

## **Testimony of Diane Yentel**

President and CEO of the National Low Income Housing Coalition  
Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs  
“Building Consensus to Address Housing Challenges”

April 26, 2023

Chairman Brown, Ranking Member Scott, and members of the Committee, thank you for the opportunity to testify before this committee on building consensus to address housing challenges.

The National Low Income Housing Coalition (NLIHC) is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice. NLIHC’s members include residents of public and assisted housing, people experiencing homelessness and other low-income people in need of affordable homes, housing providers, homeless services providers, fair housing organizations, state and local housing coalitions, public housing agencies, faith-based organizations, concerned citizens, and others. While our members include a spectrum of housing interests, we do not represent any one segment of the housing field. Rather, NLIHC works on behalf of and with low-income people who receive or need federal housing assistance, especially extremely low-income people and people who are homeless.

Even before the pandemic, millions of extremely low-income households – disproportionately people of color – struggled to remain housed, always one financial shock away from falling behind on rent and being threatened with eviction and, in the worst cases, homelessness. On any given night, more than half a million people were experiencing homelessness, and millions more were at risk.<sup>1</sup>

The underlying cause of America’s housing and homelessness crisis is the severe shortage of homes affordable and available to people with the lowest incomes and the widening gap between incomes and housing costs. There is a national shortage of 7.3 million homes that are affordable and available to America’s lowest-income renters – those with incomes at or below either the federal poverty rate or 30% of their area median income, whichever is greater. The severe shortage of affordable and available homes for extremely low-income renters is a structural feature of the country’s housing system, consistently impacting every state and nearly every community.<sup>2</sup>

Housing costs are out of reach for too many of the lowest-income renters.<sup>3</sup> Rents are far higher than what the lowest-income and most marginalized renters, including seniors, people with disabilities, and working families, can spend on housing. Despite the clear and urgent need, Congress only provides housing assistance to one in four eligible households.<sup>4</sup>

In the absence of affordable housing options, 10 million of the lowest-income renter households pay at least half of their income on rent, leaving them without the resources they need to put food on the table, purchase needed medications, or otherwise make ends meet.<sup>5</sup> Paying so much of their limited income on rent leaves the lowest-income families always one financial emergency or unexpected expense away from facing eviction and, in worst cases, homelessness. For millions of these households, the COVID-19 pandemic was that financial shock.

The pandemic and accompanying economic hardship put as many as 12 million households at risk of losing their homes without immediate government action. Federal, state, and local governments responded to the warnings of housing advocates and impacted people with unprecedented resources and protections to keep renters housed, including \$46.6 billion in emergency rental assistance (ERA) and a national eviction moratorium. These temporary measures significantly reduced housing instability and unnecessary suffering during the pandemic, but as protections expire and emergency resources are depleted, the lowest-income renters are now struggling more than ever.

The pandemic's negative impact on employment and incomes, followed by severe rent and other inflation, worsened an affordable housing crisis that was already acute. Between 2019 and 2021, the gap in affordable and available rental homes for renters with extremely low incomes grew from 6.8 million to 7.3 million, leaving these renters with even fewer places to turn.<sup>6</sup> Despite an improving outlook in early 2023, characterized by flattening rental inflation and low unemployment, the lowest-income renters will continue to struggle to find affordable homes until permanent solutions to widespread housing unaffordability are enacted, implemented, and enforced.

The housing crisis existed before the pandemic, was exacerbated by its disruptions, and will continue to persist after COVID-19 resources are depleted. For this reason, Congress must increase investments in long-term solutions to the persistent underlying shortage of affordable, accessible homes in the United States and improve renter protections for the lowest-income people. Congress should make rental assistance universally available to all eligible households in need; preserve and expand the supply of homes affordable to people with the lowest incomes; provide resources to prevent evictions and homelessness; and strengthen and enforce renter protections. These solutions must be paired with reforms to break down barriers that prevent access to critical resources and that deepen racial disparities.

The 118<sup>th</sup> Congress can advance these long-term solutions through bipartisan legislation, the fiscal year (FY) 2024 appropriations process, and other critical pieces of legislation. NLIHC is committed to working with Democrats and Republicans to advance solutions to America's affordable housing crisis. Immediate bipartisan opportunities to advance housing access include increasing housing stability and economic mobility among low-income families; investing in cost-effective eviction prevention tools; improving and streamlining existing housing programs; cutting red tape to build housing for people with the lowest incomes; improving oversight of federal disaster resources; expanding and reforming affordable housing development programs; and providing better access to fair and affordable housing, among others.

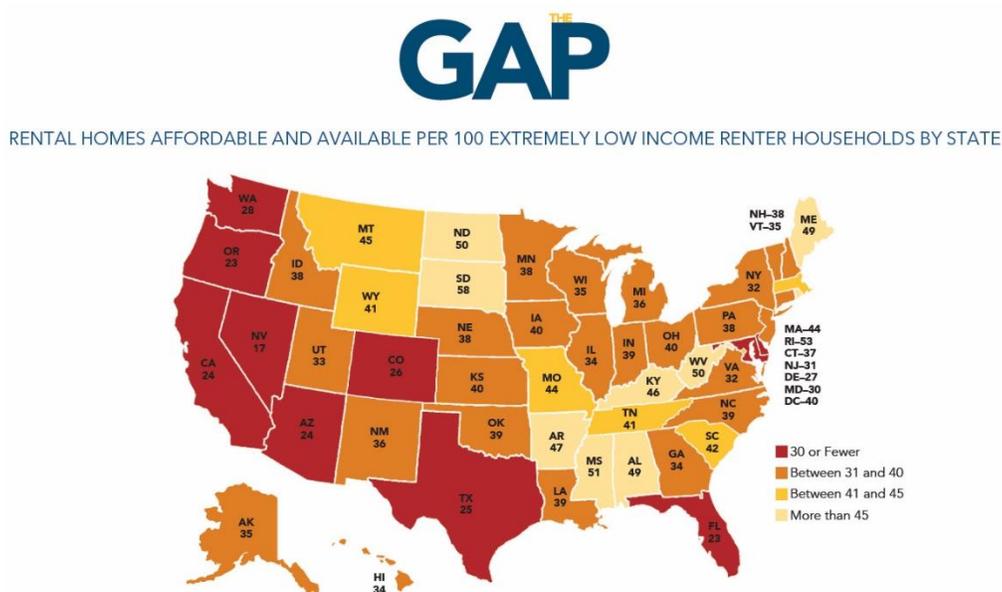
As Congress considers spending priorities, it should reject any efforts to balance the federal budget by slashing programs that help the lowest-income households survive. Without adequate funding for vital federal affordable housing and homeless assistance programs, millions of the lowest-income and most marginalized households will continue to experience homelessness or remain at risk, paying more than half their limited income on rent. Instead of dramatically cutting housing and other domestic spending, Congress should provide the highest level of investment possible for federal housing and homelessness programs through the annual appropriations process and other means.

## Underlying Causes of the Housing Crisis

### *A Shortage of Affordable Housing for the Lowest-Income Renters*

Even before the COVID-19 pandemic, our country was in the grips of a pervasive affordable housing crisis, impacting rural, suburban, and urban communities alike (Figure 1). An underlying cause of America's housing crisis is a market failure that has resulted in a severe shortage of rental homes affordable to people with the lowest incomes. Nationwide, there is a shortage of 7.3 million homes affordable and available to extremely low-income renters, whose household incomes are at or below either the poverty guideline or 30% of their area median income (whichever is greater). For every 10 of the lowest-income renter households, there are fewer than four homes affordable and available to them.<sup>7</sup>

**Figure 1**



The shortage of affordable and available homes for the lowest-income renters ranges in severity, but there is no state or congressional district with enough affordable homes for its lowest-income renters. For example, in both Chairman Brown's state of Ohio and Ranking Member Scott's state of South Carolina, there are only four affordable homes available for every 10 of the lowest-income renter households.<sup>8</sup>

Systemic racism, past and present, has led to significant racial disparities in both renter demographics and adverse outcomes experienced by renters, such as cost burdens, evictions, and homelessness. The unaffordability of the rental market disproportionately harms Black and Latino households because they are more likely at all income levels to be renters: 27% of white households are renters, compared to 57% of Black households and 52% of Latino households.<sup>9</sup>

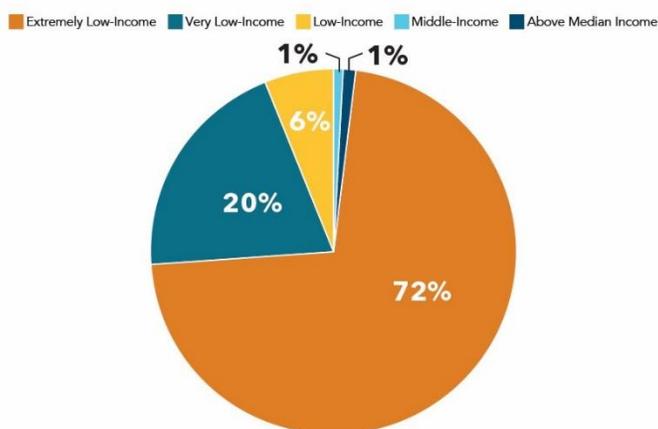
Moreover, renters of color are much more likely than white households to be extremely low-income renters. Nineteen percent of Black households, 17% of American Indian or Alaska Native households, and 14% of Latino households are extremely low-income renters, compared to only 6% of white non-Latino households. Renters of color are also more likely to experience housing cost burdens than white, non-Latino renters. While 44% of white renters are cost-

burdened, 55% of Black, non-Latino renters and 52% of Latino renters are housing cost-burdened. Nearly one-third of Black renters are severely cost-burdened, compared to 23% of white renters.<sup>10</sup>

Nationwide, 10 million of the lowest-income renters pay at least half their income on rent, leaving them without the resources they need to make ends meet. Housing cost burdens are concentrated among the lowest-income renters. Eighty-six percent of extremely low-income renters are cost-burdened, and 73% of extremely low-income households are severely cost-burdened. Of the 11.3 million severely cost-burdened renter households, 8.1 million (72%) have extremely low incomes and 2.3 million have very low incomes (Figure 2).<sup>11</sup> Research indicates that the lowest-income households spend significantly less on other necessities – such as food, clothing, transportation, and healthcare – when they are forced to spend more than half their income on rent and utilities.<sup>12</sup>

**Figure 2**

EXTREMELY LOW-INCOME RENTERS MAKE UP MAJORITY OF SEVERELY COST-BURDENED RENTERS  
SEVERELY COST-BURDENED RENTER HOUSEHOLDS BY INCOME GROUP, 2021



Source: NLIHC tabulations of 2021 ACS PUMS data.

<https://nlihc.org/gap>

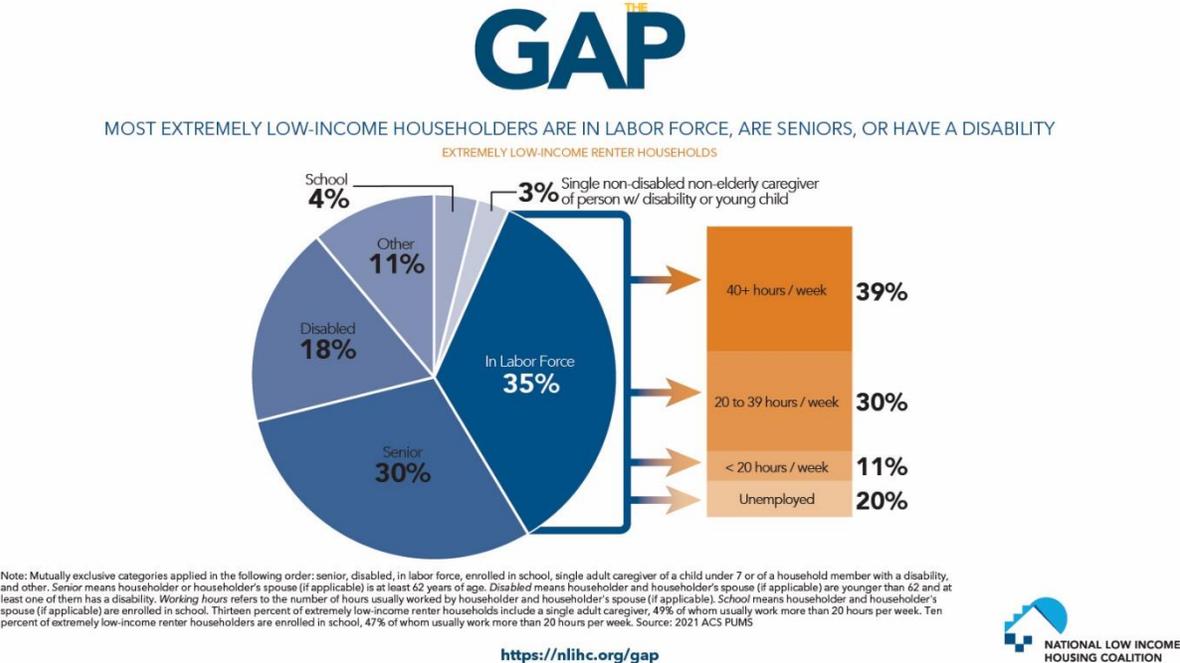


Making matters worse, the existing affordable housing stock is often in poor condition, due to decades of underfunding by the federal government. Moreover, much of this housing stock is on the verge of becoming less affordable, given that affordability requirements are in many cases set to expire soon.<sup>13</sup> Based on past trends, more than 176,000 federally assisted rental homes with affordability restrictions set to expire over the next five years could be lost from the affordable housing stock if preservation efforts are not expanded. Nearly 22,000 additional homes could also be lost in the next few years through public housing disposition, foreclosure, or early owner opt outs.<sup>14</sup> Meanwhile, the country's public housing infrastructure requires an estimated \$70 billion in needed repairs.<sup>15</sup> The failure to preserve federally subsidized housing can lead to unaffordable rents, a loss of habitability, or evictions for current tenants. Given the current shortage of affordable homes and chronic underfunding of federal programs, preventing the loss of this already limited supply is essential.

### The Gap between Incomes and Housing Costs

A major cause of housing instability is the fundamental mismatch between growing housing costs and stagnant incomes for people with the lowest incomes. Most extremely low-income renters are in the labor force (35%), while the remaining extremely low-income renters tend to be either seniors (30%), people with a disability (18%), or students and single-adult caregivers to young children or household members with a disability (7%) (Figure 3).<sup>16</sup>

Figure 3



Yet despite the fact that most of the lowest-income renters work more than 20 hours per week, they are still not able to reasonably afford the cost of rent. The average monthly fair market rents for one-bedroom and two-bedroom rental homes are \$1,105 and \$1,342, respectively. These rents are much higher than what many renters can afford (Figure 4).

Figure 4



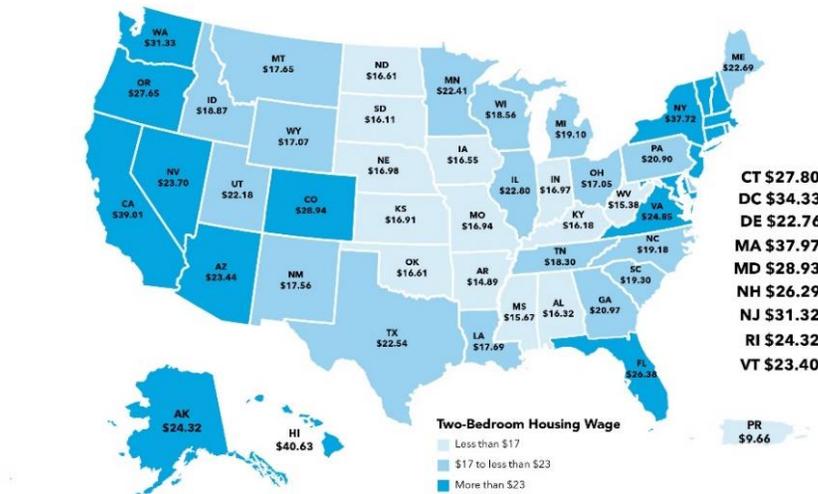
Source: NLIHC calculation of weighted-average HUD Fair Market Rent. Affordable rents based on income and benefits data from BLS QCEW, 2020 adjusted to 2022 dollars; U.S. Department of Labor, Employment and Training Administration, March 2022; and Social Security Administration, 2022 maximum federal SSI benefit for individual.



NLIHC’s *Out of Reach: The High Cost of Housing*<sup>17</sup> annual report estimates each locality’s “Housing Wage” – the hourly wage a full-time worker must earn to afford a modest apartment without spending more than 30% of their income on housing. In 2022, the national Housing Wage was \$25.82 per hour for a modest two-bedroom rental home and \$21.25 per hour for a modest one-bedroom rental home. In nearly every state, a renter working full-time and earning less than \$15 per hour is unable to afford a two-bedroom apartment (Figure 5).

Figure 5

## 2022 TWO-BEDROOM RENTAL HOUSING WAGES



\*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for sub-county jurisdictions with minimum wages higher than the prevailing county, state, or federal minimum wage. No local minimum wages are sufficient to afford a one-bedroom rental home at the Fair Market Rent with a 40 hour work week. The geographic variation of Oregon and New York’s state minimum wages are reflected at the county level.



The average minimum wage worker must work 96 hours per week (nearly two and a half full-time jobs) to afford a two-bedroom rental home, or 79 hours per week (approximately two full-time jobs) to afford a one-bedroom rental home at the fair market rent. People who work 96 hours per week and need eight hours per day of sleep have around two hours per day left over for everything else – commuting, cooking, cleaning, self-care, caring for children and family, and serving their community.

Eleven of the 25 largest occupations in the U.S. pay a lower median hourly wage than the wage a full-time worker needs to earn to afford a modest one- or two-bedroom apartment at the national average fair market rent. More than 24 million people work in the five lowest-paying occupations – retail sales, food and beverage services, food preparation, home health aide and personal care services, and building cleaning. Workers in these occupations earn median hourly wages that fall more than \$6 short of what a full-time worker needs to earn per hour for a one-bedroom apartment.<sup>18</sup>

Low-wage workers are not the only renters who struggle to afford their housing. Housing is unaffordable for low-income families in a variety of circumstances. Three-quarters of the nation's 4.4 million senior renters with incomes less than 50% of their area median income are housing cost-burdened. More than 2 million households are very low-income, have a disability, and are not in the labor force, with most of these households paying more than 30% of their income toward rent. Of the country's approximately 850,000 very low-income householders who are single-adult caregivers or students, 93% are cost-burdened.<sup>19,20</sup>

### ***A Lack of Federal Resources***

The shortage of rental homes affordable to the lowest-income people is caused by market failures and the chronic underfunding of solutions. Government intervention, in the form of subsidies, is necessary to fill the gap between what the lowest-income people can afford to pay and the costs of developing and operating rental homes. Congress has consistently underfunded housing subsidies such that only one in four households eligible for housing assistance receives any.<sup>21</sup> In consequence, millions of families are placed on waitlists for housing assistance, with many facing homelessness or overcrowding while they wait.<sup>22</sup>

Congress has also divested from public housing for decades, resulting in the accrual of over \$70 billion in unmet capital backlog needs.<sup>23</sup> Our nation now loses 10,000 to 15,000 units of public housing every year to obsolescence or decay, while other units continue to fall into deep disrepair. This divestment leaves public housing residents routinely exposed to dangerous living conditions and health hazards, including lead, carbon monoxide, mold, asbestos, radon, and pests.<sup>24</sup>

### **Long-Term Solutions to the Housing Crisis**

Only sustained and significant federal investments in rental housing can ensure that the lowest-income renters have safe, accessible, affordable homes. Addressing the roots of the housing affordability problem requires a commitment by Congress to bridging the gap between incomes and rent through universal rental assistance, expanding and preserving the supply of rental homes affordable to the lowest-income people, providing emergency assistance to stabilize and prevent homelessness for renters experiencing financial shocks, and establishing and enforcing strong renter protections.

### ***Bridging the Gap between Incomes and Housing Costs through Universal Rental Assistance***

Congress should expand rental assistance to make it universally available to all eligible households in need. Making rental assistance available to all eligible households is central to any successful strategy for solving the housing crisis. Rental assistance is a critical tool for helping the lowest-income people afford decent, stable, accessible housing, and the Housing Choice Voucher program has a proven record of reducing homelessness and housing poverty.<sup>25</sup> A growing body of research finds that rental assistance can improve health and educational outcomes, increase children's chances of long-term success, and advance racial equity.<sup>26</sup>

### ***Expanding and Preserving the Supply of Affordable Rental Homes***

To fully address the shortage of affordable rental housing for renters with extremely low incomes, Congress must increase funding both to preserve the stock of existing affordable housing and increase the supply of deeply affordable units through expansion of the national Housing Trust Fund (HTF), while also incentivizing or requiring communities to reform restrictive local zoning ordinances that inhibit the supply of apartments and drive up costs for everyone.

Efforts to expand the federally assisted housing stock and close the affordability gap hinge on the preservation of existing affordable housing. Preservation prevents the displacement of current tenants, stops the loss of difficult-to-replace housing in desirable neighborhoods, mitigates disinvestment from distressed communities, and prevents further decline in the already limited federally subsidized housing stock, while also presenting opportunities to reduce greenhouse gas emissions through energy retrofitting. Congress must provide robust resources to preserve the roughly 900,000 public housing units that are currently home to over 2 million residents, the majority of whom are people of color. Public housing is critical to ensuring people with the greatest needs have an affordable and accessible place to call home, and the preservation of this community asset is key to any strategy to address America's housing crisis.

### ***Providing Emergency Rental Assistance to Stabilize Families and Prevent Evictions***

The COVID-19 crisis highlighted a reality that has long been true: many households are only one missed paycheck or unexpected expense away from being unable to afford their housing. Permanent solutions are needed to combat the evictions and homelessness that can occur when low-income renters experience income loss or unexpected financial shocks. Congress should build on the lessons learned from and successes of the emergency rental assistance (ERA) program created during the pandemic by enacting a permanent program administered by HUD to help stabilize families before they face eviction, displacement, or homelessness.

Together with the national eviction moratorium, ERA helped millions of renters avoid evictions and homelessness during the pandemic. Through December 2022, an estimated 10.8 million ERA payments had been provided to renter households who were behind on their rent. Overall, ERA programs have provided at least \$34 billion in financial assistance to households and housing stability services. In 2021, these resources helped cut eviction filings in half – to the lowest levels on record. More than 85% of households served by the ERA program were extremely low- or very low-income, and funding reached a diverse set of households, with available data indicating that a high share of the households served identified as Black, Latino, or female.<sup>27</sup> Given the success of ERA in promoting housing stability and preventing evictions,

every effort should be made to preserve the newly created ERA infrastructure as an essential component of the housing safety net.

### ***Establishing and Enforcing Strong Renter Protections***

During the pandemic, state and local jurisdictions across the country were quick to recognize the crucial role tenant protections play in preventing evictions and ensuring housing stability for the most marginalized households. Since early 2021, state and local governments have enacted or implemented more than 200 renter protections to protect renters in their jurisdictions. Federal legislation is now needed to ensure that renters in all jurisdictions benefit from basic protections.<sup>28</sup>

Congress should enact federal protections to address the power imbalance between landlords and renters. Such protections should include source-of-income laws to prevent landlords from discriminating against voucher holders; “just cause” eviction standards; guaranteed access to legal counsel to put renters on more equal footing with landlords; eviction record sealing and expungement requirements; and limits on rent gouging.

### **Legislative Opportunities in the 118<sup>th</sup> Congress for Alleviating the Housing Crisis**

Numerous opportunities are available in the 118<sup>th</sup> Congress to advance bipartisan legislation to help address homelessness and housing poverty. NLIHC urges the Senate to advance and pass these and other important bills as soon as possible.

#### ***Increasing Economic Mobility with the “Family Stability and Opportunity Vouchers Act”***

Congress should enact the “Family Stability and Opportunity Vouchers Act” to connect low-income families with economic and educational opportunities. The bipartisan bill, re-introduced this week by Senators Chris Van Hollen (D-MD) and Todd Young (R-IN), would provide 250,000 new housing vouchers as well as counseling services to help low-income families with young children move to communities of their choice including communities with high-performing schools, strong job prospects, and other essential resources.

Access to safe, stable, affordable housing is linked to nearly every quality-of-life measure, including better educational and health outcomes, racial equity, and economic mobility. A landmark study by Harvard University economist Raj Chetty demonstrates the enormous positive impact of affordable housing on upward economic mobility for children of low-income families.<sup>29</sup> The Family Stability and Opportunity Vouchers Act is a bipartisan, evidence-based initiative that would improve outcomes for low-income children by helping their families afford homes in neighborhoods of their choice.

#### ***Investing in Cost-Effective Eviction Prevention Tools through the “Eviction Crisis Act”***

Congress should also enact the “Eviction Crisis Act” (S.2182), introduced in the 117<sup>th</sup> Congress by Senator Rob Portman (R-OH), Senator Michael Bennet (D-CO), and Chairman Sherrod Brown (D-OH). The legislation would provide emergency, short-term assistance to help stabilize households in crisis, building on lessons learned from and the infrastructure developed during the pandemic to keep families stably housed.

Evictions push families deeper into poverty, harming health outcomes, hampering educational attainment, and resulting in numerous other negative effects. When a household faces an emergency, it needs focused, short-term help, not a one-way ticket to further housing instability.

By passing the bipartisan Eviction Crisis Act, Congress would build off lessons learned during the pandemic and create a permanent, cost-effective tool to provide assistance to stabilize households before they face evictions and homelessness and to reduce the harms and costs associated with evictions for individuals and communities.

### ***Reforming and Streamlining Rental Assistance Programs with the “Choice in Affordable Housing Act”***

Congress should advance bipartisan efforts to streamline and improve the Section 8 Housing Choice Voucher program. For example, Congress should enact the bipartisan “Choice in Affordable Housing Act” (S.32) introduced by Senators Chris Coons (D-DE) and Kevin Cramer (R-ND) to reduce inspection delays, create landlord incentives, facilitate recruitment efforts with local property owners, and expand the use of Small Area Fair Market Rents. Such changes could increase voucher holders’ housing choices and reduce programmatic barriers to help attract and retain landlords in the program. To help renters on tribal land, the bill would also increase funding to the Tribal HUD-Veterans Affairs Supportive Housing (HUD-VASH) program.

### ***Cutting Red Tape to Build More Housing through the “Yes In My Backyard Act”***

Congress must also incentivize or require state and local governments to reduce or eliminate restrictive zoning and land use requirements that drive up housing costs and constrict the supply of housing, especially in markets with significant growth in demand for housing. Congress should incentivize these reforms by tying federal transportation and infrastructure funds to better zoning outcomes.

To further reduce or eliminate zoning and land use restrictions, Congress should enact the bipartisan “Yes In My Backyard (YIMBY) Act,” introduced in the last session by Senator Todd Young (R-IN) and Senator Brian Schatz (D-HI). The bill would require HUD Community Development Block Grant (CDBG) grantees to report on actions taken to address zoning and land use barriers. Developers are often burdened with restrictive zoning rules that delay or prevent new housing and further restrict communities’ economic development. The YIMBY Act would cut red tape that prevents the development of affordable housing.

### ***Providing Greater Oversight and Ensuring Deeper Targeting of Federal Disaster Resources through the “Reforming Disaster Recovery Act”***

Congress should enact bipartisan legislation to permanently authorize HUD’s long-term disaster recovery program to provide greater oversight and deeper targeting of resources. The “Reforming Disaster Recovery Act” (S.2471/H.R.4707), introduced in the last session by Senator Susan Collins (R-ME), Senator Brian Schatz (D-HI), Senator Todd Young (R-IN), Senator Patrick Leahy (D-VT), and Senator Bill Cassidy (R-LA), would permanently authorize the Community Development Block Grant-Disaster Recovery (CDBG-DR) program and provide important safeguards and tools to help ensure that federal disaster recovery efforts reach the lowest-income and most marginalized disaster survivors. Because the program is not currently authorized, HUD must issue new rules through a *Federal Register* Notice whenever Congress provides long-term disaster funding, slowing the distribution of funds and preventing states and municipalities from anticipating and preparing for the receipt of funding before disasters occur.

## ***Building More Affordable Housing by Expanding and Reforming the Low-Income Housing Tax Credit Program***

The Low-Income Housing Tax Credit (LIHTC) program is the primary source of financing for the construction and preservation of affordable housing. While an important resource, LIHTC is rarely sufficient on its own to build or preserve homes affordable to households with the lowest incomes. The majority (58%) of extremely low-income renters living in LIHTC developments who do not also receive rental assistance are severely cost-burdened, paying more than half their incomes on rent.

Congress can address this challenge by pairing any expansion of LIHTC with key reforms, including those in the bipartisan “Affordable Housing Credit Improvement Act” (AHCIA), which would ensure that the LIHTC program better serves people experiencing or at risk of homelessness. One important bipartisan reform is to expand the basis boost for housing developments financed with LIHTC in which at least 20% of units are set aside for households with extremely low incomes. This reform would allow LIHTC to be used to better target the lowest-income renters by making it possible to offer rents that are affordable to them, and to facilitate the development of more affordable housing for populations with special needs, such as formerly homeless individuals and people with disabilities.

Congress should also advance bipartisan reforms to LIHTC to better serve rural and tribal communities, which experience higher poverty rates and lower incomes and often lack access to affordable capital. Tribal nations have the most severe housing needs in the United States, with high rates of overcrowding, unreliable plumbing and heat infrastructure, and unique development issues. By designating rural and tribal communities as “Difficult to Develop,” as proposed by the bipartisan AHCIA, Congress would make housing developments in these areas automatically eligible for a 30% basis boost to ensure greater financial feasibility.

### **Providing Increased Access to Stable, Fair, Affordable Housing**

In the past, federal source-of-income protections garnered support among Republicans. Before retiring in 2018, Senator Orrin Hatch (R-UT) worked with Senator Tim Kaine (D-VA) to sponsor the “Fair Housing Improvement Act,” which would expand the “Fair Housing Act” to prohibit discrimination based on source of income and military and veteran status. NLIHC urges Republican leadership on the bill, which was recently reintroduced in the Senate by Senator Kaine.

Additionally, Congress should expand the Fair Housing Act to ban discrimination based on sexual orientation, gender identity, marital status, and source of income; establish anti-rent gouging protections for renters; end arbitrary screening and eviction policies to ensure access to housing for people exiting the criminal legal system; and enact legislation supporting tenant organizing.<sup>30</sup>

### **Threats to Federal Housing and Homelessness Investments**

Congress must reject proposals from House Republicans that call for severe funding cuts to domestic programs in the fiscal year (FY) 2024 appropriations bill and beyond. Reductions in federal appropriations for critical housing assistance programs that serve renters with the lowest incomes will exacerbate our affordable housing crisis and push even more families into housing instability and homelessness.

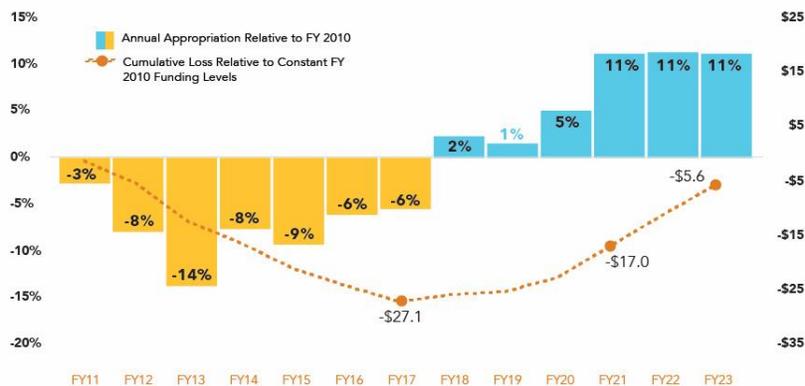
The House Republican proposal to cap funding in FY24 at FY22 levels would result in an estimated \$133 billion cut to domestic programs. Depending on how cuts are administered, affordable housing and homelessness programs could be reduced by at least 22%. HUD Secretary Marcia L. Fudge has stated that, if enacted, such cuts would “represent the most devastating impacts in HUD’s history” and “make it impossible to stave off mass evictions.”<sup>31</sup> HUD estimates that nearly 1 million households could lose access to rental assistance programs, and nearly 120,000 fewer people experiencing homelessness could be served.

To invest in affordable housing at the scale needed, Congress should reject any proposal to impose arbitrary and austere caps on domestic spending, such as those currently proposed by House Republicans, or those that were established under similar circumstances in the “Budget Control Act of 2011” (BCA). The BCA, enacted as a “compromise” to lift the debt ceiling, created arbitrarily low spending caps that led to disinvestment in key affordable housing and homelessness programs for a decade, preventing our nation from making the investments needed to address America’s housing and homelessness crisis.

Budget cuts not only exacerbate the problem but can generate negative long-term effects that are difficult to reverse. Increases to HUD’s appropriations in recent years, for example, have not entirely made up for the cuts experienced by HUD during the first years of budget caps under the BCA. Between FY11 and FY17, HUD was subject to seven consecutive years of real budget cuts after accounting for inflation. HUD’s cumulative appropriations during this time were \$27 billion less than if its annual appropriations had remained at FY10 levels, adjusted only for inflation. Even with significant increases in HUD’s appropriations in recent years, its cumulative appropriations since FY10 are still slightly lower than if annual appropriations had remained at FY10 levels (Figure 6).

**Figure 6**

### ANNUAL APPROPRIATIONS AND CUMULATIVE LOSS (IN BILLIONS) FOR KEY HUD HOUSING PROGRAMS RELATIVE TO FY 2010



Note: Adjusted for inflation. Key HUD housing programs include Tenant-Based Rental Assistance, Project-Based Rental Assistance, Public Housing Capital and Operating Funds, HOME, Section 202, and Section 811.

<https://nlihc.org/gap>



Our nation cannot afford further cuts to these critical investments, which help the lowest-income households survive. Federal funding for HUD and U.S. Department of Agriculture Rural Housing Service programs provides essential resources to promote strong and healthy communities and help more than 5 million of America's lowest-income and most marginalized seniors, people with disabilities, veterans, parents with children, and others afford stable and safe housing. Without adequate funding for vital federal affordable housing and homeless assistance programs, millions of the lowest-income and most marginalized households will continue to experience homelessness or remain at risk, paying more than half their limited income on rent. Instead of dramatically cutting housing and other domestic spending, Congress should provide the highest level of investment possible for federal housing and homelessness programs through the annual appropriations process.

## **The Case for Increased Federal Investments in Affordable Homes**

Investing in affordable housing solutions – like the national Housing Trust Fund, rental assistance, 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.<sup>32</sup> 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,<sup>33</sup> 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.<sup>34</sup> When affordable housing options are located in high-opportunity areas with low poverty rates and economically diverse schools, the academic performance of low-income students rises dramatically and the achievement gap between them and their more affluent peers narrows.<sup>35</sup> Yet across the country, low-income families are priced out of the strongest school districts: housing near high-performing public schools costs 2.4 times more on average than housing near low-performing public schools.<sup>36</sup>

### ***Health***

Decent, stable, affordable homes are a major social determinant of health and are linked to better health outcomes throughout a person's life. Children who experienced prenatal homelessness are 20% more likely to have been hospitalized since birth. Children who experienced post-natal homelessness are 22% more likely to have been hospitalized since birth.<sup>37</sup> In 2011, families living in unaffordable homes spent one-fifth as much on necessary healthcare as those in affordable housing.<sup>38</sup> When people have access to affordable housing, primary care visits increase by 20%, emergency room visits decrease by 18%, and total Medicaid expenditures decrease by 12%.<sup>39</sup> Children's HealthWatch estimates that the U.S. will spend \$111 billion over the next 10 years in avoidable healthcare costs due to housing instability.<sup>40</sup>

## ***Economic Mobility***

Affordable homes can also help children climb the income ladder as adults. In the study mentioned earlier, Raj Chetty and his team focused on low-income children whose families used housing vouchers to access affordable homes located in neighborhoods with lower poverty rates. Chetty and his colleagues found that such 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.<sup>41</sup> Similarly, in 2015, the Children's Defense Fund (CDF) 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. Indeed, the CDF study found that, compared to nine other policy solutions explored by researchers, housing subsidies would have the greatest impact on alleviating child poverty.<sup>42</sup>

## ***Economic Productivity***

Investments in affordable homes are a proven catalyst for economic growth, job creation, larger government revenues, and increased consumer spending. 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 cost of housing meanwhile limits opportunities for people to increase their earnings, in turn slowing GDP growth. Researchers estimate that GDP growth between 1964 and 2009 would have been 13.5% higher had families had wider access to affordable homes. Such an increase in GDP would have translated into a \$1.7 trillion increase in national income, or \$8,775 in additional wages per worker.<sup>43</sup>

## ***Food Security***

When rent payments eat into already limited paychecks, 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 underweight compared to those who are housing cost burdened.<sup>44</sup>

## ***Criminal Justice***

Individuals transitioning out of the criminal legal system face many housing obstacles and are especially vulnerable to homelessness. They rely on safe, affordable housing to reconnect with society and rebuild their lives. Formerly incarcerated individuals who find stable housing are much less likely to return to jail than those who do not.<sup>45</sup>

## ***Veterans***

After serving our country bravely, veterans should have 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.<sup>46</sup>

The evidence is abundantly clear that being able to afford a decent home in a well-resourced neighborhood is a prerequisite for opportunity in America. Health, economic prospects, high-quality education, and the other essential attributes of well-being can only be ensured if our nation's families have access to safe, decent, and affordable homes.

## Conclusion

More than ever, significant and sustained federal investments are needed to ensure that people with the lowest incomes and those who are most marginalized have stable, accessible, and affordable homes. NLIHC looks forward to a continued partnership with members of Congress and the administration in advancing the large-scale investments and needed reforms to repair the gaping holes in our country's social safety net and ensure that every renter has an affordable place to call home.

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