



Renewing Bonds

Why the Housing Movement and Organized Labor Need Each Other

By Peter Dreier

[Back to Table of Contents](#)

President Harry Truman's pledge to address the postwar housing shortage and the problem of urban slums played a key role in his 1948 presidential victory. During the campaign, Truman declared that the Republicans should update their slogan from "two cars in every garage" to "two families in every garage." "There is nothing more un-American than a slum," he proclaimed in a typical campaign speech. "How can we expect to sell democracy to Europe until we prove that within the democratic system we can provide decent homes for our people?" Truman's victory, and the Democrats' recapture of both houses of Congress that year, set the stage for the landmark 1949 Housing Act, which established a national goal of "a decent home and a suitable living environment for every American family."

Fast-forward 50 years. On the eve of the 2000 elections, housing is barely on the political radar screen. During the current election's primary season, none of the major candidates, including Al Gore and George W. Bush, had anything to say about housing. "Housing just isn't an issue that polls well," U.S. Department of Housing and Urban Development (HUD) Secretary Andrew Cuomo, an advisor to Vice President Gore, told the *Washington Post* in March. Several years ago, the Republican platform called for dismantling HUD, which even the Clinton administration briefly considered.

Certainly the fact that housing conditions are better today than 50 years ago accounts for the decline in urgency. But the United States still has serious housing problems, not only

among the poor but also among middle-income households. Why, then, is there such a big difference in housing's standing on the political agenda between then and now?

One of the key factors is that 50 years ago progressive housing activists were part of a broad movement for social reform that linked housing to other issues. In particular, they joined forces with the labor movement. Unions forcefully mobilized the urban vote, dramatically increasing voter registration and turnout in key Congressional elections. They made housing a litmus-test issue and, in doing so, put housing on the national agenda.

Today, housing policy lacks a coherent and well-organized political constituency. The key constituencies are mostly big-city mayors, local government housing bureaucrats, and community organizing and development groups. Private housing developers and landlords (particularly those with existing subsidies) also lobby for housing programs, but federal tax changes and cuts in the HUD budget have limited their self-interest in federal programs, especially for the poor. Moreover, these constituencies are often at odds over major issues.

During the past two decades, federal housing programs for the poor have been slashed while housing tax breaks for the wealthy have spiraled upwards. Our federal housing policy today ignores most of the poor and offers little for the near-poor and the fragile lower-middle class.

Who speaks for these people on the bottom half of our economic ladder?

By far the most significant missing component in the political coalition for housing is organized labor, the one constituency with a large membership, a

progressive policy agenda, and significant financial resources. It is also the one major political vehicle with the potential to organize and mobilize effectively across racial lines, across income groups from the very poor to the middle class, and across city and suburban boundaries. Indeed, it is unlikely that a renewal of progressive politics is possible in the United States without a stronger labor movement.

Housing Conditions of Working Families

Despite the strong economy and low unemployment rate, working families face a severe shortage of affordable housing. Wages are rising for many, but housing costs – rents, home prices, and now mortgage rates – are spiraling even faster.

According to *Out of Reach*, a recent study by the National Low Income Housing Coalition, there is no city in the entire country where a family making minimum wage can afford a typical apartment. (See [Shelterforce #107](#).) The report compared the federal minimum wage, \$5.15 per hour, to rents around the nation. In 70 metropolitan areas, minimum wage workers would have to work more than 100 hours a week to afford market rents in their area – that is, to pay no more than 30 percent of their income for housing. In some cities the "housing wage" is much higher. But no matter where they live, working families – even those who make far more than the minimum wage – face a housing squeeze. Housing is the most expensive part of all working families' budgets.

The most telling indicator of the housing shortage is the gap between the number of low-income households and the number of rental units affordable to the poor. In 1970, there were 6.5 million low-cost units and 6.2 million low-income renter households –

300,000 more low-cost rental units than low-income renters. Today, there is a record gap of 4.4 million units – 10.5 million poor renters and 6.1 million low-cost units. Waiting lists for subsidized housing are huge and growing.

Thanks to this gap, more than 80 percent of poor renters – 6 million households – spend at least 30 percent of their income on rent and utilities. Fifty-nine percent of poor renters – 4.4 million households – spend more than half of their income, just to keep a roof over their heads. Even those with incomes above the official poverty line have serious housing problems. According to HUD, about 2.4 million working renter households and almost 4 million homeowners spend more than half of their incomes on housing or live in severely substandard housing. And the situation has been growing worse.

The high cost of rental housing makes it difficult, if not impossible, for many families to save enough money for a downpayment on a home. The nation's high overall homeownership rate (almost 67 percent) is primarily due to the rate among people over 55 who purchased their homes when housing was more affordable. According to the U.S. Census Bureau, among every age group under 55 the homeownership rate has actually declined since the late 1970s. For example, the rate among the 30-34 age group was 62.4 percent in 1978 and 53.6 percent twenty years later. Many families who are able to purchase homes find themselves overextended. Last year, American households had an unprecedented level of debt, according to the Federal Reserve's Survey of Consumer Finances.

Labor's Decline and Revival

It is no coincidence that the sharp drop in

federal housing assistance for low- and moderate-income families during the past few decades has coincided with a decline of organized labor's membership and political clout.

Union strength, which reached a peak of 35 percent in the mid-1950s, allowed American workers, especially blue-collar workers, to share in the postwar prosperity. Union pay scales even helped boost the wages of nonunion workers, but unionized workers continue to have higher wages and better benefits than their nonunion counterparts. In general, union members also have better housing conditions. For example, about 75 percent of current union members own their own homes. But today's younger union workers – as well as most workers in industries that unions hope to organize – are having a much tougher time than their older counterparts.

Unions are also a force for greater economic and racial equality. In unionized firms, the wage gap between black and white workers is narrower than elsewhere. Whites and blacks not only earn roughly the same wages, they both earn more than nonunion workers. Unionized black males earn 15.1 percent more than black people in comparable nonunion jobs; for whites, the union "wage premium" is 14.9 percent. It is 18.7 percent for Latinos.

Since the 1970s, union membership has declined precipitously, reaching 15 percent of the workforce in 1998, the lowest since the Great Depression. (Omitting government employees, unions represent only 11 percent of private-sector workers). The erosion of America's labor movement is a major reason for the declining wages and living standards and the nation's widening economic disparities.

For the past three decades, unions have been on the defensive, dealing with the consequences of globalization, deindustrialization, and more sophisticated attacks by business. Some of American labor's decline is due to the erosion of manufacturing industries where unions were strong and the growth of service-sector employment where unions have so far made few inroads. It is also due to the union movement's own failure to put more resources into organizing new workers and new types of workplaces.

Another major factor is the federal labor laws that give management an unfair advantage in all aspects of union activity. As *Business Week* recently noted, 43 percent of workers say that they would vote for a union at their workplace (up from 30 percent in 1984), but they fear losing their jobs if they participate in union organizing campaigns. The use of anti-union scare tactics – legal and illegal – by employers has increased. One study found that one-third of companies illegally fired union supporters during unionization drives – up from eight percent in the 1960s. Any employer with a clever labor attorney can stall union elections, giving management enough time to scare the living daylights out of potential recruits. American employers can require workers to attend meetings during work time where company managers and consultants give anti-union speeches, show anti-union films, and distribute anti-union literature. By contrast, unions have no equivalent rights of access to employees. To reach them, union organizers frequently must visit their homes or hold secret meetings. The rules are stacked against employees, making it extremely difficult for even the most committed and talented organizers and workers to win union elections. Our nation's labor laws deprive workers of elementary rights of free speech and assembly in an

atmosphere free of intimidation. Labor laws in Europe and Canada are much more even-handed, accounting for the much higher level of unionization in those countries.

But organized labor is now making a comeback. There is energy, commitment, and savvy among the new reform leadership at the national and local levels. The ouster of long-time AFL-CIO president Lane Kirkland in 1995 was engineered by labor activists frustrated by the union movement's inertia. John Sweeney was elected to replace him, pledging to lead the American labor movement out of the economic desert by mobilizing a new wave of union organizing and recruiting a new generation of organizers, especially activists who are people of color.

Sweeney's goal is not only to expand the number of union members, but to increase labor's political clout, in part by creating a program to train political campaign workers from unions' rank and file, especially to increase voter registration and turnout among union members, and the poor.

A new cohort of labor leaders at both the national and local levels is now seeking to rekindle the "movement" spirit of activist unionism, in part by focusing on the low-wage service and manufacturing sectors, which are comprised disproportionately of women, people of color, and immigrants. For example, in 1999 the Service Employees International Union (SEIU) in Los Angeles won a union election for 75,000 low-wage home care workers, most of them immigrant women. This was the nation's largest single union victory since the 1930s. In recent years, local union-community-clergy coalitions have worked successfully to enact "living wage" laws in more than 40 cities. Organized labor created the Union Summer program to involve college students, and gave key

support to the burgeoning campus "anti-sweatshop" movement. Labor's efforts to successfully mobilize members in key Congressional races in the 1996 and 1998 elections helped to narrow the GOP's grasp on Congress and turn back the Gingrich "revolution." All these trends suggest that the Sweeney regime has already helped change the political culture of the union movement. In recent years, union membership has grown slightly, although it has not increased as fast as the size of the workforce.

Labor's Historical Support for Housing

For most of this century, organized labor was at the forefront of the progressive housing movement. As early as 1914, at the AFL's annual convention, unions called for government action to provide workers with low-cost housing loans. In the 1920s, the Amalgamated Clothing and Textile Workers sponsored cooperative housing projects for its garment worker members in New York City. Several unions established banks, credit unions, and building-and-loan societies to offer members low-interest mortgages.

Until the Depression, however, most American opinion leaders believed that the private market – with a helping hand from private philanthropy – could meet the nation's housing needs. Reformers who wanted the government to play a major role in housing were a lonely voice in the political wilderness. The economic collapse of the Depression provided housing reformers, including many union activists, with a political opening to push their radical ideas that the federal government should subsidize "social housing" and help create a noncommercial sector, free from profit and speculation. Like their European counterparts, they envisioned it for the middle-class as well as the poor.

Most Depression-era unions had housing committees devoted to lobbying for government action. Based in part on the success of the garment workers housing cooperatives, unions pushed President Roosevelt and Congress to create a housing division within the Public Works Administration to make loans for housing cooperatives built by nonprofit groups and unions. The program helped finance 3,123 housing units in seven projects, including the 284-unit Carl Mackley Houses in Philadelphia, sponsored by the Hosiery Workers Union. These homes – which still exist – were spacious and well-designed, with playgrounds for kids, art and education programs for tenants, and lots of political activity.

Union leaders and housing reformers hoped to turn these prototype projects into a permanent large-scale government housing program for working-class families that would both create jobs and provide decent housing.

The unions and housing reformers battled with the private real estate industry, who feared competition from well-designed government-subsidized housing. Warning about the specter of "socialism," the homebuilders, real estate agents, and banks fought vigorously against any public housing program at all. The Public Housing Act of 1937 was a compromise. The unions achieved their goal of a government-subsidized housing program, but the provision for union-sponsored housing cooperatives was eliminated. More important, the real estate lobby pressured Congress to limit public housing to the poor (so it wouldn't compete with private builders), to give local governments discretion over whether and where to locate it, and to provide funding sufficient only to produce box-like structures.

From its inception, public housing cast a shadow, stigmatizing government housing as housing of last resort. Today it represents only about one percent of the nation's housing stock. Only the poorest of the poor – and few, if any, union members – now live in public housing.

During the postwar boom years, organized labor continued to support federal assistance for low-income housing but also pushed for government-backed low-cost mortgages (through the FHA) for the increasingly middle-class union members. In the early 1950s, unions in New York formed the United Housing Foundation, which built thousands of cooperative apartments for moderate-income workers until the early 1970s. In 1965, the United Auto Workers formed the Watts Labor Community Action Committee in Los Angeles' black community and the East Los Angeles Community Union which, along with a variety of other job-training and small business programs, has sponsored several hundred units of low- and moderate-income housing.

Unions were instrumental in expanding federal housing programs in the 1960s and early 1970s. Since then, a few unions, including AFSCME, Communications Workers of America, International Brotherhood of Electrical Workers and the Bricklayers union, have used a combination of union pension funds and government subsidies to create housing.

In the late 1980s, Boston's hotel workers union (Local 26) surveyed its members and found that their biggest problem was the city's skyrocketing housing costs. In its next contract negotiations, the union won a "housing trust fund" requiring employers to pay seven cents per hour into the fund, which would be used to meet members' housing

needs. When the hotel owners' association claimed that the union had no legal authority to do so, Local 26 led a successful campaign to amend the National Labor Relations Act in 1990 to allow unions and employers to provide housing assistance to workers under collective bargaining agreements. Few unions, however, have used this provision to bargain for housing benefits – for example, for employer-sponsored mortgage assistance or rent subsidies. (See [Shelterforce WP#15.](#))

Organized labor's biggest involvement in housing development now is through the AFL-CIO's Housing Investment Trust (HIT). Since 1981, it has invested over \$3 billion in union pension funds in a variety of housing developments. In 1999, the HIT invested more than \$488 million in housing projects – both rental and homeownership – with over 4,500 units. Many of HIT's projects involve CDCs. But, as unions earlier in this century discovered, the shortage of subsidies makes it difficult to create housing affordable to working-class families.

Strengthening Ties

From the mid-1970s through the mid-1990s, the labor movement put its "social" agenda (such as housing) on the back burner, trying simply to maintain membership and political influence. Part of organized labor's recent renewal has been a growing recognition that unions tend to do better in gaining support and winning elections when they address the social and community concerns of their potential members (such as healthcare, child care, and housing) as well as their workplace problems.

Organized labor is potentially the most important political vehicle for challenging the widening gap between rich and poor, corporate layoffs, the increase in temporary

and part-time work, major cutbacks in government social programs, and the export of good jobs to anti-union states and low-wage countries. Without a strong labor movement, a revival of progressive politics in general, and a progressive housing policy in particular, is highly unlikely.

Strengthening the labor movement and building bridges between it and the existing housing movement are important tasks. Organized labor clearly has a stake in progressive national housing policy. Working families need help paying the rent or buying a home. Most union members today are not eligible for low-income housing (which only reaches one-quarter of the poor, anyway) and do not benefit from federal housing policies for the middle class, such as tax breaks for homeowners and FHA mortgage insurance.

Although labor's stake in an expanded housing policy is clear, the internal culture of organized labor does not make it easy to put new issues on the unions' agenda. In the 1940s and 1950s, most national unions and many locals had housing committees. That is no longer true. As late as the 1970s, the AFL-CIO had one or two staff responsible for dealing with housing issues, but there is no one today on the national research or policy staff with this charge.

Therefore, getting unions more engaged in housing must start at the grassroots level. Housing advocates and local unions must build relationships to work on issues central to both groups, such as local "living wage" laws. At the same time, national housing and union organizations can begin working around common concerns, such as efforts to raise the minimum wage and fight for universal health insurance. One welcome sign was the AFL-CIO's participation in the September 1999 press conference announcing the

National Low Income Housing Coalition's *Out of Reach* report.

It is also critical for housing activists – including nonprofit developers – to support (or at least not oppose) the federal Davis-Bacon Act, which requires that workers on federally-subsidized projects receive "prevailing" wages. The Davis-Bacon Act was a major victory for organized labor. While some CDCs complain that its provisions increase the cost of housing, it is unreasonable to ask construction workers to accept substandard wages in order to slightly reduce housing construction costs.

Labor/Housing Collaboration Now

Now that organized labor is on the rebound, it could play a crucial role in reshaping the nation's housing policies and improving the housing standards of America's working families.

- At the local level, housing activists can help unions design formal or informal surveys of their members to learn more about their housing conditions – how much of their incomes they pay for rent, whether they've been turned down for mortgage loans by banks, and if they live in apartments with health and safety problems. Housing groups can reach out to unions to sponsor tenants rights workshops for their members and potential members, educating them about such issues as code enforcement, protections against unfair evictions and leases, or to provide housing assistance referrals.

In the Los Angeles area, Local 814 of the Hotel Employees and Restaurant Employees (HERE) union is working closely with the Community

Corporation of Santa Monica (CCSM) to help members with their housing problems. The nonprofit CCSM develops and manages affordable rental housing. Over the past few years, the HERE/CCSM collaboration has helped many union members find subsidized and market-rate rental housing. The collaboration conducted a housing needs survey and two focus groups among union members, resulting in a referral system for members to get homeownership assistance and an information network to educate members about their rights as tenants.

- A number of cities – including Los Angeles, Pittsburgh, and Boston – have adopted "linked deposit" policies that include identifying local lenders that invest in the city's neighborhoods and those who fail to do so. Housing activists can propose that unions piggy-back on these programs to make sure that the banks where they deposit union funds are not redlining working-class neighborhoods and are making loans to union members and nonprofit groups creating affordable housing.
- In Los Angeles, unions joined with housing groups to push for a municipal Housing Trust Fund. Now they are working together to provide a permanent source of funding, such as a "linkage" fee on large commercial developers, which Boston and San Francisco already have.
- Like Boston's hotel workers local, unions can use collective bargaining as a tool to set up union-sponsored housing trust funds to help members

with housing problems.

- Local unions can help CDCs identify good union contractors so that they can get the most out of paying prevailing wages.
- At the state level, unions can use their political clout to help pass affordable housing bond measures and to target state funds for affordable housing programs. In California, for example, unions are supporting a \$750 million housing bill – the first new state housing funds in more than a decade – sponsored by Assembly Speaker Robert Hertzberg. The new funds would produce tens of thousands of apartments and homes affordable to families with modest incomes.
- At the federal level, unions can become key lobbyists to expand the HUD budget, particularly to provide funding for construction of affordable housing and for more Section 8 housing vouchers. This would help expand the work of the AFL-CIO Housing Investment Trust, which has partnered with HUD to link union pension investments with federal housing assistance.
- Unions and housing activists can push for federal efforts to expand homeownership among families with modest incomes. An example might be revising federal tax laws to enact a progressive homeownership tax credit which, unlike the current mortgage interest deduction, would target tax breaks to working class families who need help with downpayments and monthly mortgage costs.

- Housing groups can work with unions to strengthen and expand the federal Community Reinvestment Act (CRA) so that banks that make loans to corporations that use sweatshops or export jobs would get lower CRA rankings from federal regulators, who could then reject banks' applications to merge or open overseas branches until they clean up their act.

In earlier periods, progressive "housers" proposed bold alternatives to existing policies, shifting the debate by pushing the ideological limits. Their perhaps brazen demands were matched by political skills. Not only did they think big, they organized well. They built movements and coalitions. In particular, they hitched their ideas to the one vehicle that could effectively mobilize the political power needed to enact progressive housing legislation: organized labor.

Today, housing reformers need to change the debate by offering a bold vision that can appeal to a wider constituency. If, as Secretary Cuomo claims, housing "isn't an issue that polls well," that is not because housing problems are not serious. Housing reformers need to actively recruit allies and be more effective at mobilizing constituencies and public opinion.

As reformer and Labor Housing Conference leader Catherine Bauer wrote in 1933, "there would never be a real housing movement until workers and consumers organized an effective demand: that housing is a major political issue or it is nothing."

Copyright 2000

Peter Dreier is a board member of the National Housing Institute and professor of politics and director of the public policy

program at Occidental College. An earlier version of this article appeared in America@Work, the AFL-CIO's monthly magazine. Different versions will appear later this year in Housing Policy Debate and Dissent.

Resources

- *Modern Housing for America: Policy Struggles in the New Deal Era*, by Gail Radford. University of Chicago Press, 1996. (See [Shelterforce review](#).)
- *Houser: The Life and Work of Catherine Bauer*, by H. Peter Oberlander and Eva Newbrun. University of British Columbia Press, 1999. (See [Shelterforce review](#).)
- *Not Your Father's Union Movement*, JoAnn Mort, ed. Verso Books, 1998.
- "Employer Assisted Housing," David Schwartz, editor. *Shelterforce Working Paper #15*, 1990.
- [Union Summer](#), AFL-CIO, 815 16th St., N.W., Washington, D.C. 20006; 800-952-2550; fax: 202-639-6230; unionsummer@afcio.org.
- *American Prospect*, June 19-July 3, 2000, special section "Making Work Pay." 800-221-3148.

[Back to May/June 2000 index.](#)

NHI National Housing Institute [Sponsors](#) [E-Mail](#) [Home](#)

[Search](#)