Testimony of Diane Yentel, President and CEO
National Low Income Housing Coalition
presented to the Financial Services Committee
United States House of Representatives
April 30, 2019

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, thank you for the opportunity to testify before you today on ways to alleviate the affordable housing crisis by making targeted investments in a comprehensive infrastructure package.

On behalf of the National Low Income Housing Coalition, I commend Chairwoman Waters for her leadership in introducing the "Housing is Infrastructure Act of 2019" to invest billions of dollars to repair America's public housing infrastructure, construct and preserve apartments affordable to those with the greatest needs, and create incentives for local governments to streamline their development processes to increase the supply of affordable homes. The scale and scope of these investments are badly needed and long-overdue.

The National Low Income Housing Coalition (NLIHC) is solely dedicated to ensuring the lowest income seniors, people with disabilities, families with young children and others in our country have safe, accessible and affordable homes. Our members include non-profit housing providers, homeless services providers, fair housing organizations, state and local housing coalitions, public housing agencies, faith-based organizations, residents of public and assisted housing and their organizations, low-income people in need of affordable homes, and other concerned citizens. NLIHC does not represent any sector of the housing field. Rather, we work with and on behalf of low-income people who need safe, accessible and affordable homes. NLIHC is entirely funded by private donations.

With a comprehensive infrastructure package, Congress should address one of the most critical issues facing extremely low-income families today: the severe shortage of decent, accessible, and affordable homes. Today, nearly 8 million of our nation's lowest-income households live in housing poverty, spending more than half of their limited incomes on housing and having too little left for other basic needs. An additional half million people experience homelessness on any given night. Just one in four eligible households gets the assistance they need to afford a place to call home. With increased investments in proven solutions, we can end homelessness and housing poverty once and for all.

In my testimony today, I will discuss: our country's severe shortage of homes affordable to the lowest-income people; the opportunity to invest in this critical infrastructure through an expansion of the national Housing Trust Fund (HTF), public housing capital fund, and rural and tribal housing programs; and the many benefits of doing so.

I. The Need for Deeply Affordable Housing

Our country is in the grips of a pervasive affordable housing crisis, impacting rural, suburban and urban communities alike. While the crisis has many dimensions, the fundamental problem is the mismatch between what people earn or otherwise have available to spend for their homes and what housing costs. Rents have risen much faster than renters' incomes over the last two decades[1], and while more low-income people are renting their homes than ever before, the

[1] Joint Center for Housing Studies of Harvard University. 2018. *The State of the Nation's Housing*. Cambridge, MA: Author.

supply of affordable housing and rental assistance has not kept pace.[2] As a result, record-breaking numbers of households cannot afford a decent place to live.

The shortage of affordable homes is most severe for extremely low-income (ELI) households whose incomes are at or below the poverty guideline or 30% of their area's median income (AMI), whichever is higher. In Los Angeles, an ELI renter could be a family of four with two working parents who earn a combined $29,050 annually, a low-income senior with an income of no more than $20,350, or a single person with a disability relying on an annual income of just over $10,000 from Supplemental Security Income (SSI). In Rutherford County, North Carolina, an ELI renter could be a family of four with two working parents who earn a combined $25,100 annually, a low-income senior with an income of no more than $12,140, or a single person with a disability relying on an annual income of under $10,000 from SSI.

Only 7 million affordable rental homes exist for the nation's 11 million lowest-income renter households, assuming they spend no more than 30% of their income on housing costs.[3] Not all these 7 million homes, however, are available to the lowest income renters. Nearly 3.5 million of them are instead occupied by higher-income households. As a result, only four million affordable and available rental homes exist for 11 million of the lowest-income renter households. In other words, for every 10 of the lowest income seniors, people with disabilities, families with children, veterans and others, there are fewer than four affordable homes available to them.[4]

The shortage of affordable and available homes for the lowest income renters ranges from most severe to least severe, but there is no state or congressional district with enough homes for its lowest-income renters[5]. For example, in California's 43rd district, represented by Chairwoman Waters, there are fewer than two affordable homes available for every 10 of the lowest-income renter households.[6] In North Carolina's 10th district, represented by Ranking Member McHenry, and in Missouri's 1st District, represented by Housing Subcommittee Chairman Clay, there are just three affordable homes available for every 10 of the lowest-income renter households.[7] In Wisconsin's 7th District, represented by Housing Subcommittee Ranking Member Duffy, there are four affordable homes available for every 10 of the lowest-income renters.[8]

NLIHC's *The Gap: A Shortage of Affordable Homes* report shows there is a shortage of affordable and available homes for households with incomes at 30% of AMI (ELI households), 50% of AMI, and 80% of AMI (Figure 1).

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[2] Ibid.

[3] According to HUD, households spending more than 30% of income for these housing costs are considered to be "cost-burdened." Households spending more than 50% are considered to be "severely cost-burdened."

[4] National Low Income Housing Coalition. 2019. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author. See: https://nlihc.org/gap

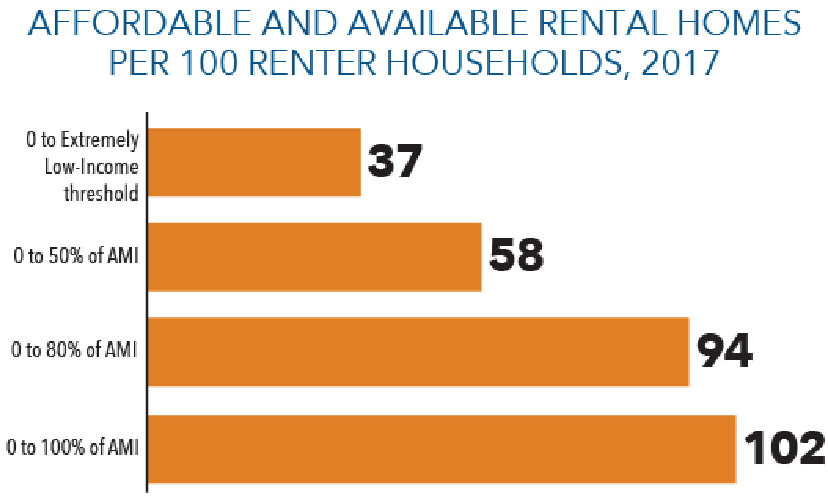
[5] U.S. Department of Housing and Urban Development. 2019. CHAS Data, 2011-2015 [data file].

[6] National Low Income Housing Coalition. 2019. *Congressional District Housing Profiles: California*. Washington, DC: Author.

[7] National Low Income Housing Coalition. 2019. *Congressional District Housing Profiles: North Carolina and Missouri*. Washington, DC: Author.

[8] National Low Income Housing Coalition. 2019. *Congressional District Housing Profiles: Wisconsin*. Washington, DC: Author.

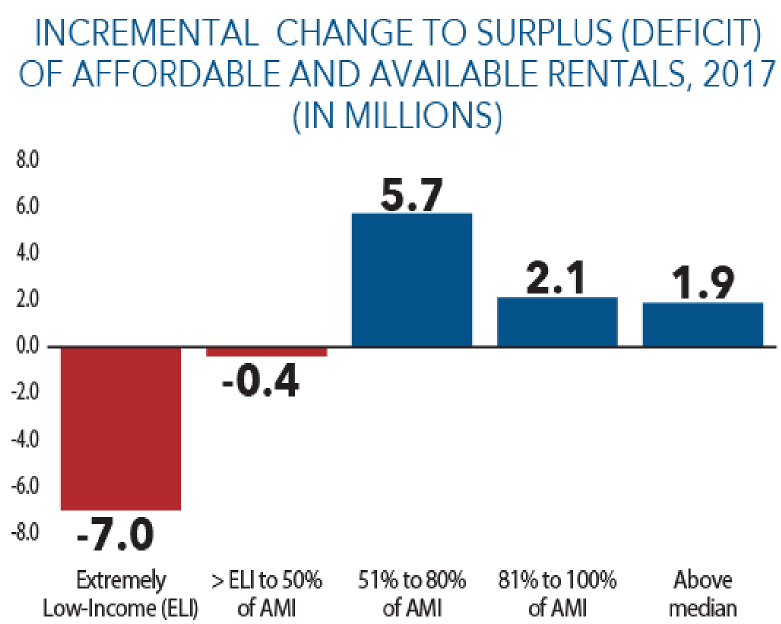
Figure 1



Source: NLIHC tabulations of 2017 ACS PUMS data. AMI = Area Median Income

The Gap report also shows, however, that the lack of homes affordable and available to households with incomes above 30% of AMI is driven by the insufficient supply of homes for the lowest-income households. Figure 2 (below) shows the incremental change in the shortage or surplus of rental homes available and affordable to households of different incomes. The shortfall of 7 million homes available and affordable to ELI households accounts for virtually the entire shortage of affordable homes in the U.S. In areas where very low-income and low-income households have difficulty with housing affordability, it is principally due to extremely low-income households having to rent homes they cannot afford, spending 50%, 60%, 70% or more of their incomes on their housing and competing with higher-income families for that limited housing.

Figure 2



Because of the shortage of affordable and available homes, 11 million renter households are severely housing cost-burdened, paying more than half of their incomes towards housing. Almost eight million, or nearly three-quarters of these households, are extremely low-income.[9] Severe housing cost burdens can have negative consequences for families' physical and mental well-being.

Severely housing cost-burdened families spend 75% less on healthcare and 40% less on food than similarly poor households who are not severely cost-burdened; and poor seniors who are severely cost-burdened spend 62% less on healthcare.[10] These households forgo healthy food or delay healthcare or medications to pay the rent. In the worst cases, they become homeless.

Housing cost burdens make it more difficult for poor households to accumulate emergency savings. Without emergency savings, unexpected costs (such as car repairs, medical bills, etc.) or loss of income (such as reduced work hours) can cause households to fall behind on rent and face eviction. Data from the 2013 American Housing Survey (AHS) show that households in poverty with severe housing cost burdens are more likely to fall behind on rent payments and be threatened with eviction than poor households that are not severely cost-burdened.

Housing instability causes significant disruptions in critical services and economic stability. The lack of stable housing, for example, can disrupt the care given to chronically ill individuals, interrupt student learning, and decrease academic achievement.[11] Housing instability can also undermine economic stability by disrupting employment. The likelihood of job loss increases for working low-wage renters who lose their homes (primarily through eviction),[12] indicating that affordable housing and housing subsidies are foundational to employment and economic security.

The majority (87%) of all severely cost-burdened and deeply poor households are seniors, people with disabilities, or individuals in the labor force. Many others are enrolled in school or are single adults caring for a child or a person with a disability (see Figure 3).[13] With more than half of their limited incomes going to keep roofs over their heads, these families are forced to make impossible choices between paying rent and buying groceries, seeing a doctor, or saving for college or an emergency.

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[9] National Low Income Housing Coalition. 2019. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author.

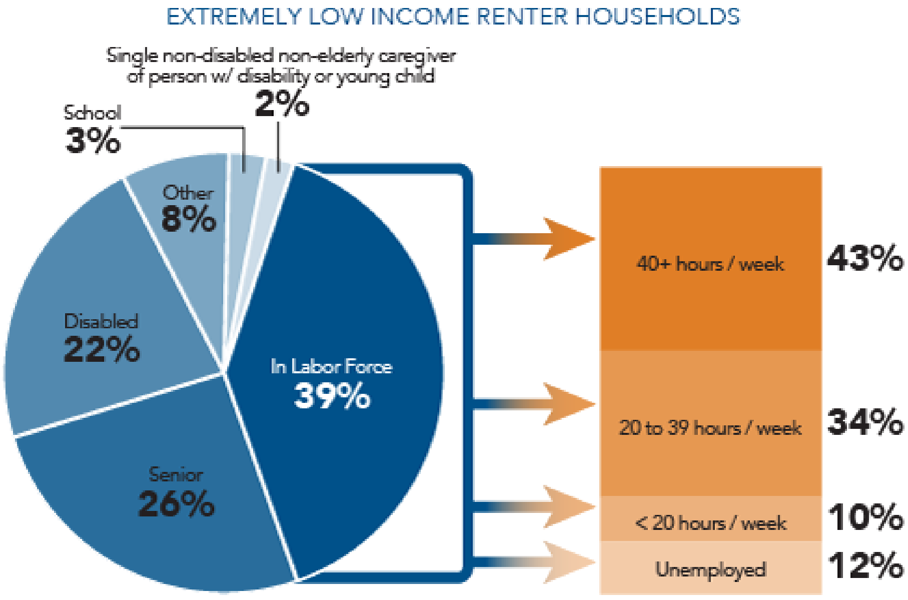
[10] Joint Center for Housing Studies of Harvard University. 2017. *The State of the Nation's Housing*. Cambridge, MA: Author.

[11] Maqbool, N., Viveiros, J., & Ault, M. 2015. *The Impacts of Affordable Housing on Health*. Washington, DC: National Housing Conference; Brennan, M., Reed, P., & Sturtevant, L. 2014. *The Impacts of Affordable Housing on Education.* Washington, DC: National Housing Conference.

[12] Desmond, M. & Gershenson, C. 2016. *Housing and Employment Instability among the Working Poor*. *Social Problems*, 63(1): 46-67.

[13] Ibid.

Figure 3[14]



NLIHC's [*Out of Reach: The High Cost of Housing*](https://nlihc.org/oor) report shows the difference between wages and the price of rental housing in every state, county, metropolitan area, and metro-area ZIP code by estimating each locality's "housing wage," the hourly wage a full-time worker needs to earn to afford a modest apartment. In 2018, the national housing wage was $22.10 per hour for a two-bedroom apartment and $17.90 for a one-bedroom rental. A worker earning the federal minimum wage would have to work 122 hours per week – or three full-time jobs – to afford a two-bedroom apartment, or 99 hours per week – almost 2.5 full-time jobs – to afford a one-bedroom apartment at fair market rent. While the housing wage varies from state to state and county to county, there is no jurisdiction in the United States where a full-time worker earning the prevailing minimum wage can afford a modest two-bedroom apartment at the fair market rent.

It's not just minimum wage workers for whom rents are out of reach: the average renter in the U.S. earns approximately $17 per hour, more than $5 per hour less than the national two-bedroom housing wage. A full-time worker earning the average renter's wage can afford to rent a modest two-bedroom apartment at the fair market rent in just 11% of U.S. counties, and he or she can afford to rent a modest one-bedroom apartment in fewer than half of all U.S. counties.[15]

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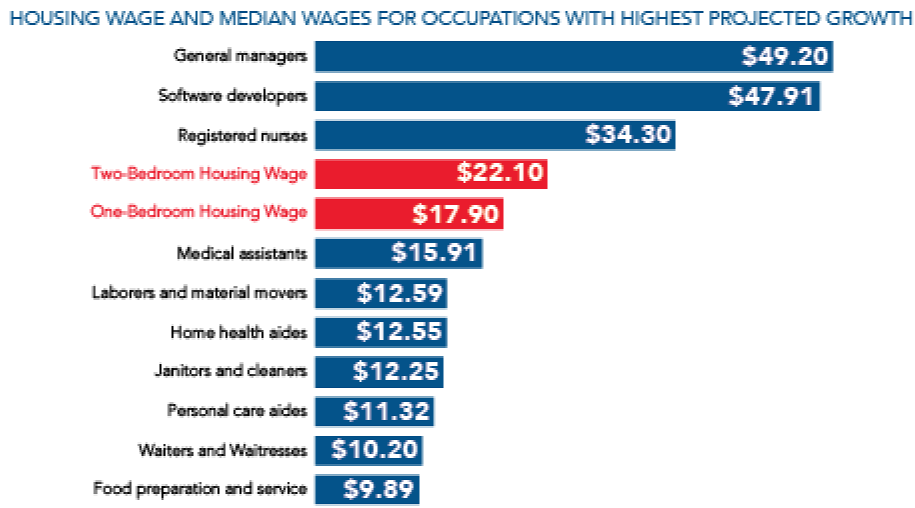
[14] Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single-adult caregiver, and other. Senior means householder or householder's spouse (if applicable) is at least 62 years of age. Disabled means householder and householder's spouse (if applicable) are younger than 62 and at least one of them has a disability. Unemployed means household and householder's spouse (if applicable) are younger than 62 and unemployed. Working hours is usual number of hours worked by householder and householder's spouse (if applicable). Enrolled in school means householder and householder's spouse (if applicable) are enrolled in school. Nearly 11% of severely cost burdened ELI renters are single-adult caregivers of a young child or disabled person, three-quarters of whom are in the labor force and three percent of whom are in school. Source: 2016 ACS PUMS.

[15] National Low Income Housing Coalition. 2018. *Out of Reach: the High Cost of Housing* [data files]. See: https://nlihc.org/oor

This mismatch between wages and housing costs will continue. Seven of the ten occupations projected by the U.S. Department of Labor to grow the most over the next decade provide a lower median wage than what is needed for a full-time worker to afford a modest one-bedroom apartment (see Figure 4).[16]

Figure 4



Source: Housing wages are derived from HUD fair market rents. Employment projections from BLS Employment Projections Program. Occupational wages from May 2017 National Occupation Employment and Wage Estitmates, Occupational Employment Statistics, BLS. Adjusted to 2018 dollars.

II. Declining Federal Resources

The shortage of rental homes affordable to the lowest income people is caused by market failure and chronic underfunding of solutions. Without government intervention, decent and affordable homes cannot be reliably built, operated, and maintained at a price that the very lowest-income workers, seniors, or people with disabilities can afford. The private market cannot on its own solve this persistent market failure. Government intervention, in the form of subsidies, is necessary to fill the gap between what people can afford to pay and the costs of developing and operating rental homes.

Today's modern phenomenon of homelessness did not exist in the late-1970s because our country housed almost everyone, including the lowest-income and most vulnerable families. At that time, our country had a modest surplus of homes affordable and available to the lowest income people. The primary difference between then and now: federal subsidies.

Funding for affordable housing solutions has been declining for decades. Adjusting for inflation, the federal budget authority for housing assistance programs in the 1970s was nearly three times more than it is today,[17] despite the significant growth in the number of low-income renters eligible for housing assistance (see figure 5).[18]

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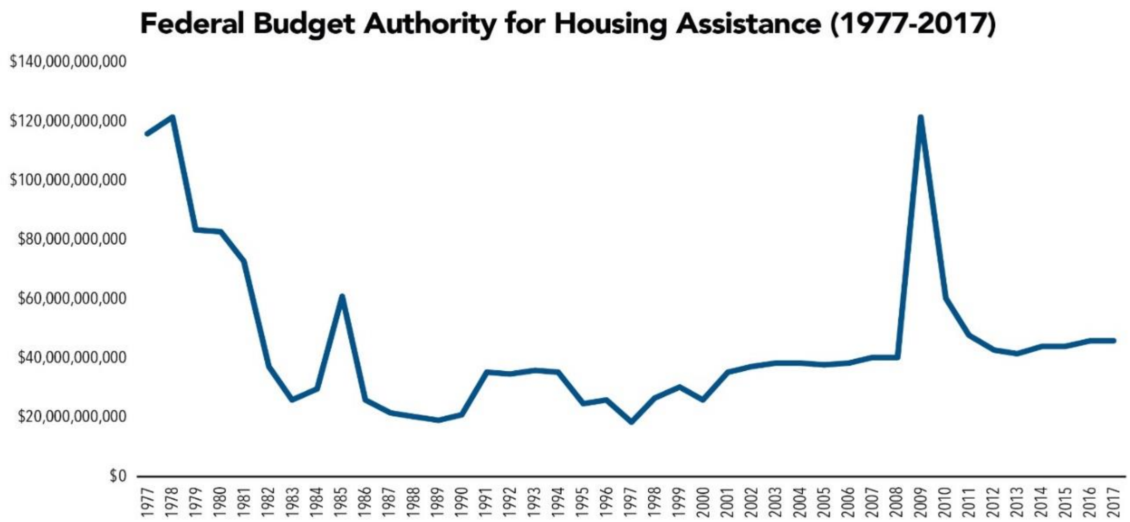
[16] National Low Income Housing Coalition. 2018. *Out of Reach: The High Cost of Housing*. Washington, DC: Author.
[17] Office of Management and Budget. 2018. Historical Table 5.1 – Budget authority by function and subfunction {data file}.
[18] Joint Center for Housing Studies of Harvard University. 2018. *The State of the Nation's Housing*. Cambridge, MA: Author.

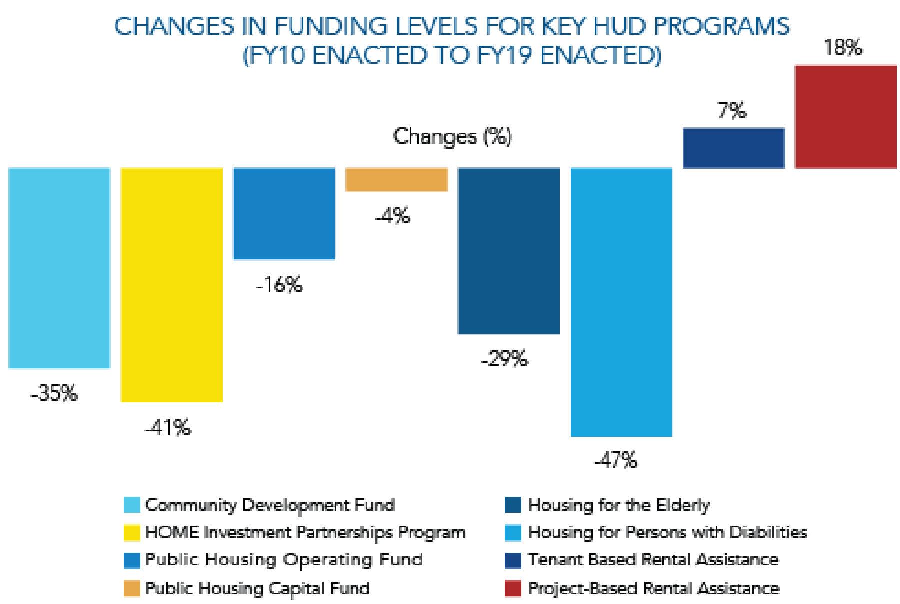
Figure 5



Note: Adjusted to constant 2017 dollars using CPI-U. The 2009 American Recovery and Reinvestment Act included a major one-time increase for housing assistance. Source: OMB Historical Table 5.1 - Budget Authority by Function and Subfunction

HUD's budget has declined dramatically over the last ten years since the Budget Control Act (BCA) was enacted. Inflation-adjusted federal funding for public housing, housing for the elderly, housing for persons with disabilities, and other important programs has fallen precipitously since fiscal year 2010. Only tenant-based and project-based rental assistance program funding has modestly increased to keep up with the rising operating cost for previously authorized assistance (see Figure 6).

Figure 6



Note: Adjusted for inflation.

Deteriorating Public Housing Stock

Public housing plays a critical role in addressing America's affordable housing needs and is home to more than 2.6 million low income seniors, people with disabilities, families with children, and others. Like other federal housing investments, public housing provides families with the affordable, stable homes they need to live with dignity and financial independence.

Waiting lists for public housing are often closed or have years-long wait times.[19] NLIHC's report *Housing Spotlight: The Long Wait for a Home* analyzed a survey of PHAs and found that the average wait time is 9 months, and 25% of public housing waiting lists had a wait time of at 1.5 years. The largest PHAs had a median wait time of 2 years and twenty-five percent of them had wait times of at least 4 years. In 2012, the last time national waiting list data was collected, there were approximately 1.64 million families waiting for public housing units with only 80% of housing agencies reporting. Many housing waiting lists have since closed altogether.

Congress has underfunded public housing for decades. Beginning in the early 1980s, funding for public housing has decreased significantly. Between 2000 and 2016, funding for public housing repairs declined 53 percent, while funding for public housing operations met need only three times.[20] Between 2010 and 2016 alone, Congress cut public housing funding by $1.6 billion. While Congress recently increased funding for public housing in fiscal years 2018 and 2019, overall funding for the program remains 17% lower than the FY10 funding level.

These decades of declining resources have threatened the quality and even the existence of public housing. With limited funding, many public housing agencies (PHAs) are unable to make needed repairs to preserve these homes. As a result, our country loses 10,000 to 15,000 public housing apartments each year to obsolescence or decay,[21] as other public housing units fall into deep disrepair. In 2010, the country's public housing had a $26 billion capital-needs backlog, which is estimated to grow by $3.4 billion each year. The funding needed to address capital repairs in public housing is estimated to exceed $50 billion today.[22]

Rural and Tribal Housing Needs

Native Americans in tribal areas have some of the most severe housing needs in the United States. Overcrowding, deep poverty, unemployment, low household incomes, a rapidly increasing population, and lack of infrastructure are just some of the challenges in tribal areas.

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[19] Aurand, A. et al. (2016). *Housing Spotlight: the Long Wait for a Home*. National Low Income Housing Coalition. Retrieved from http://nlihc.org/article/housing-spotlight-volume-6-issue-1.

[20] Rice, D. (2016). *Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing*. Center on Budget and Policy Priorities. Retrieved from https://www.cbpp.org/research/housing/chart-book-cuts-in-federal-assistance-have-exacerbated-families-struggles-to-afford.

[21] National Low Income Housing Coalition. 2019. *Advocates Guide*. Washington, DC: Author. See: https://nlihc.org/sites/default/files/AG-2018/2018_Advocates-Guide.pdf

[22] The "Transportation, Treasury, Housing and Urban Development, Judiciary, and Independent Agencies Appropriations Act of 2008" directed HUD to perform an updated Capital Needs Assessment for the public housing portfolio. (The previous assessment was conducted in 1998.) HUD selected Abt Associates to conduct the assessment, which was published as *Capital Needs in the Public Housing Program* (Contract # C-DEN-02277-TO001) on November 24, 2010. The assessment estimated total capital needs of the nation's public housing portfolio in 2010 to be $25,607,944,000. In addition, the assessment noted that "assuming that existing capital needs were completely addressed, each year approximately $3.4 billion would be required to address the ongoing accrual needs, or on average $3,155 per unit." Extrapolating the $3.4 billion in accrual needs each year from 2010 until 2019, the capital needs backlog is currently estimated to be $56.6 billion.

According to an extensive study of American Indian and Alaska Native (AIAN) housing conditions, some 6% of AIAN homes located in tribal areas had inadequate plumbing, 12% had heating deficiencies, and 16% were overcrowded, while nationwide only 1–2% of homes suffered each of these conditions.[23]

Despite the challenges and clear need, federal investments in affordable housing on tribal lands are chronically underfunded, particularly in more rural and remote areas. Because funding levels have not kept pace with inflation, the purchasing power of tribal housing programs have been reduced by about one-third since the enactment of the Native American Housing Assistance and Self-Determination Act (NAHASDA).[24]

Rural communities also face unique challenges to building and preserving affordable rental housing. Rural America tends to have lower incomes, higher poverty rates, and limited access to affordable capital. Federal funding for rural housing has been underfunded for decades, greatly reducing the ability to build new affordable rental homes and preserve existing housing stock, much of which is in poor and deteriorating condition and at risk of obsolescence.[25]

III. Alleviating the Affordable Housing Crisis Through Infrastructure Investments

Policymakers from both sides of the aisle agree that a large-scale investment in infrastructure should be a priority for Congress. To maximize this investment's impact on long-term economic growth, any infrastructure package should include resources to preserve and build affordable homes for families with the lowest incomes. Investing in deeply affordable housing infrastructure through new construction and preservation will bolster productivity and economic growth, provide long-term assets that connect low-income families to communities of opportunity, support local job creation and increased incomes, and create inclusive communities.

The connection between affordable housing and infrastructure is clear: like roads and bridges, affordable housing is a long-term asset that helps communities and families thrive. Without access to affordable housing, investments in transportation and infrastructure will fall short of creating vibrant, well-functioning communities. Increasing the supply of affordable housing, especially in areas connected to good schools, well-paying jobs, healthcare, and transportation, helps people climb the economic ladder and leads to stronger communities.

Housing infrastructure investments can also help create more inclusive communities. Historically, federal transportation infrastructure policies created and reinforced racial segregation by allowing the construction of highways and railroads to separate communities, contain their expansion, and physically isolate them from economic opportunity and community resources. By investing in affordable housing and transportation infrastructure in an equitable manner, Congress can create more robust and stable local economies and transform historically disadvantaged communities into ones of opportunity.

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[23] HUD. 2017. *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*. Washington, DC: Author. See: https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html

[24] National Low Income Housing Coalition. 2019. *Advocates Guide*. Washington, DC: Author. See: https://nlihc.org/sites/default/files/AG-2018/2018_Advocates-Guide.pdf

[25] Housing Assistance Council. 2019. *Taking Stock: Rural People, Poverty and Housing in the 21st Century.* Washington, DC: Author. See: http://www.ruralhome.org/sct-information/mn-taking-stock

IV. The *"Housing is Infrastructure Act of 2019"*

The housing investments proposed by Chairwoman Waters in the "Housing is Infrastructure Act of 2019" are badly needed and long overdue. Investing in America's deteriorating public housing infrastructure, while also constructing new affordable homes for those with the greatest needs, including those in rural and tribal communities, should be included in any new infrastructure spending package.

Specifically, NLIHC strongly supports Chairwoman Waters's proposed investments of:

- **$5 billion to expand the national Housing Trust Fund (HTF)**, a program focused exclusively on addressing the underlying cause of the affordable housing crisis: the severe shortage of affordable rental homes for people with the lowest incomes;

- **$70 billion to repair and rehabilitate public housing** to preserve these affordable homes for current tenants and future generations; and

- **$2 billion to address critical housing needs in rural and tribal areas** through USDA's multifamily preservation and revitalization (MPR) program and programs authorized by the Native American Housing Assistance and Self-Determination Act (NAHASDA).

Additionally, increased funding for pre-disaster mitigation and new incentives for local governments to remove barriers and lower costs for affordable housing development, as proposed in the "Housing is Infrastructure Act of 2019," are important steps in the right direction.

The National Housing Trust Fund

The HTF, signed into law by President George W. Bush, is the first new federal housing resource in a generation exclusively targeted to build and preserve rental homes affordable to people with the lowest incomes. The HTF is administered as a block grant, allowing each state the flexibility to decide how to best use HTF resources to address the most pressing housing needs of its lowest-income renters. States are using their HTF investments to build, rehabilitate, or preserve affordable rental homes for extremely low-income veterans, seniors, people with disabilities or special needs, and people experiencing homelessness.

HTF funds are distributed to states by a formula that has four primary factors and one secondary factor. All four of the primary factors are based on the needs of the lowest-income renters. Two of these factors are based on the shortage of rental units affordable and available to extremely low-income and very low-income households. The other two primary factors are based on the number of extremely low-income and very low-income renter households paying more than 50% of their incomes for rent and utilities. The secondary factor reflects the relative cost of construction in a state compared to the national cost. The statute guarantees each state a minimum of $3 million dollars each year an allocation is made.

While still new, the HTF program is allowing local communities to build much-needed rental homes for some of the country's lowest-income and most vulnerable families. NLIHC's recent interim analysis of how states have started using the 2016 national allocation of $174 million found that 43 states awarded HTF funds to 138 projects with over 1,500 HTF-assisted homes.[26] Since the mid-September 2018 interim report, all states and the District of Columbia have awarded HTF funds bringing the total to 160 projects with more than 1,900 HTF-assisted homes.

To allow this critical work to continue and better meet the overwhelming need, Congress should include the "Housing is Infrastructure Act of 2019" provision of $5 billion for the HTF in a final infrastructure spending package.

Public Housing Capital Fund

An investment of $70 billion for the Public Housing Capital Fund, as proposed in the "Housing is Infrastructure Act of 2019," could quickly be put to use to repair America's deteriorating public housing infrastructure. With this level of investment, communities could address the growing backlog of capital needs in public housing to make critical infrastructure repairs, such as fixing leaky roofs, replacing outdated heating systems, and remediating mold to improve the health and living conditions for millions of residents, and to protect a key piece of America's affordable rental housing stock.

The federal government has already invested resources to develop, maintain, and operate public housing. Without increased funding for preservation, communities will lose an important asset, low-income people will lose their homes, and the federal government will lose its investment.

Rural and Tribal Housing

Congress should invest at least $2 billion to address the critical shortage of affordable rental housing in rural and tribal areas, as proposed in the "Housing is Infrastructure Act of 2019." By increasing resources for HUD's NAHASDA program and USDA's Multifamily Preservation and Revitalization (MPR) and Section 515 Rural Rental Housing Loan programs, Congress can begin to provide tribes and rural communities the assistance they need to preserve affordable homes for current and future tenants. Without increased resources, many of these particularly vulnerable communities may lose their only available source of affordable rental homes.

Other Considerations

NLIHC supports an expansion of the Low Income Housing Tax Credit (Housing Credit) program as part of an infrastructure package, as being considered by the House Ways and Means Committee. An expansion of the Housing Credit should be paired with needed improvements to the program to increase its ability to serve extremely low-income renters and to encourage development in challenging markets, like rural communities and tribal lands. Even with these reforms, however, the Housing Credit cannot on its own meet the housing needs of renters with the lowest incomes. Additional targeted resources, including investments in the Housing Trust Fund, public housing capital repairs, and rural and tribal housing, must be included in any final infrastructure package to ensure that families with the greatest housing needs benefit.

NLIHC opposes proposals to increase the income targeting of federal subsidized housing programs – whether through the CDBG program or proposals to subsidize middle-income,

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[26] National Low Income Housing Coalition. 2018. *Getting Started: First Homes Being Built with 2016 National Housing Trust Fund Awards*. Washington, DC: Author. See: https://bit.ly/2pPj9YT

market rate housing. Using scare federal dollars to subsidize market-rate housing is misguided and wasteful. In most areas of the country, the private market meets the needs of middle-income renters. Where it does not, the federal government's role should be incentivizing or requiring local communities to decrease regulatory and zoning barriers to facilitate more housing production by the private sector. Congress should consider utilizing federal infrastructure investments as incentives for local communities to do so.

V. The Case for Increased Federal Investments in Affordable Homes

Investing in affordable housing solutions, like the national HTF, public housing, rural and tribal housing, and other proven solutions to ending homelessness and housing poverty improves lives and saves the federal government money. Research clearly demonstrates that housing is inextricably linked to an array of positive outcomes in other sectors.

Education: Student achievement is maximized when students can go home to stable, affordable homes. Low-income children in affordable homes perform better on cognitive development tests than those in unaffordable homes.[27] Low-income students who are forced to change schools frequently because of unstable housing perform less well in school and are less likely to graduate,[28] and continual movement of children between schools disrupts learning for all students in the classroom because more time is required for review and catch-up work.[29] When affordable housing options are located in high-opportunity areas with low poverty and economically diverse schools, it can dramatically lift the academic performance of low-income students and narrow the achievement gap between them and their more affluent peers.[30] Across the country, low-income families are priced out of the strongest schools; housing near high-performing public schools costs 2.4 times more than housing near low-performing public schools.[31]

Health: Decent, stable, affordable homes are a major social determinant of health and are linked to better health outcomes throughout a person's lifespan. Children who experienced pre-natal homelessness are 20% more likely to have been hospitalized since birth. Children who

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[27] Newman, S. J. & C. S. Holupka. 2015. *Housing Affordability and Child Well-Being*. Housing Policy Debate, 25(1), 116-151. Retrieved: https://www.tandfonline.com/doi/abs/10.1080/10511482.2014.899261

[28] Voight, A., Shinn, M., & Nation, M. 2012. *The Longitudinal Effects of Residential Mobility on the Academic Achievement of Urban Elementary and Middle School Students*. Educational Researcher, 41(9), 385-392. Retrieved from http://journals.sagepub.com/doi/pdf/10.3102/0013189X12442239; Cunningham, M., & MacDonald, G. 2012. *Housing as a Platform for Improving Education Outcomes among Low-Income Children*. Washington, DC: Urban Institute. Retrieved from: http://www.urban.org/sites/default/files/publication/25331/412554-Housing-as-a-Platform-for-Improving-Education-Outcomes-among-Low-Income-Children.PDF; Fischer, W. 2015. *Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children*. Washington, DC: Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous.pdf.

[29] Cunningham, M., & MacDonald, G. 2012. *Housing as a Platform for Improving Education Outcomes among Low-Income Children*. Washington, DC: Urban Institute. Retrieved from http://www.urban.org/sites/default/files/publication/25331/412554-Housing-as-a-Platform-for-Improving-Education-Outcomes-among-Low-Income-Children.PDF

[30] Schwartz, H. 2010. *Housing Policy is School Policy*. Washington, DC: The Century Foundation. Retrieved from https://tcf.org/assets/downloads/tcf-Schwartz.pdf.

[31] Rothwell, J. 2012. *Housing Costs, Zoning, and Access to High-Scoring Schools*. Washington DC: Brookings Metropolitan Policy Program. Retrieved: https://www.brookings.edu/wp-content/uploads/2016/06/0419_school_inequality_rothwell.pdf

experienced post-natal homelessness are 22% more likely to have been hospitalized since birth.[32] In 2011, families living in unaffordable homes spent one-fifth as much on necessary healthcare compared to those in affordable housing.[33] When people have access to good affordable housing, primary care visits increase by 20%, ER visits decrease by 18%, and total Medicaid expenditures decrease by 12%.[34] Children's HealthWatch estimates that the U.S. will spend $111 billion over the next ten years in avoidable healthcare costs because of housing instability[35].

Racial Equity: Affordable homes located in economically diverse neighborhoods can help reduce residential segregation and concentrations of poverty. Today, one in four African American families and one in six Hispanic families live in neighborhoods of concentrated poverty, compared to only one in 13 white families. A recent study by the Urban Institute found that if Chicago reduced its residential segregation just to the national median, incomes for African Americans would rise by $2,982 per person per year, regional GDP would increase by $8 billion, the homicide rate would decrease by 30%, residential real estate values would increase by six billion dollars, and 83,000 more adults would complete a bachelor's degree.[36]

Economic Mobility: Affordable homes can also help children achieve the American dream by climbing the income ladder as adults. Economist Raj Chetty and his team looked at low-income children whose families used housing vouchers to access affordable homes located in neighborhoods with lower poverty. These children were much more likely to attend college, less likely to become single parents, and more likely to earn more as adults. In fact, younger poor children who moved to lower-poverty neighborhoods with a housing voucher earned an average of $302,000 more over their lifetimes compared to their peers in higher-poverty neighborhoods.[37] In 2015, the Children's Defense Fund modeled an expansion of the Housing Choice Voucher program and found that expanding these housing subsidies would reduce child poverty by 20.8% and lift 2.3 million children out of poverty. In fact, they found housing subsidies would have the greatest impact on alleviating child poverty compared to the nine other policy solutions they explored.[38]

Economic Productivity: Investments in affordable homes are a proven catalyst for economic growth, job creation, increased government revenue, and increased consumer spending.

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According to the National Association of Home Builders, building 100 affordable homes generates $11.7 million in local income, 161 local jobs, and $2.2 million in taxes and other revenues for local government. The high costs of housing are limiting opportunities for people to increase their earnings, which, in turn, slow GDP growth. Researchers estimate that GDP growth between 1964 and 2009 would have been 13.5% higher if families had better access to affordable homes. This GDP increase would have meant a $1.7 trillion increase in income, or $8,775 in additional wages per worker.[39]

Food Security: When rent eats up an already limited paycheck, low-income families have fewer resources to buy adequate and nutritious food. Low-income families that live in affordable homes experience greater food security and their children are 52% less likely to be seriously underweight compared to those who are cost-burdened by rent.[40]

Criminal Justice: Individuals transitioning out of the criminal justice system face many housing obstacles and are vulnerable to homelessness. They need a good place to call home so that they can reconnect with society and rebuild their lives. Formerly incarcerated individuals who find stable affordable housing are less likely to go back to jail than those who do not.[41]

Veterans: After serving our country bravely, veterans need access to decent, stable, affordable homes so they can thrive in the neighborhoods they swore to defend. Rental assistance for veterans has proven highly effective in dramatically reducing veteran homelessness, but there remains significant unmet need.[42]

The evidence is abundantly clear that being able to afford a decent home in a strong neighborhood is a prerequisite for opportunity in America. The promise of better health, increased economic opportunity, and quality education can be fulfilled only if our nation's families have safe, decent, affordable homes.

VI. Conclusion

The country's affordable housing crisis has reached historic heights, most harming the lowest income renters. Inaction is expensive; investments in proven solutions to end homelessness and housing poverty benefit us all. Like roads and bridges, affordable housing is a long-term asset that helps communities and families thrive. Without access to affordable housing, investments in transportation and infrastructure will fall short of creating vibrant, well-functioning communities. An infrastructure package presents an opportunity for Congress to increase investments in decent, affordable rental homes for households with the lowest incomes. NLIHC looks forward to working with Congress to advance and enact an infrastructure spending package that includes the "Housing is Infrastructure Act of 2019." Thank you again for the opportunity to testify today. I look forward to your questions.

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