

Testimony of Diane Yentel, President and CEO, National Low Income Housing Coalition
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United States House of Representatives
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Chairman Hensarling, Ranking Member Waters, and Members of the Committee, thank you for the opportunity to testify today on ways to alleviate the affordable housing crisis through comprehensive housing finance reform.

I am Diane Yentel, president and CEO of the National Low Income Housing Coalition (NLIHC). NLIHC is solely dedicated to ensuring that 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. The National Low Income Housing Coalition does not represent any sector of the housing field. Rather, we work only on behalf of and with low-income people who need safe, accessible and affordable homes. NLIHC is entirely funded by private donations.

Decent, affordable homes for both renters and homeowners is the foundation for social and economic security for American families, yet our country's housing finance system fails to ensure enough affordable homes for the country's lowest income people. Comprehensive reform to the housing finance system presents an opportunity to address this serious shortcoming. In creating a system that serves all communities and all housing needs, policymakers can structure our housing finance system to achieve the housing goal that Congress established in 1949: "a decent home and a suitable living environment for every American family."

In my testimony today, I will discuss our country's severe shortage of homes affordable to the lowest income people, the opportunity that housing finance reform presents to expand the national Housing Trust Fund (HTF) to help alleviate this crisis, and the myriad benefits to doing so.

The Affordable Housing Crisis

The country is in the grips of a pervasive affordable housing crisis, impacting rural, suburban and urban communities alike. While the affordable housing 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 faster than renters' incomes over the last two decades¹, and while more low-income people are renting their homes than ever before, the 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 call home.

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

² Ibid.

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. For example, in Dallas, 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 income of no more than \$16,250; or a single person with a disability, relying on an annual income of \$9,000 from Supplemental Security Income (SSI). 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 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 SSI.

Only 7.5 million affordable rental homes exist for the nation's 11.2 million ELI renter households, assuming they spend no more than 30% of their income on housing costs.³ Not all of these 7.5 million homes, however, are available. Nearly 3.5 million of them are occupied by higher income households, making them unavailable to ELI renters. As a result, four million affordable and available rental homes exist for ELI households. In other words, fewer than four affordable and available rental homes exist for every 10 ELI renter households nationwide.⁴

Every state and every congressional district is impacted. For example, in the 5th District of Texas, represented by Chairman Hensarling, there are just two affordable homes available for every ten of the lowest income seniors, people with disabilities and families with young children.⁵ In California's 43rd district, represented by Ranking Member Waters, there are fewer than two affordable homes available for every ten of the lowest income renter households.⁶ In Missouri's 5th District, represented by Housing Subcommittee Ranking Member Cleaver, there are just three affordable homes available for every ten of the lowest income renter households.⁷ In Wisconsin's 7th District, represented by Housing Subcommittee Chairman Duffy, there are just four affordable homes available for every ten of the lowest income renters.⁸

The shortage ranges from least severe to most severe, but no congressional district has an adequate supply of rental homes affordable and available to its lowest income residents.⁹ Unless we increase investments in affordable housing to keep up with the need, these challenges will only worsen as demand for rental housing grows over the next decade.

³ According to HUD programs, 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. 2018. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author. See: <https://nlihc.org/gap>

⁵ National Low Income Housing Coalition. 2018. *Congressional District Housing Profiles: Texas*. Washington, DC: Author. See: <https://nlihc.org/library/cdp>

⁶ National Low Income Housing Coalition. 2018. *Congressional District Housing Profiles: California*. Washington, DC: Author.

⁷ National Low Income Housing Coalition. 2018. *Congressional District Housing Profiles: Missouri*. Washington, DC: Author.

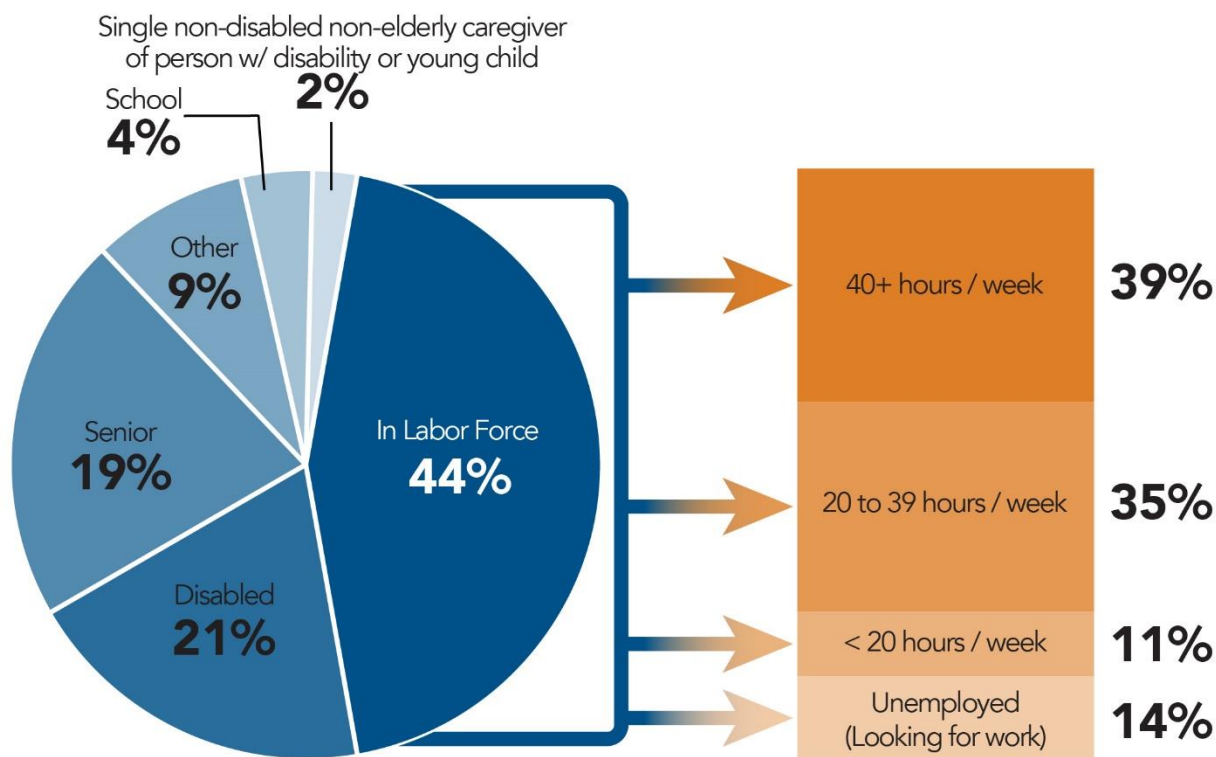
⁸ National Low Income Housing Coalition. 2018. *Congressional District Housing Profiles: Wisconsin*. Washington, DC: Author.

⁹ U.S. Department of Housing and Urban Development. 2018. CHAS Data, 2011-2015 [data file].

As a result 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 ELI.¹⁰ The majority (84%) of all severely cost-burdened ELI 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 1).¹¹ With more than half of their limited incomes going to housing, these families are forced to make impossible choices between paying rent and buying groceries, seeing a doctor, or saving for college or a rainy day.

Figure 1¹²

SEVERELY COST BURDENED EXTREMELY LOW INCOME RENTER HOUSEHOLDS



¹⁰ National Low Income Housing Coalition. 2018. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author.

¹¹ Ibid.

¹² 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.

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.¹³ These households forgo healthy food or delay healthcare or medications to pay the rent. In the worst cases, these families 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.¹⁴ 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),¹⁵ indicating that affordable housing and housing subsidies are foundational to employment and economic security.

NLIHC's [Out of Reach: The High Cost of Housing](#) 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," or the hourly wage a full-time worker needs to earn in order 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 changes 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.

And 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.¹⁶

¹³ Joint Center for Housing Studies of Harvard University. 2017. *The State of the Nation's Housing*. Cambridge, MA: Author.

¹⁴ 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.

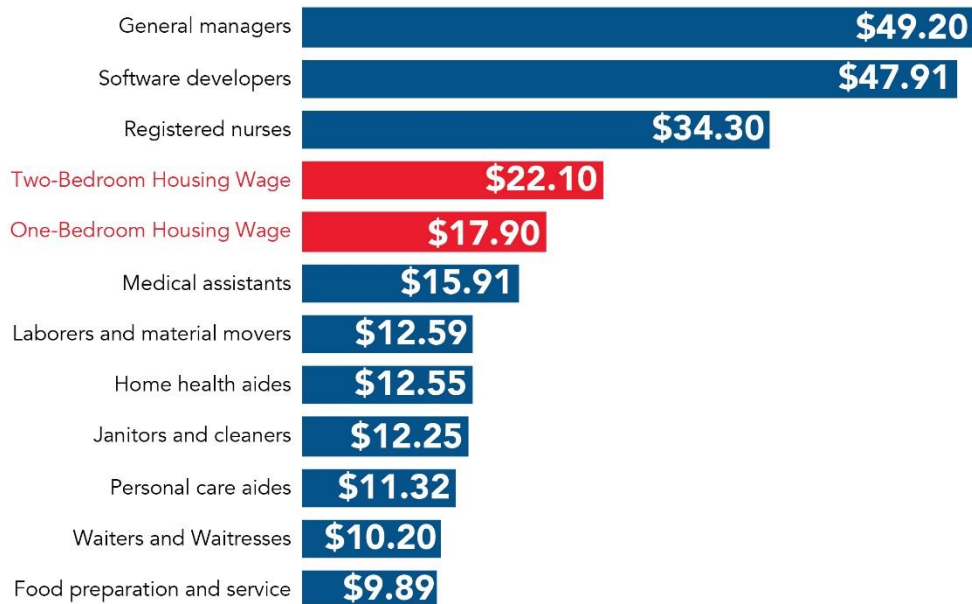
¹⁵ Desmond, M. & Gershenson, C. 2016. *Housing and Employment Instability among the Working Poor*. *Social Problems*, 63(1): 46-67.

¹⁶ 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 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- or two-bedroom apartment (see Figure 2).¹⁷

Figure 2

HOUSING WAGE AND MEDIAN WAGES FOR OCCUPATIONS WITH HIGHEST PROJECTED GROWTH



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 Estimates, Occupational Employment Statistics, BLS. Adjusted to 2018 dollars.

Declining Federal Resources

The shortage of affordable rental homes 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 gaps 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.

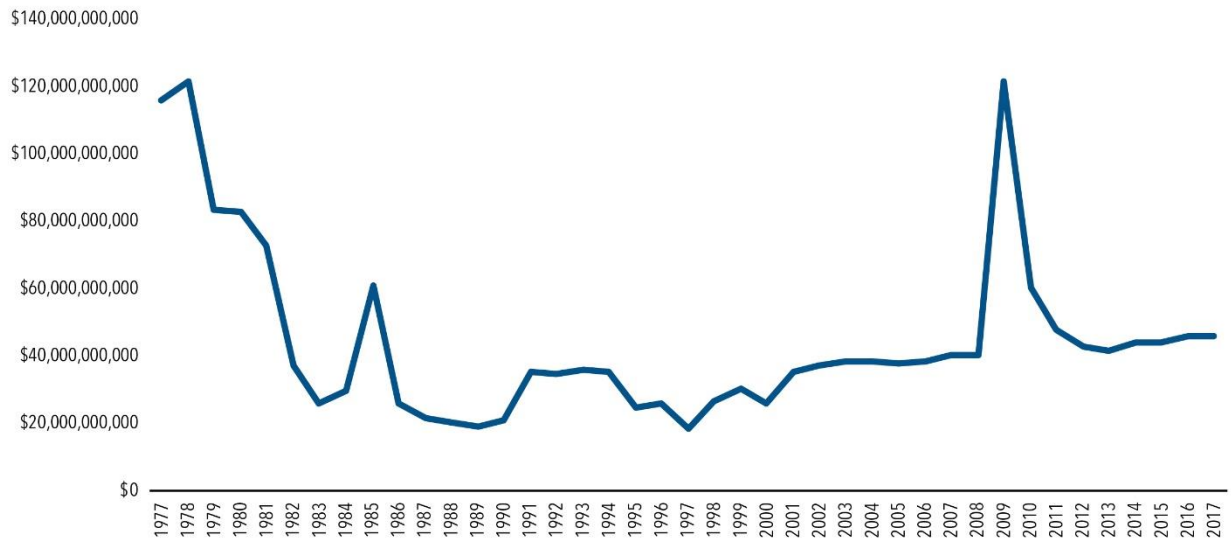
Funding for affordable housing solutions has been declining for decades. Adjusting for inflation, the federal budget authority for housing assistance programs in the 1970s was nearly three times more than

¹⁷ National Low Income Housing Coalition. 2018. *Out of Reach: The High Cost of Housing*. Washington, DC: Author.

it is today,¹⁸ despite the significant growth in the number of low-income renters eligible for housing assistance (see figure 3).¹⁹

Figure 3

Federal Budget Authority for Housing Assistance (1977-2017)



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

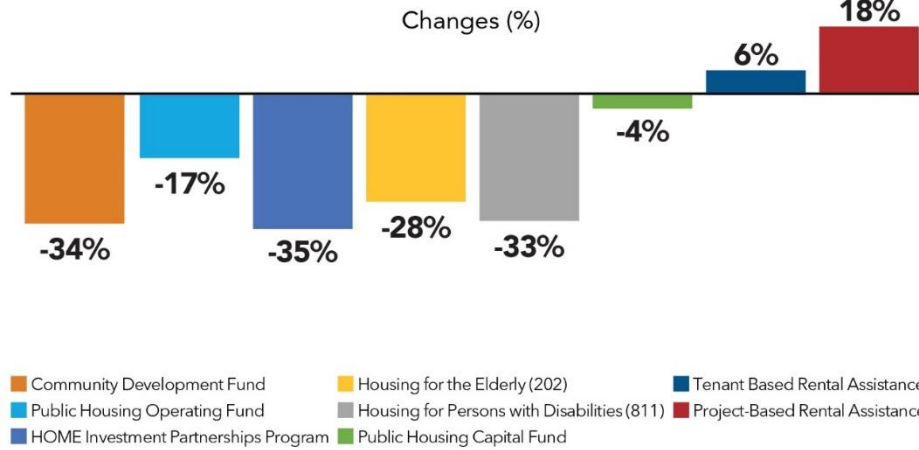
HUD’s budget has declined dramatically over the last ten years since the Budget Control Act (BCA) was enacted. Inflation-adjusted federal funding for public housing, housing for the elderly, housing for persons with disabilities, and other important programs has fallen precipitously since fiscal year 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 4).

¹⁸ Office of Management and Budget. 2018. Historical Table 5.1 – Budget authority by function and subfunction {data file}.

¹⁹ Joint Center for Housing Studies of Harvard University. 2018. *The State of the Nation’s Housing*. Cambridge, MA: Author.

Figure 4

Changes in Funding Levels for Key HUD Programs (FY10 Enacted to FY18 Enacted)



Alleviating the Affordable Housing Crisis Through Housing Finance Reform

Comprehensive housing finance reform is a once-in-a-lifetime opportunity to address one of the most critical issues facing ELI families today: the lack of decent, accessible, and affordable homes.

The federal government’s role in housing policy should be to make good on the promise of the Housing Act of 1949: to ensure “a decent home and a suitable living environment for every American family.” This can be accomplished by directly operating public housing, by providing subsidies to projects or individuals to reduce the cost of developing and operating housing, and by ensuring a well-functioning and robust housing finance system that provides access to capital as it is needed. To the extent that the federal government contributes resources to directly or indirectly support the housing finance system, these actions should be assessed and justified in terms of how they advance an overall goal of making homes affordable for all Americans.

Federal housing policy should not favor one form of tenure over another; instead, it should incentivize balance in the housing market and the full range of needed housing choices in every community. For decades, federal housing policy and support for the housing market has favored homeownership over rental housing. Not only has a disproportionate share of subsidies gone to homeownership, primarily through the mortgage interest deduction and other homeownership tax breaks, subsidies provided to homeowners through the tax code favor those with higher incomes and are an entitlement.

In contrast, subsidies to renters through direct spending by HUD and USDA are limited to appropriated funding allocations. These arbitrary funding caps result in a system of “first come, first served.” Three out of four eligible households in need are denied housing assistance because of chronic underfunding. They add their names to years-long, sometimes decades-long, waiting lists hoping to win what is

essentially a housing lottery where only the lucky 25% get the help they need. Housing finance reform offers an opportunity to rebalance housing policy.

NLIHC agrees with a broad consensus of experts and advocates that our nation's housing finance system must be inclusive to low- and moderate-income families and communities and people of color. A broad and enforceable commitment to access and affordability throughout the housing market must be strengthened in future housing finance iterations. Similarly, obligations to increase critical access to affordable credit in areas underserved by the private sector and traditional GSE activity, specifically in manufactured housing, affordable housing preservation, and housing in rural areas, should be retained. These commitments on their own, however, will not expand sufficient rental housing affordable to the lowest income people.

The Housing and Economic Recovery Act of 2018 (HERA) established the national HTF and the Capital Magnet Fund (CMF). The HTF was created by Congress to address our nation's severe shortage of affordable rental housing for people with the lowest incomes, a challenge that cannot be met by the GSEs' regular course of business or addressed by the private sector alone. The CMF supports affordable housing and community development and leverages private investments through Community Development Financial Institutions (CDFIs).

Together, a broad and enforceable commitment to access and affordability throughout the housing market and funding for the HTF and CMF help ensure that no community or household is left out of the housing finance system, and they comprise essential tools to addressing the full breadth of our nation's housing needs. Such obligations must be preserved and strengthened in housing finance reform.

The National Housing Trust Fund

The HTF is the first new federal housing resource in a generation exclusively targeted to build and preserve housing affordable to people with the lowest incomes. NLIHC led a national coalition that played a critical role in its creation. In 2016, the first \$174 million in HTF dollars were allocated to states, followed by \$219 million in 2017 and \$267 million in 2018. Because the HTF is administered as a block grant, each state has the flexibility to decide how to best use HTF resources to address its most pressing housing needs. Most states have chosen to use their HTF investments to build, rehabilitate, or preserve affordable rental housing for ELI veterans, seniors, people with disabilities or special needs, and people experiencing homelessness.

The HTF was established as a provision of HERA and signed into law by President George W. Bush. The primary purpose of the HTF is to close the gap between the number of ELI renter households and the number of homes renting at prices they can afford. NLIHC interprets the statute as requiring at least 90% of the funds to be used to build, rehabilitate, preserve, or operate rental housing. In addition, at least 75% of the funds used for rental housing must benefit ELI households. Up to 10% may be used for homeownership activities, including production, preservation, rehabilitation, down-payment, closing-cost, and interest-rate buy-down assistance for first-time homebuyers. One hundred percent of all HTF dollars must be used for households with very low-incomes earning 50% of AMI or less. When there is less than \$1 billion dollars in the HTF, the interim HTF regulations require 100% of all HTF dollars benefit ELI households.

The HTF is funded with a dedicated source of revenue outside of the appropriations process, lessening the burden on federal resources. The initial source of funding designated in the statute is a small annual assessment of 4.2 basis points of the volume of business of Freddie Mac and Fannie Mae. Sixty-five percent of this affordable housing allocation goes to the HTF and 35% to the CMF.

The statute requires HTF funds to be 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 ELI and VLI households. The other two primary factors are based on the number of ELI and VLI 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 states 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 housing for some of the country's most vulnerable families. NLIHC's recent [analysis](#) of how states have started using the \$174 million HTF available in 2016 finds that 43 states have awarded HTF funds to 138 projects with over 1,500 HTF-assisted homes.²⁰ These rental homes house people previously experiencing homelessness, survivors of domestic violence, people with disabilities, seniors, veterans, people with traumatic brain injuries, and other ELI people. In Texas, 50 new HTF homes include supportive housing for formerly homeless youth and families, ELI pregnant and parenting youth, seniors, and youth exiting foster care.

Expanding the Housing Trust Fund in Housing Finance Reform

Given the program's initial success and the overwhelming need, any effort to reform the country's housing finance system must significantly expand investments in the HTF, as part of a broader commitment to access and affordability throughout the housing market. When the HTF was created, lawmakers agreed that requiring Fannie Mae and Freddie Mac to set aside funds for the HTF was part of the GSEs' missions and responsibilities included in their charters. Funding the HTF allows the GSEs to support housing that ELI renters can afford – activity that is not possible through any of their business products.

Major legislative proposals introduced or drafted in recent years to overhaul our nation's housing finance system – including the *Housing Finance Reform and Taxpayer Protection Act* from Senators Tim Johnson (D-SD) and Mike Crapo (R-ID), the *Housing Opportunities Move the Economy (HOME) Forward Act* from Representative Maxine Waters (D-CA), and the *Partnership to Strengthen Homeownership Act* from Congressmen John Delaney (D-MD), John Carney (D-DE), and Jim Himes (D-CT) – would have significantly expanded investments in the HTF. While the bills differ to some degree on the size of the assessment fee and the covered mortgages to which the assessment fee would apply, all of these proposals have prioritized robust funding for the HTF as a central element of housing finance reform.

²⁰ 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>

The most recent bipartisan draft proposal, the *Bipartisan Housing Finance Reform Act of 2018*, was released on September 6 by Representatives Jeb Hensarling (R-TX), Delaney and Himes. This proposal also provides for an affordability fee that could contribute to an overall increase in funding dedicated to affordable housing. While NLIHC appreciates the authors' stated commitment to "substantial funding in support of existing programs that contribute to the development of the supply of affordable housing options for low-income individuals and communities, such as the Housing Trust Fund and the Capital Magnet Fund," we are concerned with the lack of details about the size of the fee and the uses for the funds generated.

Given the strong legislative support for expanding the HTF in past housing finance reform proposals, as well as the clear and urgent need, NLIHC recommends that any housing finance reform legislation:

- **Provide a minimum of \$3.5 billion to the HTF annually.** Past legislative proposals, including *Johnson-Crapo* and the *HOME Forward Act* would have funded the HTF at a minimum of \$3.5 billion annually. The *Partnership to Strengthen Homeownership Act* would have provided nearly \$4.5 billion annually to the HTF. While the *Bipartisan Housing Finance Reform Act of 2018* provided few details on how much funding would be provided to the HTF, the authors specifically identified the HTF as a possible recipient of such funds.

In order to provide critically needed resources to address the severe lack of affordable rental homes for people with the lowest incomes, lawmakers should ensure that any housing reform legislation increase funding for the HTF to at least \$3.5 billion annually. Moreover, Congress should actively consider additional sources of dedicated funding to the HTF to address the worsening housing crisis. More than 1,800 organizations have signed a [letter](#) calling for comprehensive housing finance reform to provide at least \$3.5 billion annually to the HTF.²¹

- **Expand the current 4.2 basis point assessment to a minimum of ten basis points, or to a higher level as necessary to address pressing housing challenges that cannot be met by the GSE's regular business.** Past legislative proposals, including *Johnson-Crapo*, the *HOME Forward Act*, and the *Partnership to Strengthen Homeownership Act*, would have expanded resources for affordable housing by increasing the current 4.2 basis point assessment to ten basis points. The *Bipartisan Housing Finance Reform Act* was unclear about the size of the assessment. In future legislation, lawmakers should increase the assessment to no less than ten basis points and should consider proposals to further increase the assessment to as much as 15 basis points or whatever level is estimated to meet or exceed the \$3.5 billion annual HTF threshold. As with three previous legislative proposals - the *Johnson-Crapo* bill, the *HOME Forward Act*, and the *Partnership to Strengthen Homeownership Act* – 75% of the assessment should be allocated to the HTF, with an additional 15% for the CMF and 10% for the Market Access Fund (MAF).
- **Ensure that dedicated housing funds do not compete with appropriated housing programs.** Congress created the HTF to help make a significant contribution to ending homelessness and

²¹ Letter signed by over 1,800 organizations in support of \$3.5 billion annually to the HTF is available at: <https://bit.ly/2QvZAE1>

housing poverty without competing with other important HUD programs for appropriated funds. The *Johnson-Crapo* proposal, the *HOME Forward Act*, and the *Partnership to Strengthen Homeownership Act* maintain this protection. NLIHC opposes the *Bipartisan Housing Finance Reform Act of 2018* suggestion that dedicated funds be “on budget,” and instead NLIHC urges lawmakers to ensure that HTF funding remains separate from the appropriations process.

- **Expand the HTF and CMF as part of a broader commitment to ensuring access and affordability throughout the housing market.** Chairman Hensarling’s draft legislation would repeal the system’s current affordable housing goals without providing anything in their place. This is unacceptable: housing finance reform must include enforceable and measurable mechanisms to ensure that access to credit is enjoyed by all segments of the housing market.

The Case for Increased Federal Investments in Affordable Homes

Investing in affordable housing solutions, like the national HTF, Housing Choice Vouchers, public 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.²² 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,²³ 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.²⁴ 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.²⁵ Across the country, low-income families are priced out of the strongest

²² 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>

²³ 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>.

²⁴ 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>

²⁵ Schwartz, H. 2010. *Housing Policy is School Policy*. Washington, DC: The Century Foundation. Retrieved from <https://tcf.org/assets/downloads/tcf-Schwartz.pdf>.

schools; housing near high-performing public schools costs 2.4 times more than housing near low-performing public schools.²⁶

Health: Decent, stable, affordable homes are a major social determinant of health and are linked to better health outcomes across a person's lifespan. Children who experienced pre-natal 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.²⁷ In 2011, families living in unaffordable housing spent one-fifth as much on necessary healthcare compared to those in affordable housing.²⁸ 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%.²⁹ 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.

Civil Rights: 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.³⁰

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.³¹ 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

²⁶ 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

²⁷ Sandel, M., et. al. 2016. *Housing as a Healthcare Investment*. National Housing Conference and Children's HealthWatch. Retrieved: <https://www.opportunityhome.org/wp-content/uploads/2018/02/Housing-as-a-Health-Care-Investment.pdf>

²⁸ Joint Center for Housing Studies of Harvard University. 2013. *The State of the Nation's Housing*. Retrieved: <http://www.jchs.harvard.edu/sites/default/files/son2013.pdf>

²⁹ Wright, B., et. al. 2016. *Health in Housing*. Center for Outcomes Research and Education. Retrieved: <https://www.enterprisecommunity.org/download?fid=5703&nid=4247>

³⁰ Pendall, R., Acs, G., & Trekson, M. 2017. *The Costs of Segregation*. Urban Institute and Metropolitan Planning Council. Retrieved: <https://www.metroplanning.org/work/project/33>

³¹ Chetty, R., Hendren, N., & Katz, L. 2015. *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*. Cambridge, MA: National Bureau of Economic Research. Retrieved from http://www.nber.org/mtopublic/final/MTO_IRS_2015.pdf.

found housing subsidies would have the greatest impact on alleviating child poverty among the nine other policy solutions they explored.³²

Economic Productivity: Investments in affordable homes are a proven catalyst for economic growth, job creation, increased government revenue, 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 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 would have meant a \$1.7 trillion increase in income, or \$8,775 in additional wages per worker.³³

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.³⁴

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.³⁵

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.³⁶

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 in which to live.

Conclusion

The foundation of any housing finance system must be to ensure decent, affordable homes for both homeowners and renters, including households with the lowest incomes. The critical needs of the

³² Children's Defense Fund and Urban Institute. 2015. *Ending Child Poverty Now*. Retrieved:

<https://www.childrensdefense.org/wp-content/uploads/2018/06/Ending-Child-Poverty-Now.pdf>

³³ Moretti, E. & Hsieh, C. 2015. *Housing Constraints and Spatial Misallocation*. American Economic Journal: Macroeconomics. Retrieved: <http://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf>

³⁴ Children's HealthWatch and Medical-Legal Partnership of Boston. 2009. *Rx for Hunger: Affordable Housing*. Retrieved from: <https://www.issuelab.org/resources/5379/5379.pdf>

³⁵ Fontaine, J. 2013. *The Role of Supportive Housing in Successful Reentry Outcomes for Disabled Prisoners*. Cityscape: A Journal of Policy Development and Research, 15(3). US Department of Housing and Urban Development. Retrieved from: <https://www.huduser.gov/portal/periodicals/cityscape/vol15num3/ch3.pdf>

³⁶ Fischer, W. 2014. *Rental Assistance Helps More than 340,000 Veterans Afford Homes, But Large Unmet Need Remain*. Center on Budget and Policy Priorities. Retrieved: https://www.cbpp.org/research/rental-assistance-helps-more-than-340000-veterans-afford-homes-but-large-unmet-needs-remain#_ftn4

lowest income renters – who cannot be reached through the GSEs’ regular course of business or by the private sector alone – must be central to any housing finance reform legislation. For this reason, NLIHC urges Congress to significantly expand the national HTF to at least \$3.5 billion annually as part of a broader commitment to access and affordability throughout the housing market.

Thank you again for the opportunity to testify today. I look forward to your questions.