Opportunities To End Homelessness and Housing Poverty In A Trump Administration

DECEMBER 1, 2016

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NATIONAL LOW INCOME
HOUSING COALITION

To: President-elect Trump's Transition Team

From: Diane Yentel, President & CEO of the National Low Income Housing Coalition

Date: December 1, 2016

Re: Opportunities To End Homelessness and Housing Poverty In A Trump Administration

The National Low Income Housing Coalition (NLIHC) is committed to working with President-elect Trump and his administration to address one of the most critical issues facing extremely low income families today: the lack of decent, accessible, and affordable housing. Today, just one in four eligible of the lowest income households gets the assistance they need to afford a home. We must work towards ending homelessness and housing poverty once and for all, giving everyone the opportunity to break through the cycle of poverty and climb the ladder of economic success.

NLIHC is dedicated solely to ensuring that people with the lowest incomes in the United States have affordable and decent homes. Our members include state and local housing coalitions, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, public housing agencies, private developers and property owners, local and state government agencies, faith-based organizations, residents of public and assisted housing, 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 with and on behalf of extremely low income households who receive or are in need of housing assistance.

Throughout the campaign, President-elect Trump has focused on the importance of rebuilding the American cities and communities. He proposed investing in our nation's infrastructure in order to spur economic growth, create millions of new jobs, and increase wages for American workers. Both the Republican Party Platform and the House Republican's *A Better Way* Agenda commit to focusing resources on the people who need it the most and creating opportunities for low income families to escape poverty. For these reasons, protecting and increasing investments in affordable rental housing for extremely low income families should be a key priority of a Trump administration.

NLIHC urges this administration to seize the opportunity to address the full scope of affordable housing challenges for families with the greatest needs. In the memorandum below, we provide our recommendations on steps the Trump administration can take—whether through an infrastructure spending package, comprehensive tax reform, the appropriations process, housing finance reform, and regulatory avenues—to make the critical investments in affordable housing that our nation needs to help the economy, local communities, and families thrive.

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I. The Need for Affordable Housing

Today, the affordable housing crisis in America continues to reach new heights. Rents are rising, wages of the lowest income workers are flat, and more people are renting their homes than ever before. But the supply of affordable housing and rental assistance has not kept pace. As a result, record-breaking numbers of households cannot afford a decent place to call home.[1] Every state and every congressional district is impacted. Unless we increase investments in affordable housing to keep up with the need, these challenges will only get worse as demand for rental housing grows over the next decade.[2]

The greatest need for affordable housing—on the local, state, and national level—is concentrated among extremely low income renters who earn no more than 30% of the area median income (AMI). NLIHC's recent report, *The Gap: The Affordable Housing Gap Analysis 2016*, found that there is a shortage of 7.2 million affordable and available rental homes for the nation's 10.4 million extremely low income renters. This means that just three out of 10 extremely low income families are able to find an affordable place to call home. As a result, 75% of the poorest families are severely cost-burdened, spending more than half of their income on rent and utilities. These families are often forced to make difficult choices between paying rent and buying groceries or visiting their doctor. This is the definition of "housing poverty." In the worst cases, these families become homeless. Unaffordable rents can lead to undernourished children because, as sociologist Matt Desmond put it, "The rent eats first."

NLIHC's *Out of Reach* report shows the difference between wages and the price of housing in every state, county, and jurisdiction by estimating each locality's "housing wage", the hourly wage a full-time worker needs to earn in order to afford a modest, two-bedroom apartment. In 2016, the national housing wage was $20.30 per hour. A worker earning the federal minimum wage would need to work 112 hours a week—or 2.8 full-time jobs—just to afford a modest two-bedroom apartment. While the housing wage changes from state to state and county to county, there is no jurisdiction in the United States where a full-time worker earning the prevailing minimum wage can afford a modest, two-bedroom apartment. And it's not just minimum wage workers for whom rents are out of reach: the average renter in the U.S. earns $15 per hour, $5 an hour less than the national housing wage.

The public is looking to the White House and Congress for solutions. According to a recent How Housing Matters survey, 81% of Americans believe housing affordability is a problem in America, and 60% characterize affordability as a serious problem. Three out of four (76%) Americans believe it is important for federal elected officials to take action on housing affordability, and 63% believe the issue is not getting enough attention.[3]

1. IMPACT ON ECONOMIC MOBILITY

Affordable housing is a long-term asset that helps families and children climb the economic ladder. According to the How Housing Matters survey, 70% of Americans agree that "investing in affordable, quality housing is investing in kids and their future."[4]

Increasing the supply of affordable housing and rental assistance—especially in areas connected to good schools, well-paying jobs, healthcare, and transportation—helps families climb the economic ladder and leads to greater economic and community development. In addition, children who live in a stable, affordable home have better health and educational outcomes, gain greater access to economic opportunities, enjoy better mental and physical well-being, and benefit from stronger communities. Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty in the United States.[5]

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1 According to HUD programs, households spending more than 30% of income for these housing costs are considered to be "cost-burdened." Households spending more than 50% are considered to be "severely cost-burdened."

2 https://www.washingtonpost.com/news/in-theory/wp/2016/10/11/better-housing-policy-could-save-us-all-money-why-are-we-ignoring-it/?utm_term=.7baa41ec3cb9

3 http://howhousingmatters.org/articles/affordable-housing-investment-kids-future/

4 http://howhousingmatters.org/articles/affordable-housing-investment-kids-future/

5 http://www.urban.org/research/publication/reducing-child-poverty-us

Groundbreaking research by Harvard economist Raj Chetty offers persuasive evidence of the impact of affordable housing on upward mobility for children. Using new tax data, Chetty and his colleagues assessed the long-term outcomes for children who moved at a younger age to lower poverty neighborhoods. Chetty's study found that children who were younger than 13 when their family moved to lower poverty neighborhoods saw their earnings as adults increase by approximately 31%, an increased likelihood of living in better neighborhoods as adults, and a lowered likelihood of becoming a single parent.

Other research shows that children living in stable, affordable homes are more likely to thrive in school and have greater opportunities to learn inside and outside the classroom. Children in low income households that live in affordable housing score better on cognitive development tests than those in households with unaffordable rents.[6] Researchers suggest that that is partly because parents with affordable housing can invest more in activities and materials that support their children's development.[7]

Having access to affordable housing allows the lowest income families to devote more of their limited resources to other basic needs. Families paying large shares of their income for rent have less money to spend on food, health care, and other necessities than those with affordable rents.[8]

2. IMPACT ON THE ECONOMY AND JOB CREATION

Beyond the broad benefits to economic mobility, an investment in affordable housing for the lowest-income households bolsters productivity and economic growth. By connecting workers to communities with well-paying jobs, good schools, and transit, investments in affordable housing can spur local job creation and increase incomes. Investments in affordable housing boosts local economies and contributes to neighborhood and community development.

Research shows that the shortage of affordable housing in major metropolitan areas costs the American economy about $2 trillion a year in lower wages and productivity. Without affordable housing, families have constrained opportunities to increase earnings, causing slower GDP growth. Moreover, each dollar invested in affordable housing boosts local economies by leveraging public and private resources to generate income—including resident earnings and additional local tax revenue—and support job creation and retention. Building 100 affordable rental homes generates $11.7 million in local income, $2.2 million in taxes and other revenue for local governments, and 161 local jobs in the first year.[9]

II. A Comprehensive Set of Solutions Are Needed

While every state and congressional district is impacted by the housing affordability crisis among extremely low income families, specific housing challenges differ from community to community. For that reason, there is no silver-bullet, top-down, one-size-fits-all solution. Instead, NLIHC encourages the administration to use every tool available to help states and communities solve this problem.

A comprehensive set of solutions to end housing poverty in America includes both capital investments and rental assistance.

Capital investments are needed to build, preserve and rehabilitate homes affordable to the lowest income people, as well as to address other challenges, including the need to revitalize distressed urban and rural communities, provide housing options for low income families in tight markets, and produce accessible housing for people with disabilities and special needs.

Capital for the development and preservation of apartments affordable to the lowest income people should be a top priority for the administration. This includes an expansion of the national Housing Trust Fund and

6 http://www.tandfonline.com/doi/abs/10.1080/10511482.2014.899261

7 https://www.macfound.org/media/files/Affordable_Housing_Child_Enrichment_Stronger_Cognitive_Development.pdf

8 http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/americas_rental_housing_2015_web.pdf

9 https://www.nahb.org/~/media/Sites/NAHB/Economic%20studies/1-REPORT_local_20150318115955.ashx?la=en

the expansion and improvement of the Low Income Housing Tax Credit, giving states the flexibility to more deeply target the Housing Credit to extremely low income households. In addition, we must invest in the preservation and rehabilitation of local public housing infrastructure. Addressing these gaps in the rental housing market requires investment in bricks and mortar, which will spur economic growth, create jobs, and increase wages for American workers.

It is also critical to invest in rental assistance for extremely low income people. Rental assistance—whether at HUD or USDA—has a proven track record of reducing homelessness and housing poverty. Today, more extremely low income households are struggling to pay their rent than ever before. Despite the growing need, only one in four families get the federal rental assistance they need because of chronic underfunding. Helping more households with the greatest needs afford their homes should be a major goal of this administration. NLIHC encourages the Trump administration to protect and expand Housing Choice Vouchers and to establish a renters' tax credit to help families keep more of their incomes for other essentials like food, medicine, education, and transportation.

III. Legislative Opportunities To Protect and Expand Investments in Affordable Housing For Families with the Greatest Needs

In the coming years, there will be several major legislative opportunities for the Trump administration to protect and expand investments in affordable housing: (1) a large-scale investment in infrastructure; (2) comprehensive tax reform; (3) negotiations to raise the debt ceiling/spending caps; and (4) comprehensive reform of the housing finance system, including Fannie Mae and Freddie Mac.

1. INFRASTRUCTURE INVESTMENT

President-elect Trump has announced that a large-scale investment in infrastructure is a top priority for his incoming administration. Policymakers from both sides of the aisle agree. To maximize this investment's impact on long-term economic growth, NLIHC strongly believes that any infrastructure package should include resources to increase the supply of affordable housing for families with the lowest incomes.

Investing in affordable housing infrastructure—through new construction and preservation—will bolster productivity and economic growth, provide long-term assets that connect low income families to communities of opportunity, support local job creation and increased incomes, and create inclusive communities.

The connection between affordable housing and infrastructure is clear: like roads and bridges, affordable housing is a long-term asset that helps communities and families thrive. Without access to affordable housing, investments in transportation and infrastructure will fall short. Increasing the supply of affordable housing—especially in areas connected to good schools, well-paying jobs, healthcare, and transportation—helps families climb the economic ladder and leads to greater community development.

Research shows that the shortage of affordable housing in major metropolitan areas costs the American economy about $2 trillion a year in lower wages and productivity. The lack of affordable housing acts as a barrier to entry, preventing lower-income households from moving to communities with more economic opportunities. Without the burden of higher housing costs, these families would be better able to move to areas with growing local economies where their wages and employment prospects may improve.

High housing costs constrain opportunities for families to increase earnings, causing slower GDP growth. In fact, researchers estimate that the growth in GDP between 1964 and 2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a $1.7 trillion increase in income, or $8,775 in additional wages per worker. [10]

Moreover, each dollar invested in affordable housing infrastructure boosts local economies by leveraging

10 http://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf

public and private resources to generate income—including resident earnings and additional local tax revenue—and support job creation and retention. In fact, building 100 affordable rental homes generates $11.7 million in local income, $2.2 million in taxes and other revenue for local governments, and 161 local jobs in the first year.[11]

A comprehensive investment in housing infrastructure should include:

- An expansion of the national Housing Trust Fund, a new tool that is focused exclusively on increasing the supply of affordable housing for those with the greatest needs;
- An expansion of Housing Choice Vouchers to help connect families to areas of opportunity with access to good schools, well-paying jobs, healthcare, and transit;
- Resources to repair and rehabilitate public housing stock to preserve this asset for current tenants and future generations; and
- Allowing affordable housing developments to be eligible for equity investments through a national infrastructure bank.

National Housing Trust Fund

The national Housing Trust Fund is the first new housing resource in a generation. It is targeted to help build, preserve, and rehabilitate housing exclusively for people with the very lowest incomes. And, because it is administered as a block grant, each state has the flexibility to decide for itself how to use these resources to address its most pressing housing needs.

NLIHC led a national coalition that played a critical role in the creation of the Housing Trust Fund through the passage of the *Housing and Economic Recovery Act of 2008*. In 2016, the first $174 million in Housing Trust Fund dollars were allocated to states. This is an important step, but far more resources are necessary to meet the need.

By law, at least 90% of funding for the Housing Trust Fund must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10% may be used for homeownership activities including production, preservation, rehabilitation, down payment, closing cost, and interest rate buy-down assistance for first-time homebuyers.

Currently, the Housing Trust Fund is funded with dedicated sources of revenue outside of the appropriations process—lessening the burden on federal resources. The initial source of funding designated in the statute is a very small annual assessment of 4.2 basis points (0.042%) of the volume of business of Freddie Mac and Fannie Mae, 65% of which goes to the Housing Trust Fund.

The statute provides that the Housing Trust Fund can be funded by other sources of revenue, such as any appropriations, transfers, or credits that Congress may designate in the future. However, the Housing Trust Fund should be funded with dedicated revenues generated outside of the appropriations process so that it does not compete with existing HUD programs.

NLIHC will work with the Trump administration to identify sources of funding to expand the Housing Trust Fund through a comprehensive infrastructure package, housing finance reform, and other legislative avenues.

Housing Choice Vouchers

Housing Choice Vouchers should be a key part of President Trump's plan to connect housing support for families in high-poverty neighborhoods to economic opportunity.

11 https://www.nahb.org/~/media/Sites/NAHB/Economic%20studies/1-REPORT_local_20150318115955.ashx?la=en

Vouchers are a proven tool that helps the private sector reduce homelessness and housing insecurity, while helping families climb the economic ladder. Housing vouchers help people with the lowest incomes afford housing in the private housing market by paying landlords the difference between what a household can afford to pay in rent and the rent itself, up to a reasonable amount. Administered by the U.S. Department of Housing and Urban Development (HUD), housing vouchers comprise the agency's largest rental assistance program, assisting more than 2.2 million households.

Despite the program's proven success in ending homelessness and reducing housing insecurity, limited funding means that most eligible families do not receive this needed assistance. Today, just one in four eligible families actually receive the rental assistance they need.

Recently, NLIHC published *Housing Spotlight: The Long Wait for a Home*, which examined the waiting lists for federally assisted housing. NLIHC surveyed public housing authorities (PHAs) across the nation and found that more than half (53%) of all waiting lists for Housing Choice Vouches (HCVs) were closed to new applicants. Of these, 65% had been closed for at least one year. The average wait time for vouchers is 1.5 years, and a quarter (25%) had waiting lists of at least three years. Some of the largest PHAs had waiting lists of at least seven years.

Given the program's effectiveness, we recommend that President-elect Trump protect and expand housing vouchers to more families in need.

In addition, we support efforts by Speaker of the House Paul Ryan and House Republicans to give recipients of assistance more choice. While housing vouchers offer families the prospect of moving to areas of opportunity, barriers to mobility prevent many from doing so. Many private-sector landlords refuse to accept housing vouchers—whether because of the administrative costs, because vouchers do not cover the full cost of rent in high-cost areas, or because of outright discrimination.

There are a number of regulatory steps that can be taken to address these issues (see below), including consolidating public housing authorities' administration of vouchers within a housing market, barring source-of-income discrimination, and funding mobility counseling pilot programs, among others.

Public Housing

Public housing is home to more than 1.1 million households and plays a critical role in providing safe, decent housing to families with the greatest needs. The preservation of this important community asset must be a part of any strategy to end housing poverty.

More than half (52%) of all households living in public housing are headed by a disabled and/or elderly resident, and nearly half (41%) have at least one child residing in the home. Nearly three quarters (72%) of households are considered very low- or extremely low income, making less than 50% of the area median income, and the average annual tenant income is about $13,400.

Despite its critical role, public housing capital repairs have been chronically underfunded. Today, public housing faces approximately $45 billion in unmet capital backlog needs. As a result, HUD is unable to make the repairs needed to preserve its public housing stock and has lost 10,000 to 15,000 public housing apartments each year to obsolescence or decay.

Research shows that the vast majority of the more than 2 million people who live in public housing are satisfied with their homes, even though they rightfully push for solutions to maintenance and management issues. In fact, far more people are trying to get into public housing than leave it. In NLIHC's *Housing Spotlight: The Long Wait for a Home*, we found that public housing waiting lists had an average wait time of 9 months. Twenty-five percent of them had a wait time of at least 1.5 years.

The federal government has already invested significant resources to develop, maintain, and operate public housing. Communities will lose an important asset—and the federal government will lose all of this investment—if Congress continues to underfund public housing. We urge President-elect Trump to make a significant investment—through an infrastructure package or otherwise—in rehabilitating and preserving public housing throughout the country.

2. TAX REFORM

Comprehensive tax reform provides another opportunity to protect and expand federal investments in affordable housing resources in order to spur economic growth, create jobs, and provide much-needed assistance to families with the greatest needs.

A tax reform bill should include:

- **Modest reforms to the mortgage interest deduction to benefit low income homeowners and generate billions of dollars to be reinvested in rental housing programs that serve families with the greatest needs.**
- **The creation of a renters' tax credit to help make housing affordable for renters with the lowest incomes.**
- **An expansion of the Low Income Housing Tax Credit with reforms to increase the supply of housing targeted to the lowest income families.**

Modest Reforms to the Mortgage Interest Deduction

Tax reform provides the administration with an opportunity to enact modest changes to the mortgage interest deduction, generating billions of dollars in savings that could be redirected to support affordable housing for those with the greatest needs.

While federal investments in affordable rental housing have a proven track record of reducing homelessness and housing insecurity, these investments are sorely underfunded. As mentioned previously, just one in four families that are eligible for housing assistance get the help they need. For our nation to fully address the affordable housing crisis in America, we must identify and allocate resources to increase investment in proven solutions.

The administration can make the investments needed to end homelessness and housing insecurity—without adding costs to the federal government—through reform of the $70 billion mortgage interest deduction (MID).

The MID is our nation's largest housing subsidy. Currently, the federal government spends almost $200 billion each year to help Americans buy and rent their homes. A full three-quarters of those resources goes to subsidize higher income homeowners—most of whom would be stably housed without the government's help—though the MID and other homeownership tax breaks. Only a quarter is left to assist the poorest families—those with the greatest and the clearest needs. In fact, we spend more to subsidize the homes of 6 million of the highest income households through the MID than we do to help the poorest 22 million households combined through programs administered by HUD and USDA.

Because the MID primarily benefits America's wealthiest families, it is poorly targeted. According to the Congressional Budget Office, the top 20% of wealthiest households receive 75% of the benefits of the MID; the top 1% get 15% of the benefits. Everyone else gets almost nothing. This means that 4 out of every 10 dollars spent through the MID benefits families earning more than $200,000 a year. Eight out of every 10 dollars goes to families making more than $100,000.

Moreover, economists agree that the MID does little to promote homeownership. Three-fourths of all taxpayers do not benefit from the MID. This includes households who rent and about half of all homeowners, those who take the standard deduction on their taxes. Those who benefit from the MID would choose to buy a home whether or not they were receiving the tax benefit.

And the MID primarily benefits affluent homeowners living in expensive urban areas in just a handful of states. Half of all spending through the MID goes to homeowners in 5 states: California, New York, New Jersey, Maryland, and Virginia. Currently, the MID provides very little benefit to most of the country.

NLIHC's United for Homes campaign—endorsed by more than 2,300 organizations, local governments, and elected officials—proposes to reform the mortgage interest deduction.

The changes are simple: United for Homes supports:

- Reducing the amount of a mortgage eligible for the tax break from the current $1 million to $500,000. Homeowners with jumbo mortgages would still receive tax relief on the first $500,000. An analysis of 2013-2015 HMDA data shows that just 5% of all mortgages in the U.S. were over $500,000 during those 3 years;
- Converting the deduction into a nonrefundable capped credit; and
- Reinvesting the significant savings into programs that serve families with the greatest, clearest housing needs.

These changes would allow nearly 15 million more homeowners to receive a much-needed tax break—99% of whom have incomes under $100,000. It would also generate $241 billion in savings over 10 years that to be redirected into targeted rental housing programs that serve families with the greatest needs, including Housing Choice Vouchers, public housing, the national Housing Trust Fund (HTF), and the creation of a renters' credit. NLIHC estimates that such an investment would support nearly 4 million jobs, generating $282 billion in local income, and $53 billion in local tax revenue.

At a time when America's housing affordability crisis continues to reach new heights, our nation should be investing scarce resources into programs that serve those with the greatest needs.

Renters' Credit

NLIHC supports proposals to establish a tax credit to help make housing affordable for renters with the lowest incomes.[12]

A renters' tax credit could complement the existing Low Income Housing Tax Credit—which works well as a subsidy for affordable housing development, but is rarely sufficient on its own to push rents down to levels poor families can pay—and rental assistance programs such as Housing Choice Vouchers—which are highly effective, but meet only a modest share of the need.

Our nation has long provided mortgage tax relief for higher-income homeowners, most of whom would be stably housed without assistance. A renters' tax credit that could help ensure that the lowest income households are able to afford safe, decent homes through a tax break is long overdue.

Any renters' credit should be tailored to benefit primarily families with the lowest incomes. Ways to provide monthly rather than annual credit payments, adapt the credit to reflect local housing costs, and ensure that the lowest income households that do not file taxes with the IRS receive the benefit should be explored. Efforts to ensure that extremely low income households do not pay more than 30% of their incomes on housing should be prioritized.

Proposals to establish a renters' tax credit offer a promising opportunity to address the affordable housing challenges of the many lowest income households who go without assistance and to help these families keep more of their incomes for other necessities.

12 Proposals have been developed by the Center on Budget and Policy Priorities (CBPP) and the Terner Center for Housing Innovation at the University of California Berkeley. Details on the CBPP proposal can be found here: http://www.cbpp.org/research/housing/renters-tax-credit-would-promote-equity-and-advance-balanced-housing-policy. The Terner Center proposal can be found here: http://ternercenter.berkeley.edu/fair-tax-credit

Expansion and Reform of the Low Income Housing Tax Credit

The Low Income Housing Tax Credit (Housing Credit) program is the primary source of financing for new affordable housing, having developed or preserved nearly 3 million affordable apartments over the last three decades. The Housing Credit has provided homes to roughly 6.5 million low income families over that period.

While the Housing Credit is an important and successful program, it can be improved to provide the flexibility that states and communities need to serve families with the greatest, clearest needs—homeless individuals and families, extremely low income seniors, families with children, people with disabilities, and Native American and rural communities. NLIHC encourages the Trump administration to tie any expansion of the Housing Credit to reforms to strengthen and streamline this vital resource, encourage development in challenging markets like rural and Native American communities, and increase its ability to serve extremely low income people.

NLIHC strongly supports S.3237 the *Affordable Housing Credit Improvement Act*, introduced by Senators Orrin Hatch (R-UT) and Maria Cantwell (D-WA). S.3237 would expand the Housing Credit by 50% over five years to finance an additional 400,000 affordable apartments over the next decade and make important improvements to enable deeper income targeting. This includes incentives to make it easier for developers to serve homeless and extremely low income families, to encourage development in Native American communities, and to give more flexibility by facilitating mixed-income developments.

3. DEBT CEILING NEGOTIATIONS AND SPENDING CAPS

In 2017, the Administration will face a major legislative hurdle: sequestration. When the *Budget Control Act of 2011* was signed into law, it set in motion very low spending caps, limiting federal funding for defense and non-defense discretionary programs. Since then, Congress has reached short-term agreements to increase spending above the caps and avoid sequestration—or across-the-board spending cuts that are triggered when Congress spends more than the caps allow.

Most recently in October 2015, Congress reached a two-year agreement to increase the spending caps for FY16 and FY17 and to suspend the debt ceiling through March 2017. Low spending caps are slated to return in FY18, however, unless Congress acts again.

For the last several years, Congress agreed that parity was central to any spending negotiations so that the impact of these spending caps fell equally on defense and non-defense programs. Recent, however, President-elect Trump spoke about eliminating parity by lifting the spending caps for defense programs. Such an action could result in placing the full weight of budget limitations on non-defense programs. Moreover, he proposed cutting non-defense spending by an additional 1% each year for the next 10 years. Both of these proposals could devastate HUD and USDA programs, significantly increasing housing poverty and homelessness in America.

We encourage the Trump administration to look instead at progress made in addressing veteran homelessness as a guide. Over the past several years, HUD, the Department of Veterans Affairs, and the United State Interagency Council on Homelessness have reduced veteran homelessness by nearly 50%. That achievement was made possible largely through increased funding directly targeted at those in need of assistance. To address the affordability crisis in America and build upon recent achievements made in decreasing the number of people experiencing homelessness, Congress should increase the number of families able to afford homes through HUD and USDA programs, not reduce it.

For those reasons, we respectfully urge President Trump to reconsider his position on parity and spending caps and instead work to reach a broader agreement to lift the spending caps for both defense and non-defense programs.

4. HOUSING FINANCE REFORM

The Trump administration will likely have to address housing finance reform in 2017. Currently all of Fannie Mae and Freddie Mac's profits are swept into the Treasury each quarter, and projections are that their capital buffers will be reduced to zero by January 1, 2018. Even though Fannie and Freddie have now returned to the Treasury far more than they received in federal assistance during the housing collapse of 2008, the lack of capital buffers in 2018 will require them to need another draw from the Treasury when they next experience a down quarter.

Housing finance reform provides an opportunity to increase resources for affordable housing solutions. The bipartisan Johnson-Crapo reform legislation of 2013 included a provision that would increase funding for the national Housing Trust Fund by applying a 10 basis point fee on guaranteed securities in a new mortgage insurance corporation that would replace Fannie and Freddie. If enacted, this would generate an estimated $3.5 billion for the national Housing Trust Fund (HTF) annually, making a significant contribution to ending homelessness and housing poverty in America without having to allocate additional appropriated dollars. The Johnson-Crapo bill's provision for a 10 basis point fee for affordable housing programs should be included in any housing finance reform legislation considered by the next Congress.

IV. Regulatory Opportunities To Increase Mobility For Families with the Greatest Needs

NLIHC strongly welcomes a national conversation about ways to improve economic mobility for families with extremely low incomes. The Trump administration has an excellent opportunity to ensure that federal housing programs reach households with the greatest needs and provide families with real opportunities to break the cycle of poverty.

NLIHC agrees with Speaker Paul Ryan and the GOP Anti-Poverty Task Force that one goal of federal housing programs should be to help families "move to areas with more affordable housing, education, or job opportunities."

To reduce costs and improve voucher mobility, NLIHC recommends consolidating PHA's administration of housing vouchers, funding a mobility counseling pilot program, and implementing HUD's Affirmatively Furthering Fair Housing rule.

1. CONSOLIDATE PHA'S ADMINISTRATION OF HOUSING VOUCHERS.

Currently, 2,400 PHAs administer the nation's two million housing vouchers. Fifty-eight percent of these agencies administer fewer than 400 vouchers. These small housing agencies exist in rural, suburban, and urban markets. There are 558 housing agencies administering vouchers in the nation's 49 most populated metro areas. Consolidation of the administration of vouchers would result in administrative cost savings, bring significant benefits to families with housing vouchers and those in need of housing vouchers, and reduce HUD's oversight costs.

According to HUD's Housing Choice Voucher Program Administrative Fee Study issued in April 2015, large housing voucher programs have significantly lower costs than smaller programs. Cost estimates for the 130 small housing voucher programs studied show an inverse pattern of costs per unit, decreasing steadily with the increase in the number of vouchers under lease.

Under the current system of multiple housing authorities in a single housing market, a household seeking a voucher has to apply to several different agencies to maximize their chances of successfully competing for a voucher. For example, an eligible household in the Washington, D.C. housing market would have to submit separate applications to the District of Columbia Housing Authority, the Housing Opportunities Commission of Montgomery County, the Housing Authority of Prince George's County, the Alexandria Housing and Redevelopment Authority, the Fairfax County Redevelopment and Housing Authority, and the Arlington County Department of Human Services, not to mention additional housing agencies in outer-ring suburbs from which people commute to and from jobs in the D.C. metro area.

It is obvious how time consuming and frustrating this would be for families seeking a housing voucher. It is also costly for a housing authority to process an application—a cost that is compounded when several housing authorities are processing applications from the same household. Under the current system, it is impossible to know what the true demand for vouchers is because the same household can be on multiple waiting lists.

Even if a household is lucky enough to rise to the top of a waiting list and receive a housing voucher, they may face significant barriers in using the voucher. Housing markets do not recognize jurisdictional boundaries. If a new voucher holder received their voucher in one jurisdiction but found suitable housing in the next jurisdiction, the household would have to go through the cumbersome process of "porting" their voucher from one administering agency to another. This complicated process can reduce significantly the household's chances of successfully executing a lease and moving into the new home.

Consolidation of an area's vouchers into a single administering entity with a single waiting list would significantly streamline the voucher process for households, the administering agencies, and the landlords on whose participation the program's success depends.

Regional administration of vouchers would also result in providing voucher holders with greater choice in where they can use their vouchers. Federal policy changes to require the consolidation of voucher administration would provide people more freedom to choose where to live with a voucher, including moving to low-poverty neighborhoods or closer to jobs.

One example of a consolidated housing agency is the Southern Nevada Regional Housing Authority (SNRHA), which is the successor to the Housing Authorities of Las Vegas, North Las Vegas, and Clark County. According to the SNRHA's website, "Now, all of that expertise is under one roof and we hope to serve you much more efficiently." The SNRHA administers 10,094 Housing Choice Vouchers.

Current statute permits voucher administration consortia, but many housing authorities are reluctant to give up their authority. Congress should enact legislation that provides incentives—or preferably mandates—for consolidation and regional administration of vouchers.

2. FUND A MOBILITY COUNSELING PILOT PROGRAM.

We recommend that President-elect Trump propose a mobility counseling pilot program in his FY18 budget request. A demonstration program would allow HUD and PHAs to develop new models to help voucher holders move out of areas of concentrated poverty to areas with better opportunities and jobs. To start, the administration could identify PHAs in 10 regions to provide counseling to help HUD-assisted families move to areas of opportunity. PHAs could use demonstration funds to improve collaboration between agencies and align policies and administrative systems. Funds could also be used to better recruit landlords and incorporate other activities that promote greater voucher mobility and housing choice. It is important that any proposal also include a research component to study what strategies proved most cost-effective.

3. IMPLEMENT HUD'S AFFIRMATIVELY FURTHERING FAIR HOUSING RULE

Affordable housing has broad, positive impacts on health, education, and economic outcomes. It is critically important to ensure that all families have the ability to benefit from these investments. For that reason, federal fair housing laws are critical to ending housing discrimination and ensuring that all families have access to housing. Our nation needs to create inclusive communities, where all community members have access to economic and educational opportunities as well as affordable housing.

NLIHC supports the U.S. Department of Housing and Urban Development's (HUD) Affirmatively Furthering Fair Housing rule. We believe fair housing and civil rights advocates and affordable housing and community development practitioners can find common ground on policies that increase opportunities for underserved people to live in high-opportunity areas, that prevent displacement of residents through gentrification, and that comprehensively revitalize distressed neighborhoods.

We encourage the Trump administration to build on the progress that has been made in reaching the goals of the Fair Housing Act.

V. Conclusion

NLIHC and our members are committed to working the Trump administration to address the lack of decent, accessible, and affordable housing, especially among families with the greatest needs. Together, we can together help end family homelessness and housing poverty once and for all.

If you have any questions or need additional information, please feel free to contact me (dyentel@nlihc.org) or NLIHC's Public Policy Director Sarah Mickelson (smickelson@nlihc.org) at any time.