

# PREFACE

By Barry Zigas, Director of Housing Policy, Consumer Federation of America; Former President of the National Low Income Housing Coalition (1984-1993)

When *Out of Reach* was first published in 1989, the United States was reeling from an intensifying housing crisis that was on vivid display through a rapid increase in homelessness. Under President Ronald Reagan, the Administration had repeatedly sought to eliminate incremental funding for Section 8 as part of a broad assault on social spending. The George H.W. Bush Administration arrived in Washington earlier that year promising “compassionate conservatism,” but did not offer significant funding to address the crisis. And while Congress had sustained affordable housing spending at constrained levels and adopted the Low Income Housing Tax Credit in 1986, which was championed by the National Low Income Housing Coalition (NLIHC), direct funding to provide assistance for very low income renters remained far below what was needed. The Cranston Gonzalez Housing Act of 1990, which would establish the HOME program, adding \$1 billion annually for affordable housing development and preservation, had yet to be drafted. More than 200,000 people mobilized by the Housing Now Coalition crowded the National Mall to demand housing justice in October, reflecting the urgency felt in communities around the country.

NLIHC’s founder, Cushing Dolbeare, had been a respected source of fact-based analysis of low income housing needs since founding the Coalition in 1974 and serving as its CEO until 1984. In 1989, as the Coalition’s Chair, she proposed a new way of dramatically demonstrating how large the gap was. The resulting report, *Out of Reach*, provided a compelling picture by comparing data on HUD’s so-called “Fair Market Rents,” and the wages that would be needed to afford them if households were paying 30 percent of their income on rent. *Out of Reach* was an instant hit, and helped spawn other important and complementary measures of the housing crisis such as HUD’s *Worst Case Housing Needs* analysis.

This year’s report, sadly, reminds us that 25 years later, the U.S. has still not met the promise of the 1949 Housing Act for a “decent home in a suitable living environment” for all American households. Housing for low income renters remains a virtual orphan in the federal budget. As the Bipartisan Policy Center’s (BPC) 2013 Housing Commission report, *Housing America’s Future*, noted, the U.S. today spends roughly \$180 billion per year through tax subsidies and direct appropriations to support housing. But only about \$48 billion of this is directed to low income renters. Most of the balance supports homeownership, primarily through the deductibility of mortgage interest and property taxes for homeowners. Consequently, only one out of every four families eligible for assistance receives it. Rather than setting our sights on solving the problem of rents that threaten families with dire choices between housing, food, health

care, clothing, and education, we have systematized a lottery system that leaves thousands of households on waiting lists for years at a time. The Commission recommended ending this cruel game of chance by committing to provide rental assistance to every eligible household with an income below 30% of the area median income, at an estimated cost of \$23 billion in additional annual funding to assist 2.5 million additional households. This was one of Cushing’s most cherished objectives in founding the Coalition and producing *Out of Reach*. Even coming 25 years later, the BPC Commission’s endorsement is a significant recognition that this crisis must be addressed.

This policy goal may well remain “out of reach.” But there are some hopeful signs. As Congress has begun debating how to reestablish a functioning mortgage finance system in the wake of the collapse of Fannie Mae and Freddie Mac, there is an emerging consensus that fees to support funding for very low income housing assistance should be an integral part of any reform. Senate Banking Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID) have written a bill that would levy a new fee on mortgage securitizations that could in a short time generate a stream of \$5 billion a year to fund such needs. Three quarters would go to the National Housing Trust Fund to build and preserve affordable rental housing for extremely and very low income renters.

The last 25 years have not been an unmitigated failure, either. Concentrated efforts have nearly eliminated homelessness among U.S. veterans. Cities across the country have adopted and made progress on ten-year plans to eliminate homelessness within their borders. Many formerly wretched public housing communities have been revitalized into healthier homes for very low income renters. And the disturbing earnings gap between the very rich and nearly everyone else in American society has moved to the top of public agendas.

Twenty-five years after its first publication, *Out of Reach* reminds us that our country has a long way to go to secure housing justice for all. The National Housing Trust Fund would be one of Cushing’s key legacies. But as *Out of Reach* reminds us, low income renters do not have sufficient income to afford even homes with rents below the median in their markets. Full employment at decent wages would be the most effective affordable housing policy by allowing families to pay for basic necessities. Until that day comes, very low income renters need both new production to expand the affordable housing supply, and significant increases in rental subsidies so they can afford the homes they already live in.

