OF HOUSING AND LAND INJUSTICE

