

BRIDGING THE GAP BETWEEN INCOMES AND HOUSING COSTS

A major cause of today's housing crisis is the gap between incomes and high rental costs, especially for people with the lowest incomes and those who are most marginalized.

Housing costs are out of reach for too many of America's lowest-income renters. Renters today need to earn more than [\\$32 an hour](#) to afford a modest, two-bedroom apartment, or nearly \$27 an hour to afford a modest, one-bedroom apartment. In comparison, the average renter earns just above \$23 an hour and 14 of the 20 largest occupations pay median wages below what it takes to afford a modest one- or two-bedroom apartment.

Without affordable options, more than [10 million households](#) with the lowest incomes spend at least half of their limited incomes on rent, leaving few resources to put groceries on the table, cover medical costs, or meet their other basic needs. These families – mostly seniors and people with disabilities who live on fixed incomes and those working low-wage jobs – are always just one emergency or unexpected expense away from falling behind on rent and facing eviction, or in worst cases, homelessness. Because of the housing crisis, [770,000 people](#) in America experience homelessness on any given night, and millions more are at risk.

Because of persistent discrimination in the housing and job markets, people of color are more likely to have extremely low incomes and struggle to pay rent. As a result, Black, indigenous, and Latino people face higher eviction rates and are far more likely to experience homelessness.

Despite the clear need, Congress only provides enough resources to help [one in four](#) eligible households with their housing costs, leaving the rest to fend for themselves.

Federal Solutions

Congress must invest resources at the scale needed to bridge the gap between incomes and housing costs.

Universal Rental Assistance

To ensure that everyone has a stable, accessible, and affordable home, we must expand rental assistance and guarantee funding to ensure it is universally available to all households in need.

Universal rental assistance is central to any successful strategy to solve the housing crisis.

A [growing body of research](#) finds that rental assistance can improve health and educational outcomes, increase children's chances of long-term success, and increase racial equity.

Rental assistance is a critical tool for helping the lowest-income renters afford decent, stable, accessible housing, and the program has a [proven track record](#) of reducing homelessness and

housing poverty. We must ensure that housing resources – like other parts of our nation’s safety net – automatically receive full funding each year to cover the needs of all eligible households.

Renters Tax Credit

Congress should explore other innovative approaches, including providing fully refundable renters tax credit, to put more resources into the hands of renters. Our government already uses the tax code to provide enormous benefits to homeowners, especially those with high incomes. A renters tax credit could even the playing field between homeowners and renters and help make housing affordable for millions of the lowest-income people. When paired with investments to increase the supply of rental homes, a renters tax credit is a creative strategy to help solve the nation’s housing crisis.

Any renters tax credit should build on the successes of the Child Tax Credit by providing monthly support to households and should ensure the households with the lowest incomes benefit the most.

State and Local Solutions

States and localities should devote resources to help the lowest-income and most marginalized households afford their homes.

State and Local Rental Assistance

Across the nation, state and local governments are increasing resources to address the unmet needs of renters in their communities. States and localities should fund state and local rental assistance programs to bridge the gap between incomes and housing costs for the lowest income renters and people experiencing homelessness.

NLIHC created the [Rental Housing Programs Database](#) to capture information on state and locally funded programs that create, preserve, or increase access to affordable rental housing. It includes program goals, target populations, tenant eligibility requirements, and other program characteristics. Explore the database to learn more about state and local investments in rental housing in your area.

Needed Reforms

In addition to expanding resources, policymakers should:

- Ban source of income (SOI) discrimination, which prevents households from using rental assistance in communities of their choice. SOI is often used by landlords as a proxy for illegal forms of discrimination, including against people of color, people with disabilities, and families with children.
- Use small area Fair Market Rents (SAFMRs) and increase the value of rental assistance to allow renters greater housing choice. Using SAFMRs helps renters use their housing assistance in more communities, including well-resourced neighborhoods with access to high-performing schools, jobs that pay living wages, healthcare, and transit.
- Provide robust resources to aggressively enforce fair housing and civil rights laws to ensure all renters have access to affordable housing. While housing discrimination has been outlawed for decades, renters continue to

- face harassment and discrimination by landlords. Greater enforcement must be a top priority.
- Reform existing programs to make them easier to use. Allow rental assistance funds to be used to cover security deposits and holding fees. Simplify applications to ensure renters can access rental assistance easily and streamline program requirements to help recruit more landlords to participate.
 - Provide resources to all income-eligible households, regardless of immigration status.
 - Ensure access for people with criminal histories by ending arbitrary screening and eviction policies, including blanket bans and one-strike policies.
 - Fund rental assistance programs through dedicated revenue streams, rather than annual appropriations.
 - Increase the minimum wage or guarantee livable incomes.
 - Analyze housing, transportation, environmental, and disaster recovery programs for how each exacerbates, ignores, or ameliorates racial inequities and enact legislation to ensure all programs advance racial equity.

Did you know?

- **People of color are disproportionately harmed by the housing crisis.** Black individuals account for 13% of the population, but 37% of people experiencing homelessness. Indigenous people are dramatically overrepresented among people experiencing homelessness.
- **A full-time worker earning minimum wage can't afford a modest one-bedroom apartment in 95% of U.S. counties.** There are no counties in America where a minimum wage worker can afford a modest, two-bedroom apartment.
- **Millions of households are on waiting lists - often for years - as they wait for help.** While people wait for assistance, many are pushed into homelessness, institutionalization, or incarceration.

Take Action!

For more information on federal solutions, contact NLIHC Senior Vice President of Public Policy and Field Organizing **Sarah Saadian** at ssaadian@nlihc.org and NLIHC Policy Manager **Kim Johnson** at kjohnson@nlihc.org.

To learn more about state and local solutions, please visit NLIHC's [State and Local Innovation Project](#) page or contact NLIHC Vice President of State and Local Innovation at **Sarah Gallagher** at sgallagher@nlihc.org.