NATIONAL LOW INCOME HOUSING COALITION

Statement for the Record
Renee Willis
President and CEO of the National Low Income Housing Coalition
Presented to the U.S. House Committee on Financial Services
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 3, 2025

Chair Hill, Ranking Member Waters, and members of House Committee on Financial Services, thank you for the opportunity to submit a statement for the record on the need to increase the nation's supply of affordable, available, and accessible rental housing, especially for extremely low-income households.

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 members include state and local affordable housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, faith-based organizations, public housing agencies, private developers and property owners, local and state government agencies, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we work on behalf of and with low-income people who receive, as well as those who need, federal housing assistance, especially extremely low-income people and people who are experiencing homelessness.

This statement highlights research and data looking at the root causes of the housing crisis, and solutions to address the shortage of affordable, available homes. NLIHC supports needed market-based solutions, like zoning reforms, which can increase the supply of housing available to middle-income households, but on their own are not sufficient to meet the needs of households with lower incomes. Only the federal government can provide the large-scale, long-term investments that are required to provide stable, affordable, accessible housing for those the private sector cannot serve its own: households with the lowest incomes.

Underlying Causes of the Affordable Housing Crisis

The United States is experiencing an affordable housing and homelessness crisis impacting every state and congressional district, and with sky-high rents, homelessness has increased in urban, rural, and suburban communities alike, reaching its highest level on record.

While many households are dealing with higher housing costs, extremely low income (ELI) households – those earning no more than 30% of the Area Median Income (AMI) or the federal poverty limit, whichever is greater – have the greatest, clearest needs: three

out of four ELI renters (75%) spend over half of their income on rent every month, compared to just 3% of middle-income renters.[i]
Our nation's affordable housing and homelessness crisis is primarily caused by two systemic challenges:

- The severe shortage of homes affordable and available to households with the lowest incomes; and

- The growing gap between incomes and housing costs.

The Shortage of Affordable Homes for ELI Households

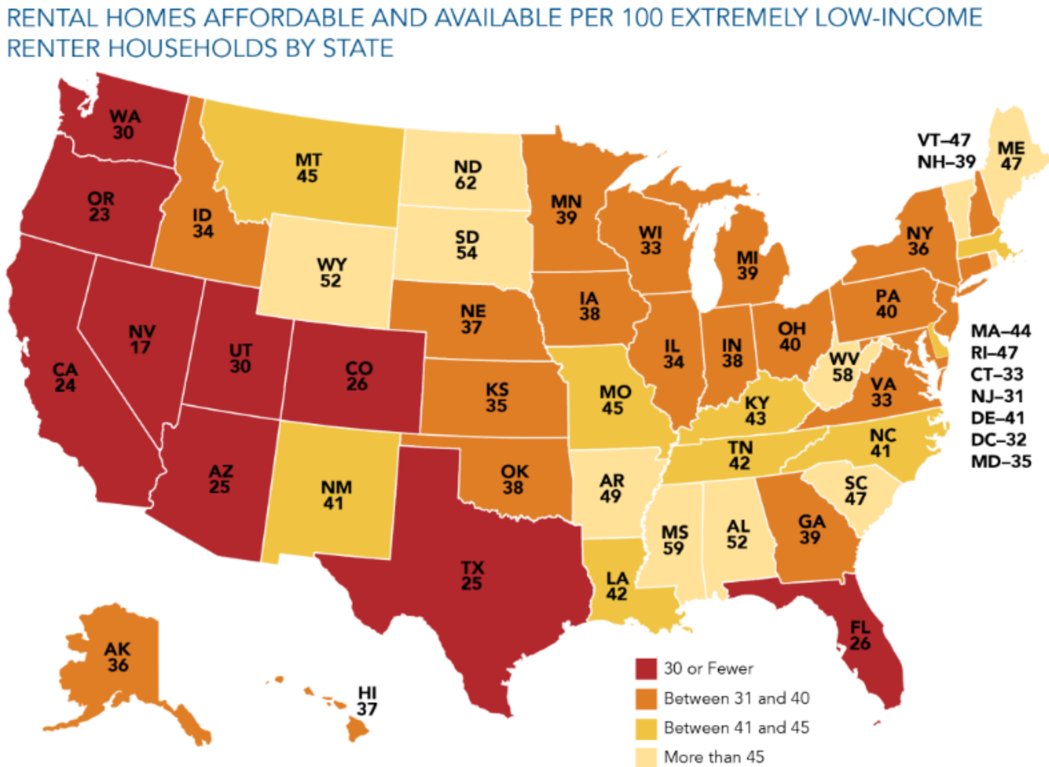
NLIHC's research shows there is a national shortage of 7.1 million affordable and available homes for our nation's lowest-income renters – for every 10 extremely low-income households, there are fewer than four affordable rental homes available to them.

Without affordable and available homes, 8 million of the nation's extremely low-income households pay at least half of their income on rent, leaving them one unexpected expense or financial emergency away from facing the risk of eviction and, in worst cases, homelessness. This shortage also contributes to the 770,000 people in the United States who experience homelessness on any given night – the highest number on record.[ii]

The shortage of affordable and available homes for the lowest-income renters ranges in severity depending on state and congressional district, but there is no state or district in the country with enough affordable, available homes for its lowest-income renters (Figure 1).

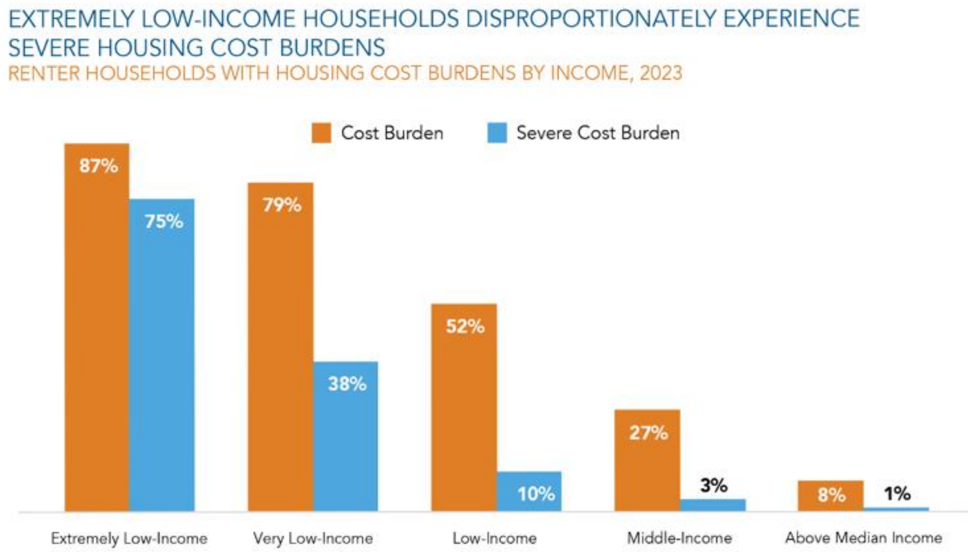
For example, Chair Hill's district is home to 22,045 renter households with extremely low incomes; for every 100 of these households, there are only 31 affordable, available rental homes in the district. Without sufficient affordable supply, or rental assistance to better afford the cost of market rate housing, 79% of extremely low-income renter households in the Chairman's district spend at least half of their income on housing costs every month. Ranking Member Waters' district is home to 28,067 extremely low-income renter households; for every 100 of these households, there are only 19 affordable homes, available homes in the district. Without sufficient affordable supply, or subsidies to help afford the cost of rent for existing units, 79% of ELI renter households in the district spend over half of their income on housing costs.

Figure 1:



Because of this severe shortage, housing cost burdens are concentrated among the lowest-income renters. Nationally, 87% of ELI renters are cost-burdened, paying over 30% of their income on housing, and 75% of ELI renters are severely cost-burdened, paying over half of their income on housing (Figure 2).[iii] With so much money going towards housing costs, renters with the lowest incomes spend less on other necessities, such as food, clothing, transportation, and healthcare, in order to maintain housing.

Figure 2:



The shortage of rental homes affordable to people with the lowest incomes represents a market failure that requires policy solutions. Federal investments that help fill in the gap between the cost of developing and operating rental homes and what households with the lowest incomes can afford to pay are an effective way of financing the development of deeply affordable rental homes. These investments also encourage important partnerships between the private market and government that will be needed to address the nation's affordable housing shortage at scale.

Federal subsidies, like the national Housing Trust Fund (HTF), Project-Based Rental Assistance (PBRA), and the Continuum of Care (CoC) program, play a vital role in ensuring affordable housing construction and preservation projects "pencil out" for communities. In addition, public housing is an important source of deeply affordable housing, providing millions of people with the lowest incomes a place to call home.

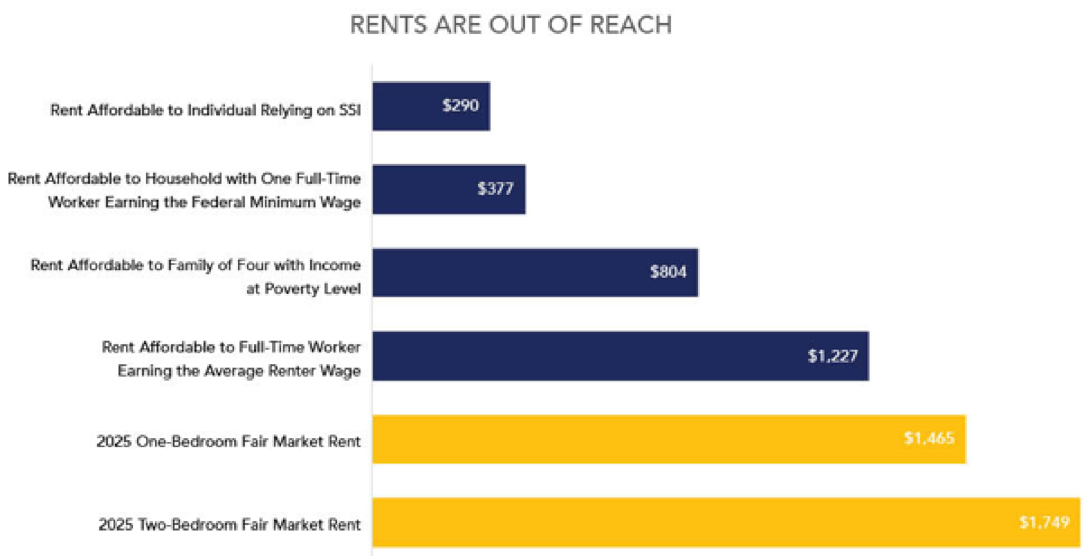
Despite the vital role federal investments play in housing construction and long-term housing stability, Congress has consistently underfunded these programs, including decades of divesting from public housing, resulting in the accrual of over $90 billion in significant unmet capital backlog needs.[iv] 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.[v] Federal investments in the construction of new and preservation of existing deeply affordable housing stock will be key to addressing the affordable housing crisis.

The Gap Between Incomes and Housing Costs

A second root cause of the affordable housing crisis is the fundamental mismatch between growing housing costs and comparatively stagnant incomes for people with the lowest incomes. The majority of extremely low-income renters are in the labor force (34%), seniors (33%), people with a disability (18%), students (4%) or single-adult caregivers to young children or household members with a disability (2%).[vi]

Despite the fact most of the lowest-income renters in the labor force work more than 20 hours per week, they are still not able to reasonably afford the cost of rent. Nationally, the average monthly fair market rents for one-bedroom and two-bedroom rental homes are $1,465 and $1,749, respectively. These rents are much higher than what many renters can afford, and they significantly outpace the average income of low-wage workers and people who rely on Supplemental Security Income (SSI; Figure 3).

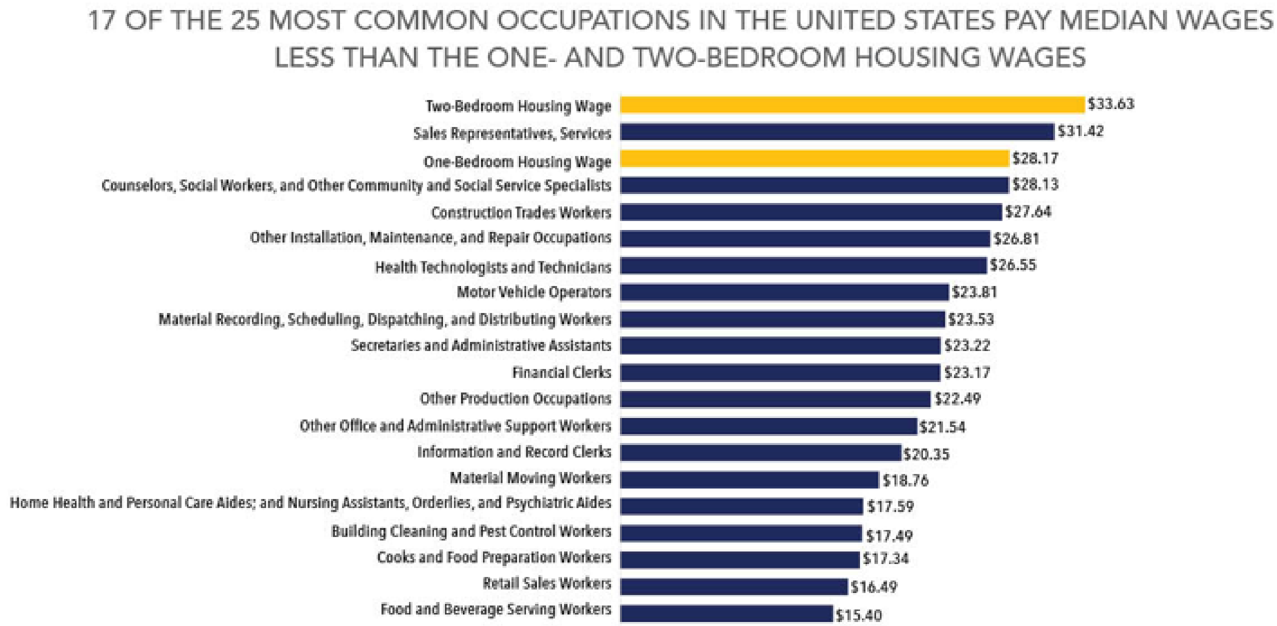
Figure 3:



NLIHC's *Out of Reach: The High Cost of Housing*[vii] annual report estimates each locality's "Housing Wage" – the hourly wage a full-time worker must earn to afford a modest one- or two-bedroom apartment at fair market rent without spending more than 30% of their income on housing. In 2025, the national Housing Wage was $33.63 per hour for a modest two-bedroom rental home, and $28.17 per hour for a modest one-bedroom rental home. Even in states with the least expensive rents, a renter working full time and earning less than $18 per hour is unable to afford a modest two-bedroom apartment.

Housing Wages are highest in traditionally high-cost states, like California, Hawaii, Massachusetts, and New York, but areas with lower Housing Wages also tend to have lower wages, so tenants in these areas still struggle to afford housing.
Fourteen of the 20 most common occupations in the U.S. pay a lower median hourly wage than the Housing Wage for a one- or two-bedroom rental home. Sixty-four million people, or 42% of the entire workforce, work in these 14 occupations, including retail and restaurant workers, health home aides and nursing assistants, building cleaners and repair workers, administrative assistants and those in the construction trades (Figure 4).[viii]

Figure 4:



Even after factoring in state and county-level minimum wages that exceed the federal minimum wage of $7.25 per hour, the average minimum wage worker must work 116 hours per week – nearly three full-time jobs – to afford a two-bedroom rental home, or 97 hours per week (2.4 full-time jobs) to afford a one-bedroom rental home at fair market rent.

In addition to federal investments to address the nation's severe shortage of affordable, available, accessible rental homes, investments in rental assistance, like HUD's Housing Choice Voucher (HCV) program, help households with extremely low incomes afford housing by bridging the gap between 30% of the household's income and the cost of rent in the private market. The HCV program also benefits landlords and housing providers by guaranteeing rent will be paid. Rental assistance is a critical tool for helping the lowest-income people afford decent, stable, accessible housing, and the HCV program has a proven record of reducing homelessness and housing poverty.[ix] A growing body of research finds that, by helping families better afford the cost of housing in neighborhoods of their choosing, rental assistance can improve health and educational outcomes, increase children's chances of long-term success, and advance racial equity.[x]

Federal investments play a vital role in expanding the supply of deeply affordable, accessible homes, and in helping households with low incomes afford the cost of rent in existing market rate units. However, Congress has consistently underfunded federal affordable housing and rental assistance programs, such that only one in four eligible households receive any kind of housing assistance.[xi] Because of this chronic underfunding, millions of families are placed on waitlists for housing assistance that are sometimes years long, if they are open at all; while these families wait, they struggle to pay rent and face eviction, overcrowding, and in worst cases, homelessness.[xii]

Immediate Threats to Essential Housing Programs

Developing and maintaining housing for the lowest income families depends on a stable policy and funding environment. While there are many ways to make the production and preservation of affordable housing more efficient and effective, sustained, consistent funding and sufficient staffing for HUD programs are essential to ensure resources reach those with the greatest needs. In addition to making needed reforms, NLIHC urges Congress and HUD to work together to fully fund and effectively administer HUD programs. These resources are vital to helping communities build, operate, and maintain safe, affordable, accessible housing, and helping families with low incomes afford the cost of housing on the private market.

Funding for Vital HUD Programs

As Congress works to finalize an FY26 spending bill, it is essential to provide the highest possible funding for HUD's programs. The House FY26 HUD spending bill would reduce HUD funding by $2.2 billion from last year, while the Senate bill would increase it by $3.3 billion over FY25. As rent and construction costs rise each year, increased funding is necessary to maintain assistance; funding that does not at least keep pace with the rate of inflation reduces the number of households that can be served.

Cuts to HUD funding also impact affordable housing developments financed with Low Income Housing Tax Credits (LIHTC), as these developments need additional sources of funding to pencil out and operate. HUD programs such as HOME Investments Partnership Program, the Indian Housing Block Grant, and Community Development Block Grant (CDBG) are important sources of development financing, and PBRA and CoC funding allows properties to serve renters with the lowest incomes and provide vital supportive services when needed for long-term housing stability.

Without adequate funding for vital federal affordable housing and homeless assistance programs, affordable housing construction and preservation projects will stall, and millions of the lowest-income and most marginalized households will continue to experience or remain at risk of homelessness.

To address the national affordable housing crisis, Congress must provide consistent, reliable funding for key HUD programs that target resources to households with the greatest needs. This includes providing the highest level of investment possible for federal affordable housing and homelessness programs through the annual appropriations process, and seizing any legislative opportunities to advance funding for HUD programs.

Cuts to HUD Staffing

Between January and June 2025, an estimated 2,300 HUD employees, or 23% of the agency's workforce, left the already understaffed department. These reductions strain remaining staff's ability to perform core functions efficiently. During the shutdown, HUD announced an additional 442 planned layoffs, which was temporarily paused by the recent continuing resolution (CR; H.R.5371). If allowed to proceed, the consequences of these additional layoffs will be farranging, from slowed affordable housing pipelines to compromised inspections of the health and safety conditions in public and multifamily housing.

In particular, staffing at the Office of Fair Housing and Equal Opportunity (FHEO) would be drastically cut. If allowed to go forward, stakeholders are concerned that HUD will no longer have the capacity to enforce the Violence Against Women Act (VAWA), leaving domestic violence, sexual assault, and human trafficking survivors with nowhere to turn. HUD has also de-prioritized complaints of housing discrimination, removed fair housing protections, and weakened enforcement infrastructure. HUD has an obligation to uphold fair housing obligations under the Fair Housing Act, and Congress should ensure that HUD is doing so.

In addition, Congress must do everything in its power to protect affordable housing funds from being rescinded. For example, funding for HUD's Green and Resilient Retrofit Program (GRPP), used for resiliency and energy updates at HUD-assisted properties, saved money for both residents and operators, contributing to the property's long-term sustainability. Despite GRPP's success, unobligated funds appropriated by Congress for this program were eventually rescinded as part of the "One Big Beautiful Bill Act".

Policy Solutions to the Affordable Housing Crisis

Bipartisan Housing Legislation

NLIHC commends the committee for its bipartisan focus on housing priorities this session. The following bills introduced in the House show a broad consensus that the federal government must act to address the nation's growing housing affordability crisis:

- The "HOME Reform Act of 2025" (H.R. 5798), introduced by Representatives Mike Flood (R-NE) and Emanuel Cleaver (D-MO), who lead the HFSC Subcommittee on Housing and Insurance, includes several programmatic reforms that would make the HOME program easier and more efficient to use, including streamlining environmental reviews, and exempting HOME projects from Build America, Buy America (BABA) requirements. If enacted, these reforms would help make HOME funding more accessible to smaller developers and help communities develop more deeply affordable housing.

- The bipartisan "Reforming Disaster Recovery Act" provision (S.1686/H.R. 5940 in the 118th Congress) contains critical reforms proposed by NLIHC's Disaster Housing Recovery Coalition (DHRC) members to help ensure the federal government's long-term disaster recovery program, HUD's Community Development Block Grant–Disaster Recovery (CDBG-DR) program, better serves disaster survivors with the lowest incomes.

- The bipartisan "Rural Service Reform Act" (S. 1260/H.R. 4957) provision would help preserve affordable rental and homeownership opportunities for low-income people and families living in rural areas, cut red tape, and encourage public-private partnerships to increase investment in the country's rural housing supply. This provision is based on the bi-

- The bipartisan "Choice in Affordable Housing Act" (S. 890/H.R. 1981) contains provisions related to streamlining inspections for the HCV program, making it easier for families to successfully use their voucher on the rental market.

- The bipartisan "Housing Supply Frameworks Act" (S. 1299/H.R. 2840) and the bipartisan "Build More Housing Near Transit Act" (S. 2363/H.R. 4576), both endorsed by NLIHC, include provisions that would incentivize and provide best practices for zoning and land use reforms that would increase housing supply.

Finance Deeply Affordable Rental Homes with the National Housing Trust Fund

To 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 homes. The best tool to add to the supply of deeply affordable housing is the national Housing Trust Fund (HTF).

The HTF is a federal resource primarily targeted for the construction, rehabilitation, preservation, and operation of rental homes for people with extremely low incomes. It is the most highly targeted federal rental housing capital and homeownership program. By law, at least 75% of HTF dollars used to support rental housing must serve extremely low-income households.

The HTF is funded through a slight fee on Freddie Mac and Fannie Mae activity, 65% of which goes to the HTF, and administered by states, allowing for flexibility to decide how best to use the resources to address states' most pressing housing needs. With the Administration considering substantial reforms to Freddie Mac and Fannie Mae, NLIHC urges Congress to ensure that the GSEs maintain their statutory obligation to the HTF.

NLIHC supports efforts to expand the HTF, either through appropriations or other sources. Some recent examples of legislation include the American Housing and Economic Mobility Act, which would invest over $44 billion in the HTF annually over 10 years, resulting in investments to build, repair, and operate nearly 2 million homes for households with low incomes; and the Housing Crisis Response Act of 2023, which would allocate $15 billion to the HTF. An expansion of the HTF would make a significant contribution to ending homelessness and housing poverty by addressing it at its root cause.

Preserve Existing Affordable Housing

Preserving existing affordable housing stock is foundational to any effort to expand the supply of affordable housing and alleviate the shortage for the lowest-income renters. 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.

Federally assisted rental homes provide a vital supply of housing that is affordable to the lowest-income renters, given the shortage of private market units affordable and available to them. These homes, however, require sustained or renewed funding commitments to ensure future affordability and habitability as buildings age and existing rent restrictions and tenant eligibility requirements expire or come up for renewal. The Housing Crisis Response Act of 2023 would provide $65 billion to repair the nation's public housing, preserving and improving more than 500,000 public housing units. This investment would begin to address the backlog of unmet capital needs for public housing, but even more is needed to address the backlog, and ensure sustained funding and the long-term affordability, quality, and financial viability of federally assisted homes. A 2010 national Public Housing Needs Assessment commissioned by HUD showed that $26 billion was needed to address the funding backlog. In a 2023 report, the National Association of Housing and Redevelopment Officials (NAHRO) found that this estimate would have increased to approximately $90 billion since the initial estimate.[xiii] Most recently, in October 2025, the Council of Large Public Housing Authorities (CLPHA) estimated that nearly $170 billion is needed to address the capital needs of the nation's public housing.[xiv] The authors of these studies used different methodologies to develop their estimates; it is clear that substantial investment is needed, and ongoing costs to preserve public housing properties can continue to be evaluated.

Reform the Low-Income Housing Tax Credit Program

While LIHTC is the largest source of financing for the construction and preservation of affordable rental housing, it is rarely sufficient on its own to build or preserve homes affordable to households with the lowest incomes.

Apartments built with the tax credit are typically too expensive for extremely low-income households, who make up almost half (49.1%) of LIHTC tenants.[xv] According to the National Council of State Housing Agencies, only a small share (18%) of new apartments built using 9% LIHTC are affordable to renters with extremely low incomes.[xvi] When the tax credit is used to preserve existing apartments, an even smaller share of these rental homes is affordable to extremely low-income households. The majority (58%) of extremely low-income renters living in developments financed with LIHTC who do not receive additional support through rental assistance are severely cost-burdened, paying more than half their limited income on rent.[xvii] Despite living in "affordable" homes, without additional federal assistance these households are always one unexpected expense or emergency away from falling behind on rent and facing eviction, and in worst cases, homelessness. These challenges, in turn, make it more difficult for communities to address homelessness.

The "One Big Beautiful Bill Act" (H.R. 1) expanded the LIHTC program by increasing the allocation of 9% credits by 12% and by lowering the "bond threshold test" for developments financed by tax-exempt private activity bonds and 4% credits. Novogradac estimates that these reforms will create or preserve an additional 1.22 million rental units over the next 10 years.[xviii] Any further expansion of LIHTC should be paired with key reforms included in the "Affordable Housing Credit Improvement Act" (S.1515, H.R.2725), a broad, bipartisan bill, introduced by Senators Maria Cantwell (D-WA)Todd Young (R-IN), Marsha Blackburn (R-TN), and Ron Wyden (D-OR) and Representatives Darin LaHood (R-IL), Suzan DelBene (D-WA), Claudia

Tenney (R-NY), Donald Beyer (D-VA), and Randy Feenstra (R-IA) in the 119th Congress. These reforms would allow the tax credit to better serve renters with the greatest need and those at risk of homelessness:

- The ELI Basis Boost offers additional tax credits to developers who agree to set aside at least 20% of apartments in a LIHTC-financed housing development for households with extremely low incomes. By providing a basis boost of 50%, federal policymakers can make it more financially feasible for developers to build apartments at rents that are affordable to households with the greatest needs. This reform is needed to better address and prevent homelessness.

- Designating Tribal and rural communities as "difficult to develop" would allow developers to access an automatic 30% basis boost for building rental homes in these communities. Indigenous people living on Tribal lands have some of the worst housing needs in the United States. They face high poverty rates and low incomes, overcrowding, lack of plumbing and heat, and unique development issues. Financing properties in these areas is particularly challenging. Likewise, rural communities face unique barriers to developing affordable rental homes, including lower incomes, higher poverty rates, and lack of access to private capital.

Additionally, many ELI renters in LIHTC development rely on rental assistance to make their rent affordable. Rental assistance not only closes the gap between a renter's income and the LIHTC rent, it can also help the property owner achieve sustainable rents to successfully operate the property. When considering the impacts of LIHTC expansion and reform, it is important to support the other programs that contribute to the success of LIHTC, including rental assistance as well as gap financing sources such as HOME.

Zoning Reforms

To increase the overall supply of housing, Congress should incentivize or require communities to reform restrictive local zoning ordinances that inhibit the supply of apartments and drive costs up for everyone. While local communities are best positioned to efficiently and effectively address issues related to restrictive zoning practices that limit the amount and types of new housing that can be built, the federal government can and should encourage communities to reduce unnecessary restrictions. The best opportunity at the federal level is to tie zoning and land use reforms to federal transportation, education, and infrastructure dollars – resources that are highly sought after by local communities and that could drive better practices.

While zoning reforms will help address the affordability challenges facing middle-income households, such reforms on their own will not be sufficient to address the housing needs of the lowest-income renters. Private developers and landlords cannot build or operate housing affordable to extremely low-income households without public subsidies; this market failure can only be addressed through expanded and targeted federal investments.

NLIHC has endorsed and urges Congress to enact legislation that would incentivize state and local zoning reforms that encourage the construction of low- and middle-income housing, including the “Build More Housing Near Transit Act” and the “Housing Supply Frameworks Act.”

Conclusion

Thank you again for the opportunity to submit a statement for the record for this hearing on solutions to the national shortage of affordable housing. By holding this hearing, the Committee is taking important steps to increase housing supply. We look forward to working with members of the Committee to enact policies that increase housing supply and target scarce resources to programs that serve households with the greatest needs.

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