

The American Nightmare

An urban analysis of how the American Dream became unaffordable.

Shaurya Tapan Pandya

Introduction

The American Dream was a simple one. A house, a picket fence, and a family. The dream defined generations of politics, consumerism, and culture. It's also the root of The American Nightmare.

In major cities today, the American Dream is just that: a dream. Costs of single-bedroom apartments and studios far outpace the median American wage. The growth in job pay is nothing compared to the increase in home prices. That same growth seized the financial world when the most significant asset an American could own also became the most excellent financial tool a slippery-tongued Yippie could use to boost their portfolio.

When looking at history, there's a period in the U.S. that almost seemed economically utopian: The 1950's, the age of the American middle class. An honest living- as a manager, bartender, small business owner, or fast-food cook could afford you a home. As you progress in your career, that home would get a fence. Maybe a friendly Chevrolet. Two kids are hopping around the wall. The 1950s weren't just the age of the American middle class; they became the defining generation of the American character.

Character is a funny word. It's what sold young parents to the idea of a suburban neighborhood—buying more remarkable things. Making money matter- but family matter more. The tradition became the political language of the American middle class, and it was all defined by that same word- character. Character is also what took the American Dream and turned it into an American nightmare.

Housing now far outpaces the money Americans have to buy a new home. The median difference by price has increased by over 229% since 2020, while wages have increased by 140%.

California, a state once dominated by a diversity of the rural and the urban, has become home to cities where maintaining a middle class-life would cost over \$400,000. New York, which once was a city to launch a dream career, has had a \$20 increase in rent cost in 20 years. Over 10.9 Million Americans spend over 50% of their income on housing alone.

America's housing crisis has put the American dream out of the hands of many Americans. But it's also made it hard for a new vision to occur- a plan where an American may be able to finance space of their own in the first place easily.

Housing isn't a problem because of a red state or a blue one- it's a problem because of how America thought of housing altogether. The mindset of space that the American Dream produced

would keep it out of reach to an increased number of Americans every day. But these problems can also be solved by cities- and that is what this piece will aim to do.

The American Nightmare explores the world of zoning- a set of laws that dictate where property goes and how to build it. This piece tells how our houses became so unaffordable and what cities are doing about it.

Detroit.

The American Dream was a product of the Roosevelt Administration- a cultural phenomenon arising after implementing the 1934 Federal Housing Act. The Federal Housing Act was a product out of the New Deal Era, allowing millions of Americans to take out 15 to 30-year insured mortgages on a home without incurring a heavy downpayment. Before its creation, houses had to be paid for in cash- and were not nearly as easy to purchase.

Putting the opportunity for homeownership for every American was a transformative measure for the middle class. People wanted to buy their own spaces in droves. The percentage of homeownership increased by over 16% that decade. Fifty years later, homeownership increased by 173%. Nearly 2/3's of Americans owned a home by 1990.

As accessible as housing was, the Federal Housing Act didn't make it easy for minorities to get a house. To rank which loans are the safest to give, banks classified neighborhoods by income and race. They would organize which pockets of homes were acceptable to provide loans to and which were not.

This process, called "Redlining," made it hard for minorities to access proper housing. Neighborhoods that were minority-heavy were on a bottom-tier list. People from there would be unable to get a loan for houses in a different area, no matter their credit history. Redlining happened all over American cities and segregated them with it.

Despite all of its open space, Detroit had was short on housing. Laws supported by homeowners restricted neighborhoods from diversifying, legal permission to refuse to sell a home based on race, and redlining broke the infrastructure Black Americans needed to participate in the American dream.

Then in 1948, there was a glimmer of hope. In Missouri, there was an African-American family that was yearning to buy the home. After the introduction of an affordable mortgage, their hard work had paid off. Unfortunately for the Shelleys, the neighborhood they wanted to live in had signed an agreement barring people of color from living there- known as a restrictive covenant.

Detroit was one of those cities, and faced some of the most intense impacts of this process and remains one of the most segregated cities in America. The Redlining process blocked Black Americans from moving away from the city during the introduction of zoning laws, building

wealth, and diversifying their neighborhoods. Restrictive covenants permitted agents to refuse the sale of a home to blacks. At the same time, the creation of Homeowners' Associations would pressure black families away from purchasing a home in their neighborhoods. Aside from small, impoverished communities, Detroit's growing minority population had nowhere to go.

The Shelleys moved in anyways, and a similar story happened in Detroit. Their case went to the Supreme Court. While those covenants may have been legal to create, they weren't permitted to enforce under the equal protection clause under the 14th Amendment. In short- the landmark rule prohibiting people of color from moving into the suburbs was gone.

Despite the profound implications of this case, the scars left by redlining and covenants persisted. No matter what the laws may have said, the city of Detroit was made. Gaining wealth was impossible, and the ability to remobilize the town after its set boundaries were low. Zoning laws gave way to freeways, parks, parking spaces, and building rooms. Ultimately, those laws shaped the city and the supply of housing- and where people could afford to stay when housing didn't meet demand.

Poor communities took the most brunt. Their homes lacked safety, safe paint, water, heating, or cooling. They were most vulnerable to gangs, relocation, heavy policing, and poor schools that didn't have the funding to keep up with more affluent areas. Redlining meant a greater distance from healthier grocery stores and worse access to public transportation. It meant more drug markets in specific regions and worse roads that damaged more cars. Over the decades, an income gap began having tremendous and significant consequences. Fewer material goods became the least of people's problems when their shelter lacked the basic infrastructure to transform public health.

These consequences raise the question- what was it about zoning that made homes less and less accessible in the first place?

Chicago.

Zoning was a product of wanting to make a city more desirable. The mainstreaming of the car began to complicate city roads that were designed for people and carriages. The city was where people worked and where many people lived. Giving people space was necessary, and planning was essential to making that happen.

Enter Chicago, which was getting hit with packed streets that didn't have proper roads. Chicago wanted something better than what they had. They wanted something bold. Something artistic. Something faintly European. Chicago didn't just want to be a city- it wanted to be a work of art.

So, it went on a mission to do just that. It hired Daniel Burnham, an architect, to help plan out the city. He was the director of the World Columbian Exposition of 1893, a mock town brimming

with buildings. The city was white, flooded with neoclassical architecture, and an answer for peoples' minds. These plans would later influence his plan for Chicago, which was dubbed "The White City." Now, it's known as the Plan of Chicago of 1909.

Chicago's ambitions were history-making. They had everything you could imagine in a city- radial highways, a fully connected transportation system, parks, and wildlife presentations. They had gorgeous buildings that painted the city skyline.

The plan featured a couple of core components: Improved lakefronts, extending the park system, a regional highway system, creating parks within the city, a systematic beautifying street design, and a gorgeous civic center reminiscent of state capitols.

This plan inspired a movement that had greater ambitions for city planning. Dubbed the "City Beautiful" movement, this era of city planning aimed to make cities spacious, beautiful, and accessible. However, there was one small barrier- the federal government.

Until 1920, the government controlled the zoning process in the U.S., whose main goal would be to make cities as efficiently managed as possible. However, upon the city's beautiful movement, cities wanted to plan all by themselves. In the years leading up to 1920, they would begin to fight court cases to get the right to zone themselves and plan the city out.

On November 13, 1922, the landmark moment was when a city won a fight that changed American housing forever. This city is a city you've probably never heard of- not Chicago, New York, San Fransisco. It's not a tiny city either- not Lansing, Kansas City, or Asheville. It's a city in Ohio, 166 miles down south of Detroit in Cuyahoga County. It's not a city in the first place- it's the village of Euclid.

A suburb of Cleveland, Euclid was home to the Amber Realty company, which owned 68 acres of land. But it conflicted with the city- which just passed zoning rules that couldn't go into effect unless it took over Amber Reality's land. They did it anyways, and Amber Realty sued- claiming that Amber Realty couldn't make rules and take over their land because of it.

This argument was a definitive one. If the court voted in favor of Amber Realty- municipal zoning would be deemed unconstitutional because of the sites already there.

Euclid Vs. Amber Realty went all the way to the Supreme Court, which sided with the city 6-3. They thought that zoning didn't violate due process or any equal rights clause- and the decision made it clear: A city had every right to draw its lines and transform itself in any way it would like.

This decision was monumental for American housing, and so came a rush to make cities beautiful. People wanted spaces to themselves, so we got backyards. At the same time, owning a car had become rapidly accessible thanks to Henry Fords' Model T: a cheap car for everyone.

With the car, the age of consumerism was dawning upon Americans. They wanted more space, bigger cars, and more cool stuff. The streets of New York began to fill up with advertising agencies, all targeted towards the thing that Americans cared about most- their family. They told people if you got this house, this car, this cereal, watch, or mouthwash- that everyone would love you. Your neighbors would envy you, your spouse prouder of you.

People bought the message. Real estate agents lined up homes, selling spacey homes to prospective families. People rushed to buy a house out of the city, with a picket fence and a shiny new car. America's landscape was changing.

But as cities began to design themselves, more problems began to occur. They needed more backyard space. They wanted white homeowners as their neighbors. They didn't want any public housing because that would diminish the 'character' of the neighborhood.

The beautiful city movement didn't always make cities attractive, but it did make them less accessible. Redlining was used in concurrence with zoning as people refused to give up their backyard. Over time, as some cities grew and others shrunk, the American dream became increasingly unaffordable.

Adjusted for inflation, the median home price in 1930 would have been \$30,000. Now, it's \$199,200. As more affluent families bid more on smaller homes, fewer people find the American dream a reality.

But now, some cities are working on solving this.

Minneapolis.

If you want to find a reason why the apartment next door may be costing you too much money, look to the parking lot. Most American cities have a rule- that every residential building must allocate at least one parking spot per unit. Spaces that could have been apartments are now parking lots, when the average car now costs over \$35,000, making them out of reach for the many middle-class families that need housing.

As per the VPT Institute, "one parking space per unit increases costs by approximately 12.5%, and two parking spaces can increase development costs by up to 25%." (VPT, 2021). The higher cost means higher rent, which means more money out of a stagnant paycheck.

These rules are known as "Parking Minimums" and are part of a practice known as exclusionary zoning. An evolution of redlining, exclusionary zoning is a double-down on the city's beautiful movement, which holds requirements for ample parking, low-density housing that excludes multi-family developments, large yards, and size. In short, these rules reduce housing supply and form the modern-day suburb as we know it. With exclusionary zoning practices, only 12% of a city allows for the construction of apartments.

For cities growing fast, this triggers an expense crisis where people are priced out and cannot afford to move further away. Minneapolis is one of those fast-growing cities, but it's doing something different.

In the past decade, Minneapolis underwent an explosion. Thanks to large employers like Target and Best Buy led families to come to the city like magnets. But single-family zoning was a problem.

Studies found that the housing supply wasn't keeping up with growth. The city has built 64,000 new homes since 2010 while adding 83,000 households. Only 2.2% of the city's apartments were vacant when 5% were deemed economically healthy. Over the next 50 years, the city would be leaving 25% of its residents without shelter. (The Century Foundation, 2019). Minneapolis was going to be in deep trouble.

Then, a woman frustrated with the prices named Lisa Bender told people she could save it. In 2013, she ran for the 10th Ward city council- a neighborhood that was 80% renter. She was a vocal opponent of traditional family zoning, and her passion brought her victory. In her first term, she struck parking minimums near public transit. She also had a goal she kept in her back pocket- to update the city's plans to include better zoning laws. That plan is known as Minneapolis 2040.

Benders' advocacy for affordable housing gained the attention of the city's citizens, and eventually, it became a hot button topic for city council elections. In 2017, a slew of progressive candidates undercut ran on affordable housing and won in a landslide. Then, they elected Bender as the president of the City Council. These candidates included Jacob Frey, the current Mayor of Minneapolis.

Single-family zoning was an issue that appeared to be "practically gospel" in America. Nobody thought to reverse it until Bender decided that it could. In 2018, the city's plan to allow "Quadplexes" leaked to the public. Instead of opposition, people met the idea with many welcome arms. It gave way to a larger plan that could make the city more affordable through 14 different points. That plan was Minneapolis 2040.

Minneapolis 2040 was a revolutionary plan for Minneapolis. It would eliminate parking minimums, allow multi-family units in single-family areas, mandated 10% of units to cater to struggling families. It increased housing near public transit, more high-density apartments, and support for factory-built housing that could multiply the quality homes' rate.

This plan was to fix Minneapolis- but many people didn't think it was broken in the first place. The fight for this plan met fears of developers taking over, with 'anti-bulldozing' campaigns taking place. Fourplexes were labeled as "freyplexes" and people were told that starter homes were under attack. Proponents fired back, naming the replacement of smaller homes with more

oversized “McMansions.” They argued that while there may be ample high-end housing, those identical apartments would get cheaper over time.

The proponents of the plan were right- as a 2014 study found that rent decreases by 2.5% a year for aging apartment buildings. (AEA,2014).

Eventually, the plan passed the city council, and single-family zoning in Minneapolis was a thing of the past. Instead of maintaining exclusionary zoning, Minneapolis implemented a practice known as inclusionary zoning.

Inclusionary zoning does the reverse of exclusionary- focusing on city density, rapid construction, and getting affordable housing to the hands of people who need it. It’s been used in nearly many cities across the United States and takes part in larger, more traditional zoning plans. As a result, its success varies by regionality and law. However, one thing was consistent: the more extended zoning programs existed, the more affordable housing they produced (NYU).

But while Minneapolis may have done away with single-family zoning, some cities have gotten rid of zoning altogether.

Houston

Everything is bigger in Texas. The food, the roads, the homes, and sometimes, even the cities. Houston is a vast city and the fourth most populous city in the nation. Yet, unlike towns with fewer people, Houston happens to be one of the most affordable large cities to live in. (BizJournal, 2021)

So long as there is no private ordinance blocking construction, developers are free to build however they want. This rule means more homes to keep up with the growing population. As per the Urban Reform Institute, *“A typical house in Houston costs less than \$200,000, compared with nearly \$300,000 in Atlanta or a staggering \$680,000 in San Diego.”* (URI, 2012).

Historically, the city rejected zoning initiatives three times and is the only major American city without imposing zoning laws. By 1998, Houston had begun a massive liberalization of land-use regulations that establish construction laws on a “Shall Approve” basis. By 1998, the city had reduced minimum lot sizes and split the city into suburban and urban regions to organize spread. Since zoning rules allowed subdivisions to opt-out, these liberalizations didn’t face strong opposition. People who wanted to live with more space had the option to do so, while people who needed an affordable place to live could find one near the densest part of the city.

The people impacted by these laws most were middle-class, where the relationship between housing development and income has taken the shape of a bell curve. (Mercatus Center, 2020). The development-centered culture of the city also led to a “housing first” approach to

homelessness that got vulnerable people proper shelter. It's the approach to housing that cut homelessness by 55% and has housed over 18,000 people.

Other cities, like San Diego, face dire housing shortages, struggling to pass 12,000 housing permits per year needed to keep up with population growth.

Conclusion

The American Dream built America as we know it. But the way that the dream happened is destroying that same America. As families continue to struggle with finding a good home, the necessity for housing reform has become more and more evident.

The American Dream cannot work if it doesn't let homes get made. Zonings' roots in redlining trapped people from moving to new areas, enabling restrictive zoning laws made fewer areas available. Exclusionary zoning made them unaffordable. Yet, some cities have maintained their growth with a simple rule: to build where people need things to be built.

They've avoided the American Nightmare by leaving the dreams behind and focused on building a better American Reality.

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