

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

October 18, 2021

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: October 21, 2021, Full Committee hearing entitled, “A Strong Foundation: How Housing is the Key to Building Back a Better America”

The full Committee will hold a hybrid hearing entitled, “A Strong Foundation: How Housing is the Key to Building Back a Better America” on Thursday, October 21 at 10 a.m. ET in Rayburn House Office Building room 2128 and in the Cisco WebEx platform. There will be two panels with the following witnesses:

Panel 1:

- **Symone Crawford**, First-Generation Homeowner, Director of STASH and Homeownership Operations & Incoming Executive Director, Massachusetts Affordable Housing Alliance
- **Michael Edmonds**, Resident, Tucson House, City of Tucson Department of Housing and Community Development
- **Fernanda Galindo**, Cost-Burdened Renter, District of Columbia
- **John R. Harrison, Jr.**, Formerly Experienced Homelessness, Speaker/Advocate, National Coalition for the Homeless and Street Outreach Navigator, Prince George’s County Department of Social Services
- **Jan Lee**, New York City Rental Property Owner, on behalf of the Small Property Owners of New York (SPONY)

Panel 2:

- **Raj Chetty**, William A. Ackman Professor of Public Economics, Harvard University
- **Carlos del Rio**, MD, Distinguished Professor of Medicine, Epidemiology and Global Health, Emory University School of Medicine
- **Lisa Rice**, President and CEO, National Fair Housing Alliance
- **Khalil Shahyd**, Senior Policy Advisor, Equity Environment and Just Communities, Natural Resources Defense Council
- **Matthew D. Dickerson**, Director, Grover M. Hermann Center for the Federal Budget, The Heritage Foundation

Introduction

Evidence-based research has demonstrated that having a safe, decent, and affordable home is foundational to improving societal and life outcomes for families and individuals. When families and individuals are able to secure stable and affordable housing, they are better able to find and keep

employment,¹ children are better able to thrive and do well in school,² seniors are better able to age in place, and people with disabilities are better able to maintain their health and live independently.³ Having an affordable home also allows families to achieve greater economic mobility, build wealth, and enter the middle class.

Despite this large and growing body of research, federal investments in affordable housing have consistently failed to meet the needs of the country, leading to a severe affordable housing crisis that has resulted in over 580,000 people experiencing homelessness on any given night, including more than 106,000 children,⁴ more than 20 million renter households paying unaffordable rents,⁵ and millions of mortgage-ready individuals being locked out of homeownership opportunities, including at least 20 million millennials.⁶ The White House recently found that rising home prices, including rental costs, contribute to overall inflation rates, exacerbating pressures on the cost of living for every U.S. household.⁷ Households across the income spectrum and in every community—including urban, suburban, and rural—have been impacted by the affordable housing crisis. The middle class, once thought to be insulated from housing insecurity, is increasingly feeling the effects of the affordable housing crisis and is being priced out of once-affordable housing markets due to skyrocketing housing costs.⁸ These trends only stand to worsen as the effects of climate change progress and communities are uprooted due to more frequent disasters, highlighting the importance of housing and community development investments as centerpieces of mitigation and resilience.

Housing and Racial Justice

Historically, housing and neighborhood disinvestment have been used as tools to disenfranchise people of color from the socioeconomically stabilizing benefits of housing. Today, people and communities of color disproportionately bear the brunt of the homelessness and housing affordability crises due to the unresolved inequities created by racist and discriminatory housing policies, such as redlining.⁹ Currently, 62% of people experiencing homelessness are Black and Latinx, despite representing less than 32% of the total U.S. population.¹⁰ Meanwhile, 58% of Black households and 53% of Latinx households rent compared to 31% of White households, and are also more likely to be severely cost-burdened renters.¹¹ This dynamic significantly affects the ability of people of color to build their savings, weather economic downturns or other unforeseen financial crises, maintain stable housing, and enter homeownership. Indeed, 76% of White households own their home compared to just 47% of Black

¹ Matthew Desmond and Carl Gershenson, [Housing and Employment Insecurity among the Working Poor](#), Oxford University Press (Jan. 11, 2016).

² Veronica Gaitán, [How Housing Can Determine Educational, Health, and Economic Outcomes](#), Housing Matters (Sep. 19, 2018).

³ Technical Assistance Collaborative, [Priced Out: The Housing Crisis for People with Disabilities](#) (2021).

⁴ HUD, [2019 AHAR: Part 1 - PIT Estimates of Homelessness in the U.S.](#) (Jan. 2020).

⁵ Joint Center for Housing Studies of Harvard University, [The State of the Nation's Housing](#) (2021).

⁶ Laurie Goodman and Sarah Stochak, [More than 19 million millennials in 31 US cities are ready to become homeowners](#), The Urban Institute (Sep. 26, 2018).

⁷ Jared Bernstein et al., [Housing Prices and Inflation](#), The White House (Sep. 9, 2021).

⁸ Jenny Scheutz, Brookings Institute, [Cost, crowding or commuting? Housing stress on the middle class](#) (May 7, 2019),

⁹ [The Fair Housing Act: Reviewing Efforts to Eliminate Discrimination and Promote Opportunity in Housing](#), Hearing Before the H. Committee on Financial Services, 116th Cong. (Apr. 2, 2019); See also [A Review of the State of and Barriers to Minority Homeownership](#), Hearing Before the H. Committee on Financial Services, 116th Cong. (May 8, 2019); See also [How Invidious Discrimination Works and Hurts: An Examination of Lending Discrimination and Its Long-term Economic Impacts on Borrowers of Color](#), Hearing Before the H. Committee on Financial Services, 117th Cong. (Feb. 24, 2021); See also [Justice for All: Achieving Racial Equity Through Fair Access to Housing and Financial Services](#), Hearing Before the H. Committee on Financial Services, 117th Cong. (Mar. 5, 2021).

¹⁰ HUD, [2019 AHAR: Part 1 - PIT Estimates of Homelessness in the U.S.](#) (Jan. 2020).

¹¹ USA Facts, [Who are the renters in America?](#) (Jul. 24, 2020); See also National Low Income Housing Coalition, [Out of Reach](#) (2021).

households and 48-49% of Latinx households.¹² As a result, the U.S. faces mutually reinforcing racial homeownership and wealth gaps that have severely limited the growth of the middle class over the years.¹³

Today, owning a home continues to define the American dream for many and represents the single greatest driver of wealth for most families across the country.¹⁴ As of 2019, homeowners had 80 times the median net worth of renters.¹⁵ Housing equity helps families attain access to higher education or credit to start small businesses.¹⁶ These funds also help build a family's intergenerational wealth and ensure future generations can attain homeownership through gifted downpayments, for example, that allow for the continuation of wealth-building.¹⁷ However, when access to homeownership is denied disproportionately across racial lines, so too is the wealth and access to economic mobility that comes with it.¹⁸ Increasing access to stable and affordable rental housing as well as downpayment and other financial assistance can help address the racial wealth gap and close the U.S.'s widening wealth gap. In fact, the Urban Institute found that without policy intervention, such as through downpayment assistance, the overall U.S. homeownership rate is expected to decline by 2040, with a greater decline among Black households.¹⁹

Housing and Health Care

Research has shown that having an affordable home is instrumental in ensuring people's physical and mental health and overall wellbeing, acting as a "vaccine."²⁰ Families living in affordable housing are able to devote significantly more of their income on health care and healthy food compared to households that are severely cost-burdened.²¹ Households that are behind on rent are more likely to experience food insecurity and to cut back on health care appointments and expenditures, such as medical prescriptions, to make ends meet,²² particularly in rural areas.²³ They are also more likely to experience poor mental health,²⁴ including depression and stress.²⁵ Homelessness, the most drastic form of housing instability, "is closely connected to declines in physical and mental health."²⁶ Families living in safe, decent, and affordable housing are also far less likely to be exposed to environmental health hazards, such as lead and mold, that can have serious negative health effects on people, particularly children, and can also limit socioeconomic outcomes.²⁷ Additionally, research has shown that investments in affordable housing reduce health care costs borne by the health care industry and the

¹² National Association of Real Estate Brokers, [2020 State of Housing in Black America](#) (2020); See also National Association of Hispanic Real Estate Professionals, [2021 State of Hispanic Wealth Report](#) (2021).

¹³ Dedrick Asante-Muhammad and Chuck Collins, [Racial Inequality Is Hollowing Out America's Middle Class](#), (Sep. 15, 2017).

¹⁴ Urban Institute, [Homeownership is still financially better than renting](#) (Feb. 21, 2018).

¹⁵ Jonathan Eggleston And Donald Hays, U.S. Census Bureau [Many U.S. Households Do Not Have Biggest Contributors to Wealth: Home Equity and Retirement Accounts](#) (Aug. 27, 2019).

¹⁶ Gene Amromin et al., FDIC 6th Annual Consumer Research Symposium, [The Housing Crisis and the Rise in Student Loans](#) (Oct. 20, 2016); See also Amber Lee et al., NCRRC, [Disinvestment, Discouragement And Inequity In Small Business Lending](#) (2019).

¹⁷ Urban Institute, [Down Payment Assistance Focused on First-Generation Buyers Could Help Millions Access the Benefits of Homeownership](#) (Apr. 7, 2021).

¹⁸ Aaron Glantz and Emmanuel Martinez, Reveal News, [For people of color, banks are shutting the door to homeownership](#) (Feb. 15, 2018).

¹⁹ Urban Institute, [By 2040, the US Will Experience Modest Homeownership Declines. But for Black Households, the Impact Will Be Dramatic](#). (Jan. 21, 2021).

²⁰ Housing Matters, [Pediatrician Sees Housing as a Vaccine](#) (Jan. 12, 2015).

²¹ Joint Center for Housing Studies of Harvard University, [The State of the Nation's Housing](#) (2013).

²² Children's HealthWatch. [Behind Closed Doors: The hidden health impacts of being behind on rent](#) (Jan. 2011). Craig E. Pollack et al., American Journal of Preventive Medicine, [Housing Affordability and Health Among Homeowners and Renters](#) (2010).

²³ Joint Center for Housing Studies of Harvard University. [The State of the Nation's Housing](#) (2014).

²⁴ Mandy Stahre et al., [Housing Insecurity and the Association with Health Outcomes and Unhealthy Behaviors, Washington State, 2011](#) (Jul. 9, 2005).

²⁵ Clark Merrefield, [Eviction: The physical, financial and mental health consequences of losing your home](#) (Mar. 8, 2021).

²⁶ Centers for Disease Control and Prevention, [Homelessness as a Public Health Law Issue: Selected Resources](#) (March 2, 2017).

²⁷ Katherine Ahrens et al., American Journal of Public Health, [Housing Assistance and Blood Lead Levels: Children in the United States, 2005–2012](#), (Nov. 2016); Pew Center on the States, [Cutting Lead Poisoning and Public Costs](#) (Feb. 2010); Mary Cunningham and Graham MacDonald, Urban Institute, [Housing as a Platform for Improving Education Outcomes among Low-Income Children](#) (2012).

federal government, which has led some hospital systems across the country to invest in housing or partner with local housing providers to cut costs while also helping people recuperate in a stable environment.²⁸

Accessible and Integrated Housing

Accessible and affordable housing allows seniors and people with disabilities to remain in their homes and receive community-based care, including supportive services, instead of needing to move into nursing homes or other institutional settings that are more costly.²⁹ For persons with disabilities and seniors who have limited mobility, finding suitable housing can be significantly more challenging because their options are limited to a small portion of the national housing stock that is built to be accessible to them.³⁰ According to the Joint Center for Housing Studies at Harvard University, only 3.5 percent of homes in America had a step-free entry, a single-floor layout, and wider doors and hallways.³¹ A HUD analysis of 2011 American Housing Survey data found that less than 1 percent of the U.S. housing stock was wheelchair accessible.³² While limited, federal investments have helped expand the supply of accessible housing for seniors and persons with disabilities. One study found that public housing and privately-owned subsidized rental units were 2.5 times more likely than owner-occupied units to be accessible for people with moderate mobility issues, and privately-owned subsidized housing was three times more likely to be wheelchair accessible.³³

Housing and Child Stability

According to numerous studies, having a stable, affordable home—or the lack thereof—has a significant effect on children, from birth to adolescence, including on their health, educational attainment, and future earnings. According to the Children’s HealthWatch, young children whose families are behind on rent are “more likely to be in fair or poor health, to be child food insecure, [and] to be at risk of delays in their social, emotional, motor or cognitive development.”³⁴ Another study found that young children who moved frequently or lived in overcrowded conditions were more likely to be in fair or poor health and were more likely to be underweight compared to children with stable housing.³⁵ Additionally, children who experience homelessness or housing instability are more likely to miss class, struggle academically, and not graduate from high school,³⁶ and later be employed in low-wage work.³⁷ Parents of these children “may not be able to prioritize helping [them] with their homework or be involved in school activities.”³⁸ Research also shows that housing instability among

²⁸ Markian Hawryluk, Kaiser Health News, [Why Hospitals Are Getting Into The Housing Business](#) (Oct. 4, 2019).

²⁹ Ehren Dohler, et al. Center on Budget and Policy Priorities, [Supportive Housing Helps Vulnerable People Live and Thrive in the Community](#) (May 31, 2016).

³⁰ In 1999, the U.S. Supreme Court ruled in *Olmstead v. L.C.* that the federal government, states, and local jurisdictions must eliminate unnecessary segregation of people with disabilities and ensure that they receive services in the most integrated setting possible. However, implement of this ruling has been slow and incomplete.

³¹ Joint Center for Housing Studies of Harvard University (JCHS), [Housing America’s Older Adults](#), (2018).

³² HUD, [Accessibility of America’s Housing Stock: Analysis of the 2011 American Housing Survey \(AHS\)](#), (Mar. 19, 2015).

³³ Sewan Chan and Ingrid Gould Ellen, Housing Policy Debate, [Housing for an Aging Population](#), (Jul. 11, 2016).

³⁴ Children’s HealthWatch *supra* note 22.

³⁵ Diana Becker Cutts et al., American Journal of Public Health, [US Housing Insecurity and the Health of Very Young Children](#), (Aug. 2011).

³⁶ Adam Voight et al., [The Longitudinal Effects of Residential Mobility on the Academic Achievement of Urban Elementary and Middle School Students](#) (Dec. 1, 2012); *See also* Mary Cunningham and Graham MacDonald *supra* note 27; Will Fischer, Center on Budget and Policy Priorities, [Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children](#), (2015).

³⁷ Will Fischer *supra* note 36.

³⁸ Mary Cunningham and Graham MacDonald *supra* note 27.

some children can negatively impact an entire classroom of children in schools with highly mobile students, as more time must be spent on review and catch-up work.³⁹

In contrast, children growing up in stable, affordable housing enjoy better health outcomes, and are more likely to thrive in school and have greater access to economic opportunities. When families live in affordable housing, they can put more of their income towards their children’s development and education, including savings for college.⁴⁰ Children in families receiving housing assistance are more likely to have healthy diets and meet well-child criteria compared to children whose families are waiting to receive similar assistance.⁴¹ Research has also shown that when young children move into stable, affordable housing in low poverty neighborhoods, they can increase their earnings and economic mobility as adults.¹

Housing, Climate Change, and Environmental Justice

America’s housing infrastructure is vulnerable to the growing costs of climate and weather disasters, accelerating the need for housing maintenance and repair in many areas, or even rendering units of housing infrastructure uninhabitable. According to the U.S. Environmental Protection Agency, increases in global average temperature are linked to “widespread changes in weather patterns,” and scientific studies have shown that climate change caused by humans will likely lead to more frequent and intense extreme weather events.⁴² Many homes in disaster-stricken areas are lost due to a lack of resilient design and poor structural siting. An estimated 800,000 homes in Puerto Rico were damaged by Hurricane Maria.⁴³ In the wake of California’s 2018 wildfires—the deadliest in the state’s history—51% of homes that were built to higher standard codes established in 2008 went undamaged compared to only 18% of homes built to pre-2008 standards.⁴⁴ Hundreds of thousands of people have been displaced and many forced into homelessness as a result.⁴⁵ Additionally, due to historic and ongoing socioeconomic segregation, the current effects of climate change and weather events are concentrated among low-income communities and communities of color.⁴⁶ Prior to the passage of the Fair Housing Act in 1968, housing policies, such as redlining, zoning, and racial covenants, were used to overtly segregate low-income people and people of color into less desirable areas that were susceptible to flooding, located in close proximity to industrial districts, lacked adequate infrastructure, and were systemically disinvested in.⁴⁷

³⁹ *Id.*

⁴⁰ Sandra Newman and C. Scott Holupka, Journal of Housing Economics, [Housing affordability and investments in children](#) (2013).

⁴¹ Heather Sandstrom and Sandra Huerta, Urban Institute, [The Negative Effects of Instability on Child Development: A Research Synthesis](#) (2013).

⁴² Environmental Protection Agency, Climate Change Indicators: Weather and Climate (accessed Apr. 27, 2021).

⁴³ Dánica Coto, AP News, [Thousands in Puerto Rico still without housing since Maria](#) (Jul. 24, 2020).

⁴⁴ Dale Kasler and Phillip Reese, The Sacramento Bee, [‘The weakest link’: Why your house may burn while your neighbor’s survives the next wildfire](#) (Nov. 5, 2019).

⁴⁵ Guillermo Ortiz et al., Center for American Progress, [A Perfect Storm: Extreme Weather as an Affordable Housing Crisis Multiplier](#) (Aug. 1, 2019).

⁴⁶ [Built to Last: Examining Housing Resilience in the Face of Climate Change](#), Hearing Before the H. Committee on Financial Services, 117th Cong. (May 4, 2021).

⁴⁷ National Fair Housing Alliance, [Fair Housing Trends Report](#) (2020).