



## The Shrinking Middle Class and Affordable Housing

May 2023

Description: The middle class has been declining as a percentage of American households, from 61% in 1971 to 50% in 2021 (Pew Research). What can be done to reverse this, especially with respect to affordable housing?

Estimated time: 1.5 hours

### (1) Getting acquainted and comfortable

5 - 10 min.

#### Welcome

- Thank you for coming...
- We are a part of The Great Reset, which was born out of a shift we're seeing in our country. We have been in a place where we don't tend to speak 'beyond our bubbles' and across perspectives. The Great Reset has been opening up a grey space for such conversations since 2018. You are now part of keeping the conversation going and we thank you.

#### The Pillars of The Great Reset

- To share our own thoughts and perspectives with humility
- To learn from others and listen with respect

#### Ground Rules

- Every comment is valid and deserving of respect
- We show respect by speaking one at a time, putting our phones on silent and staying engaged, even when we are not speaking
- In the interest of time, I may cut in to ask you to 'top-line' something if we need to move on. This means simply offer up a synopsis of your thoughts and speak in bullets, not paragraphs

#### Confidentiality

I would like a verbal from everyone that you are here of your own volition and out of respect for one another I would ask you to keep what others say in this room unless they give you permission otherwise. (go around and get verbal agreement). Further, you agree to adhere to the principles outlined already: to deliver your perspectives bound to the principles of respect, to **listen with humility and offer grace to others who are sharing this space.**

#### Personal Introductions

Please share your name, where you live, and what socio-economic class you feel you belong to.

**\*\*\*Remind everyone we're recording but we won't use any clips without their approval\*\*\***



## **(2) Shrinking middle class in the US**

**25 - 35 min.**

- How would you define middle class? Probe for descriptions based on income, wealth, occupation, education, etc.
- What purpose does the middle class serve in a democratic economy/society?
- Pew Research defines the middle class as all households with incomes between two-thirds and twice the national median income (or between \$45,014 and \$134,502, using the U.S. Census 2020 median income of \$67,521). According to Pew's analysis of income data, the percent of middle class households declined from 61% in 1971 to 50% in 2021. Moreover, during this same time period, the percent of income owned by middle class families declined from 62% of total aggregate income to just 42%. What do you feel are the causes or contributors to these changes in the middle class? Probe for the impacts of globalization and automation making working class jobs more precarious, scarcer, less prestigious, and lower paid.
- What are your suggestions to reverse this and increase the number of middle class households?

## **(3) Affordable housing**

**25 – 35 min.**

- Simultaneously, there has been a decrease of affordable homes for middle class families to buy, denying them the capacity to build wealth. The mortgage lender Freddie Mac defines a starter or entry-level home as 1,400 or fewer square feet with two or three bedrooms; this is what many first-time homeowners historically purchased. In the early 1980s, 40% of new construction consisted of these entry-level homes, but by 2020 this percentage had dropped to 7%. What do you feel are the causes or contributors to this change in fewer affordable starter homes being built?
- To what degree do you feel that in addition to the rising costs of land and building materials, zoning restrictions for lot size and type of housing have contributed to fewer affordable homes being built? Probe for NIMBY practices.
- What can be done to preserve the inventory of affordable homes?
- How do you feel about restrictions on tear-downs, especially to counter against the increase of out-of-town investors buying up affordable housing?

## **(4) Closing comments**

**5 - 10 min.**

- Any additional comments about the shrinking middle class and corresponding unavailability of affordable housing in the US?