

TARGETED HOUSING INVESTMENTS ARE VITAL TO ADDRESSING INFLATION



The targeted housing investments in the [Build Back Better Act](#) are critical to addressing a central driver of inflation - the rising cost of rent. Housing accounts for at least one third of a household's budget, making it the single largest component of the [consumer price index](#) (CPI), a popular measure of inflation. For 7.6 million households with extremely low incomes - those with incomes below the federal poverty limit or 30% or less of area median income - housing consumes [50% or more](#) of their monthly budget.

Inflation is hitting renters particularly hard. Nationally, the [cost of rent rose](#) an average of 14 percent last year, while cities like New York, Austin, and Miami saw rent increase by as much as 40 percent. Without intervention, rents are [anticipated to rise another 10 percent](#) this year, making housing even more unaffordable and [pushing more families into housing instability](#) and, in worst cases, homelessness. People with the lowest incomes, disproportionately people of color, are most harmed. With rents rising, homelessness increasing, public housing deteriorating, and millions of families struggling to keep a roof over their heads, federal investments are badly needed and long overdue.

The Build Back Better Act's historic and targeted housing investments - including \$25 billion to expand rental assistance, \$65 billion to preserve public housing, and \$15 billion for the national Housing Trust Fund - are not only essential to ensuring that America's lowest-income and most marginalized people have a stable, affordable home, but will help address inflation by bringing down the cost of housing.

BRIDGING THE GAP BETWEEN INCOME AND RENT

Rental assistance is an essential tool for helping people with the lowest incomes afford decent, stable, accessible housing, and the program has a [proven track record](#) of reducing homelessness and housing poverty, [improving](#) health and educational outcomes, and increasing racial equity. Rental assistance helps low-income households better afford rent by making up the difference between 30 percent of household income and the cost of rent. However, the program is vastly underfunded and [only one in four households](#) who qualify for rental assistance receive it, leaving most households to fend for themselves. Rental assistance is even more important as inflation rises.

A \$25 billion investment would expand rental assistance to an [estimated 300,000 households](#), protecting these households from the harmful impacts of inflation and preventing housing instability and homelessness.

PRESERVING AND INCREASING THE SUPPLY OF DEEPLY AFFORDABLE AND ACCESSIBLE HOUSING

Preserving and expanding the supply of deeply affordable housing would help decrease the cost of rent across incomes and [relieve inflationary pressure](#) caused by high rent.

The United States has an estimated shortfall of [6.8 million rental homes](#) affordable and available to renters with extremely low incomes. Nationally, only 37 affordable and available rental homes exist for every 100 extremely low-income renter households, and there is not a single state in the country with enough affordable homes to meet demand.

This shortfall of affordable housing puts upward pressure on the rental housing market, skyrocketing the cost of rent and [increasing inflation](#). The severe shortage of affordable homes for people with the lowest incomes is a national issue requiring large-scale, federal intervention. The private market cannot, on its own, build housing affordable to extremely low-income renters, underscoring the central role for federal, state, and local governments in correcting this market failure.

Investing \$65 billion would preserve public housing for its 2.5 million residents and future generations.

Public housing is critical to ensuring people with the lowest incomes have an affordable and accessible place to call home. Preserving this asset is key to any strategy to address the affordable housing crisis and reduce inflation, but decades of disinvestment by Congress has resulted in an over \$70 billion backlog in unmet capital needs. As a result, our nation loses an estimated 10,000 to 15,000 units of public housing every year to obsolescence or decay, while families living in public housing are subjected to unhealthy and dangerous living conditions.

A \$15 billion investment in the national Housing Trust Fund would build or preserve [more than 150,000 units](#) of affordable, available, and accessible housing for people with the lowest incomes. The national Housing Trust Fund (HTF) is the only federal program dedicated to the construction, preservation, and operation of housing deeply affordable enough for households with the lowest incomes. Targeting investments to increase the supply of deeply affordable housing will have a ripple effect, relieving the upward pressure on rent throughout the rental housing market. In fact, fully funding the HTF at \$45 billion per year over ten years [would result in](#) the creation of 2.1 million affordable homes and reduce rents across income groups by as much as 10 percent. The \$15 billion investment for the HTF proposed in Build Back Better would put the country on the path towards meaningfully addressing the affordable housing crisis and decreasing the cost of rent.

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