

# Hey Millennial Homeowner, Our Housing System Is Going to Crush You

Uncommonwealth — №3



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Jan 31 · 10 min read

*This article is part of [Uncommonwealth](#), a series of articles that discuss housing affordability, economic justice, and inequality in the United States.*

By now, it has been [well-documented](#) that Millennials have had a hard time buying into the American Dream. While incomes have stagnated in the past twenty years — our formative years — home prices have increased exorbitantly<sup>1</sup>, making homeownership an unlikely prospect for most of us.

Today, in a city like Los Angeles it would take the median household 25 years of saving 8% of their income (a historical benchmark) to have enough for a down payment<sup>2</sup>. As a result of

this reality, the homeownership rate amongst Millennials is 7–8 percentage points lower than the rate Gen-Xers and Baby Boomers had when they were our age<sup>3</sup>. And those Millennials who have managed to buy a home have had to save a larger share of income<sup>4</sup> and for longer<sup>5</sup> than previous generations just to be in a position to do so; they have also had to invest much more in education while taking on a lot of debt<sup>6</sup>.

But you my friend, you're one of the lucky ones. Against all odds, you finally bought a home. You went to all the right schools and you've had all the right jobs. You are finally — now in your mid to late 30s — in a position to purchase a home. The jobs that sustain your relative privilege are concentrated in a handful of exceptionally expensive cities and you were therefore trapped facing the toughest housing markets for years, but you somehow pulled it off. Chances are you didn't do it on your own, though. You probably have a partner with a similar income to yours and, more likely than not, you received help from your family to be able to come up with the enormous down payment<sup>7</sup>.

Ironically and perversely, the pandemic has been a blessing for some of us: Millennials with stable jobs have saved up a good chunk of their disposable income, received stimulus money, and are now benefiting from persistently low interest rates. This allowed many Millennials to become first-time homebuyers in 2020<sup>8</sup>. But even prior to the pandemic, Millennials had already,

slowly but surely, begun to gobble up more homes than any other generational group<sup>9</sup>.

So, now that your time has arrived, that you have lived up to the greatest challenge your society has placed before you, now you can finally breathe, right? You can rest assured that all is well. But is it really? I'd hate to burst your bubble, but you need to realize that even though you now own a house and that for a split second you might have felt an immense sense of security, you are still not in the clear. You need to realize that the housing system you just bought into is not looking out for your best interest today nor in the future and that, eventually — maybe not today, maybe not tomorrow, but someday soon — you *will* get crushed.

I don't want you to feel guilty or anxious. You live in a society that has shown you that you are on your own and you feel that the only way to stay afloat is to accumulate wealth, especially through housing. Most everyone else who hasn't been able to buy a house yet would also do it in a heartbeat. You might not even see your house as a commodity, you might not be seeking to flip it, and you might not even see it as a mechanism for accumulating wealth (although you probably do...). Regardless of what were your intentions in purchasing a home, there are at least five reasons why you should not turn a blind eye to the [destructive and unsustainable nature of the housing system](#) you just bought into and why you should do everything you can to change it.

*Before I dive in, let me be clear on one thing: I am not suggesting that you should go back to renting if you already purchased a home. [I do not think enriching landlords is the answer either](#). My point is that no one should enrich themselves through land, period. My point is that if you, like me, have already bought a home then we still have a choice in how we relate to that home and what we do with it: do I see my house for what it is — a home for me and others — or do I see it as an asset, an investment opportunity, my retirement plan, a commodity to be accumulated, traded, and disposed of for profit? In practice, what I am asking of you is to recognize the problems with this system, how it will ultimately impact you, to challenge it, and to be willing to relinquish the valuation that accrues to your house because this is not something you yourself earn.*

## **1. You Will Be Stuck**

You say to yourself, “Nice, I bought my house in DC for a cool \$700,000 and by the time I retire it will be worth \$1.3 million or maybe even more. I will make a killing!” The problem is the following: given our current housing system, it won’t be just your house that will have appreciated tremendously; all houses, all over the country will have appreciated in turn, perhaps even reaching DC levels once most markets are tapped out.

So how exactly are you going to be able to cash out and turn a profit? Where will you live after you sell your exceedingly

expensive house? Will you be able to move to another house in the DC area and how much will that cost? Will there be any Nashvilles and Austins and Charlottes and Portlands left for you to escape the ever-escalating prices? Arguably no, those cities are already becoming extremely expensive themselves, as are most cities, even small ones, around the country<sup>10</sup>.

So, it is likely that rather than making a killing you will be stuck with your super-expensive house, having paid a massive mortgage for 30 years, pouring the vast majority of everything you ever earned into it, and with nowhere else to go. You will live in your same house until you can't live on your own, at which point you will happily hand over all of your "profit" to the nursing facility that will take care of you, left with nothing. So much for building wealth...

## **2. Property Taxes Will Eat You Alive**

Even if you paid your home cash and even if you've finished paying your mortgage, you will never actually be done paying the obligations on your home. Your house will always be subject to property taxes and as property values increase ad infinitum, so will your tax bill.

Perhaps one day you will want to retire and your income may be fixed, so what will you do as your taxes continue to increase beyond your capacity to pay them? Yes, assessment values usually

represent only a small fraction of actual property values, but any increase in the property value over time — and given our housing system, they will only inevitably and exponentially increase — will make a difference to your overall property tax obligations.

### **3. Deep Inside, You Know It's Theft**

In previous articles within this [series](#), I have argued that the upholding of a system based on the commodification of land, the private appropriation of public value, and the accumulation of wealth through land is the [driving force behind the housing affordability crisis](#). Additionally, I have discussed why [profiting from land is ultimately immoral](#) and unjustifiable. A quick recap:

- By commodifying land, allowing individuals to appropriate value created by society, and encouraging them to accumulate wealth through the possession of land, we end up with a housing system that primarily seeks to appreciate the value of homes at the expense of universal access to affordable, high-quality housing; these two goals are diametrically opposed to each other. The logical conclusion of a system such as this is an obsession with land ownership, strategic obstruction of housing supply, rampant speculation, and the affordability crisis we are all living through today

- While Americans from all income levels dedicate more of their earnings to housing, landowners become wealthier at their expense through the unearned windfalls they receive from appreciating property values. These gains that accrue to landowners in the form of valuation over time ultimately constitute an unjustifiable transfer of wealth to landowners from value that is created by the rest of society. I can't stress this enough: this is very much a zero-sum game

You bought a home and you are now a part of all this, but you still have a choice: Will you see your home for what it is, a place where you and your loved ones can live, work, play, and thrive? Or is it an asset, one that needs to appreciate constantly, one that is to be disposed of, and which will be the basis for your accumulation of wealth at the expense of others?

You do have a choice and your actions going forward will be a reflection of that choice, one that you will have to make over and over again in the face of great temptation. Remember: if you make a profit from that house, you will be appropriating value that was mostly created by society. And even though we have chosen to not label that a crime, it is nonetheless tantamount to theft.

#### **4. You Care about Others Too**

We Millennials pride ourselves on our progressive values: we'd like to think that we care more about the planet, about social justice and racial equity, and about economic, political, and social inclusion overall. I do believe that even though we may not always live up to those values — we are all human, after all — we are ultimately different than previous generations and we do have a greater social sense of awareness and a greater social conscience.

If you do care about others as much as you'd like to think you do, then you need to remind yourself that even if you were lucky enough to buy into this system, it is unlikely you were able to do so because of your own merit; rather, it is more likely that you did so because of the privilege that was bestowed upon you by mere accidents of history: the color of your skin, the social class you were born into, or the lucky breaks you had. You therefore owe it to the rest of society to *not* take advantage of them. Had you been born to a different family or in a different place, you might not be where you are today.

Further, just as it was increasingly difficult for your parents to ensure that you were in fact well off, there is nothing to guarantee that you will be able to do the same for your own children, your nieces and nephews, or anyone else you leave behind. Remember, in spite of your privileges you still had to work harder and longer just to be able to reach the same place your parents and grandparents did. As long as our housing system remains the same, property prices will continue to soar, reaching unattainable



heights; your loved ones will be worse off for it. What will you be able to do about all this then?

## **5. Your Sense of Safety Is Illusory**

Our society is fragile, that should be more evident today than ever before. As the strands that bind us continue to fray before the social and economic challenges we face, as we continue to split into two economies, two parallel societies — one rich and one increasingly poor (and growing) — it is important for us to not take our safety and the protection of our property for granted. If we continue down this path of unconscious selfishness and greed — not just with regard to housing but in all aspects of our economic life we will reach a breaking point; if we continue down this path of accumulation at all costs and of economic destruction we *will* pay the consequences.

We will not have been the first society to have failed in this respect and we will probably not have been the last. Will there come a time in our lifetimes in which your actions and mine and those of all others in our society will have contributed so greatly to poverty, inequality, and exclusion that there will be no turning back? Will there come a time in which the ravages that arise from economic, political, and social exclusion lead to violence, chaos, and societal collapse? Is that truly inconceivable from where we stand now?

There is no need to punish yourself for buying into a perverse system; you were driven to do so by a variety of factors, many outside of your control. You should also not punish yourself if you haven't been able to buy in thus far but are desperate to do so. Again, it is mostly not your fault. But we all do need to muster the courage to recognize that this system is, in fact, perverse and unsustainable and that our actions and our privilege have adverse consequences on the lives of others with whom we are ultimately bound.

It may be painful to recognize this and our role in this whole tragedy, but we must do so now. We must do so, so that our actions going forward are conscious, rather than compulsive; we must do so, so that you and I can change the hearts and minds of others and together find ways to implement the systemic changes required — no easy feat — to redress the damage we and those who came before us have caused; we must do so because we love others and because we want to leave behind a better world, a better country, for them.

## Notes and Sources

[1] In the past fifty years, while the median home value in the United States increased by 115% in real terms, real median household incomes increased by only 15%. Source: Author's own calculations based on current and historical data from the [US Census Bureau](#) and [Zillow](#) (2020)

[2] [The Expectations vs. Reality Gap: Millennials Want to Buy a Home within a Year, but Saving Takes up to 10 Years](#), Point2 (2020)

[3] [Homeownership and Living Arrangements among Millennials: New Sources of Wealth Inequality and What to Do about It](#), New America (2019)

[4] [Ibid.](#)

[5] [Why Housing Policy Feels Like Generational Warfare](#), The Atlantic (2019)

[6] [Homeownership and Living Arrangements among Millennials: New Sources of Wealth Inequality and What to Do about It](#), New America (2019)

[7] [How the Pandemic Is Helping Some Millennials Realize Their Home-Buying Dreams](#), Realtor.com (2020)

[8] [Ibid.](#)

[9] [2020 Home Buyers and Sellers Generational Trends Report](#), National Association of Realtors (2020)

[10] [Homeownership Less Affordable for Average Workers Across U.S. in Third Quarter of 2020](#), ATTOM Data Solutions (2020)