Statement for the Record
National Low Income Housing Coalition
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Presented to the U.S. House Subcommittee on Housing and Insurance
"Building Our Future: Increasing Housing Supply in America"
March 4, 2025

Chair Flood, Vice Chair De La Cruz, Ranking Member Cleaver, and members of the Subcommittee on Housing and Insurance, thank you for the opportunity to submit a statement for the record on the need for more affordable housing supply, 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.

Our statement includes research and data related to causes of the housing crisis, and solutions to address the shortage of affordable, available homes. While market solutions like zoning reforms can increase supply for those with middle incomes, subsidies are essential to provide stable, affordable housing for those who the private sector cannot serve on their 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 (74%) spend over half of their income on rent every month, compared to just 3% of middle-income renters.[i]

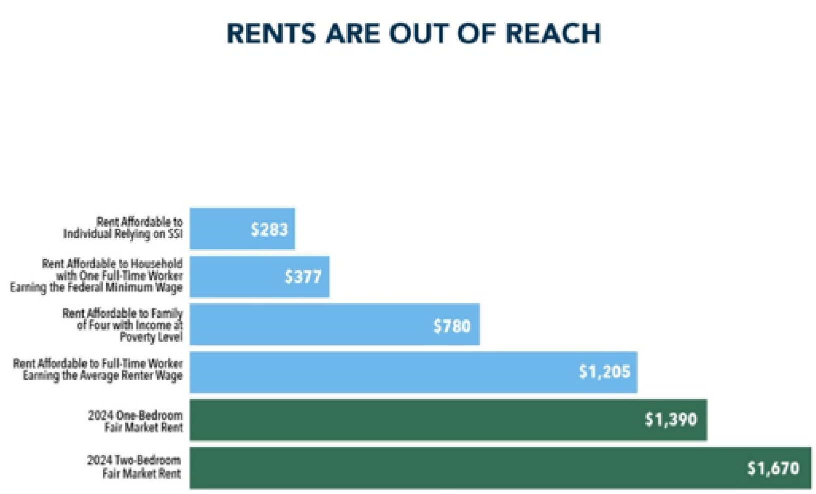
Our nation's affordable housing and homelessness crisis is primarily caused by two systemic challenges:

- Incomes not keeping up with housing costs, and
- The severe shortage of homes affordable and available to households with the lowest incomes.

The Gap Between Incomes and Housing Costs

A major cause of housing instability is the fundamental mismatch between growing housing costs, and comparatively stagnant incomes for people with the lowest incomes. Over one-third of extremely low-income renters are in the labor force (35%), while the remaining extremely low-income renters tend to be either seniors (30%), people with a disability (18%), students (4%) or single-adult caregivers to young children or household members with a disability (7%).[ii]

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 $1,390 and $1,670, 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).

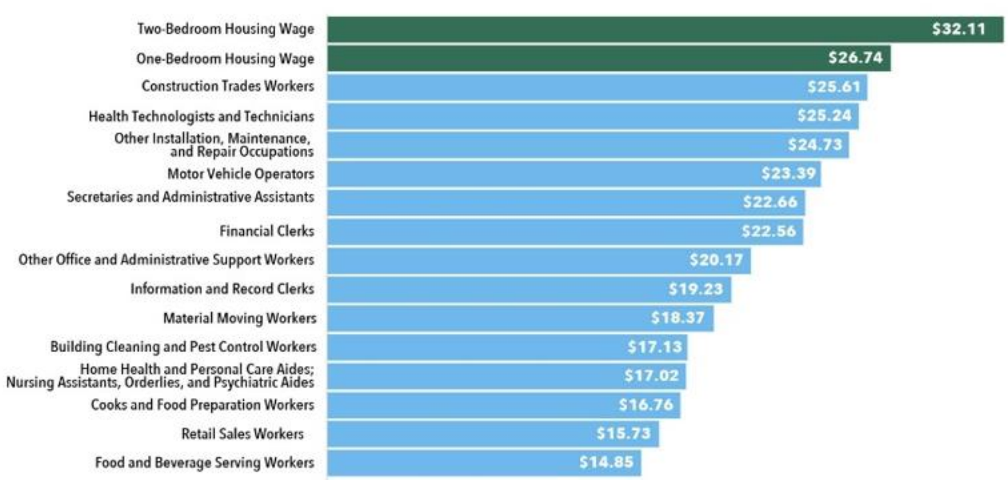


NLIHC's *Out of Reach: The High Cost of Housing*[iii] annual report estimates each locality's "Housing Wage" – the hourly wage a full-time worker must earn to afford a modest one- or two-bedroom apartment at fair market rent without spending more than 30% of their income on housing. In 2024, the national Housing Wage was $32.11 per hour for a modest two-bedroom rental home, and $26.74 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.

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 113 hours per week (2.8 full-time jobs) to afford a two-bedroom rental home, or 95 hours per week (2.4 full-time jobs) to afford a one-bedroom rental home at fair market rent.

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.[iv]

14 OF THE 20 LARGEST OCCUPATIONS IN THE UNITED STATES PAY MEDIAN WAGES LESS THAN THE ONE- OR TWO-BEDROOM HOUSING WAGE



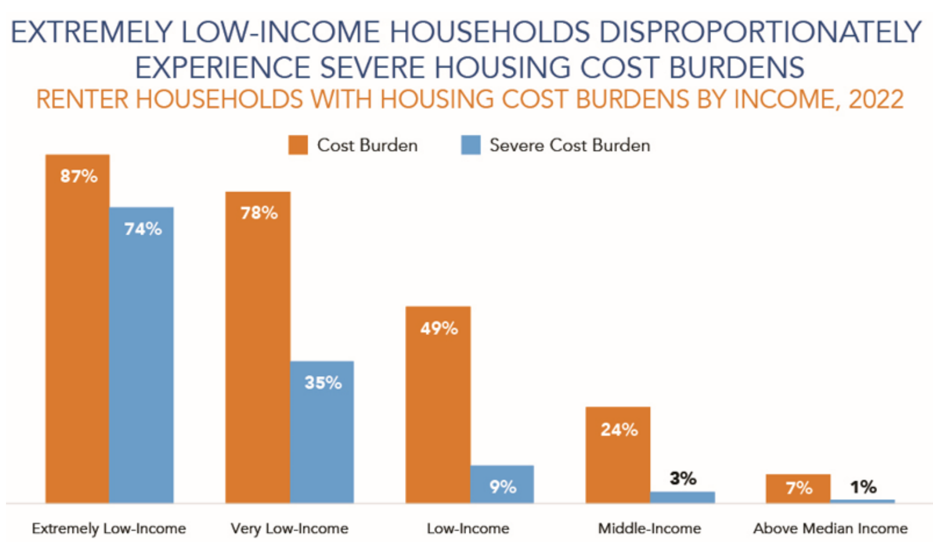
The Shortage of Affordable Homes for ELI Households

NLIHC's research shows there is a shortage of 7.3 million affordable and available homes for our nation's lowest-income renters. Put another way, for every 10 of the lowest-income renters, there are fewer than four affordable apartments available to them. Despite the clear need, just one in four eligible households receive housing assistance because of chronic underfunding by Congress.[v]

As a result, 10 million of the nation's lowest-income households pay at least half of their income towards rent – and many pay much more – leaving them always one unexpected expense or financial emergency away from facing the risk of eviction and, in worst cases, homelessness. Another 770,000 people experience homelessness on any given night – the highest number on record.[vi]

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 homes for its lowest-income renters. For example, in Chair Flood's state of Nebraska, there are just three affordable homes available for every 10 of the lowest-income renter households. Ranking Member Cleaver's state of Missouri faces a similar situation, with only four available homes for every 10 of the lowest-income renters.[vii]

Housing cost burdens are concentrated among the lowest-income renters. Eighty-seven percent of extremely low-income renters are cost-burdened (paying over 30% of their income on housing), and 74% of extremely low-income households are severely cost-burdened (paying over half of their income on housing).[viii] Research indicates that the lowest-income households spend significantly less on other necessities – such as food, clothing, transportation, and healthcare – when they are forced to spend more than half of their income on rent and utilities.



Opportunities to Increase Housing Supply

The shortage of rental homes affordable to the lowest-income people is caused by market failures and the chronic underfunding of solutions. Government intervention, in the form of subsidies, is necessary to fill the gap between what the lowest-income people can afford to pay and the costs of developing and operating rental homes.

Federal subsidies, like the national Housing Trust Fund, play a vital role in ensuring affordable housing construction and preservation projects “pencil out” for communities, and public housing is an important source of deeply affordable housing, providing millions of people with the lowest incomes a place to call home. Other federal subsidies, like HUD’s Housing Choice Voucher (HCV) program, help people with the lowest incomes keep a roof over their heads by bridging the gap between 30% of 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.

Despite the vital role housing subsidies play in housing construction and long-term housing stability, Congress has consistently underfunded these programs, such that only one in four households eligible for housing assistance receive any.[ix] 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.[x]

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 the following bills, which would incentivize state and local zoning reforms that encourage the construction of low- and middle-income housing:

Legislation	Bill # (118th Congress)	Purpose
"Yes In My Backyard (YIMBY) Act"	S.1688/H.R. 3507	Require recipients of HUD's Community Development Block Grant (CDBG) to report periodically on how they are removing discriminatory land use policies and promoting inclusive and affordable housing
"Build More Housing Near Transit Act"	S. 3216/H.R. 6199	Encourage the construction of low- and middle-income housing in transit-served, walkable locations
"Housing Supply and Affordability Act"	S. 3684/H.R. 7132	Provide grants to states, localities, and tribes to support local efforts to increase housing supply and encourage the elimination of barriers to housing supply
"Housing Supply and Innovation Framework Act"	H.R. 10351	Require HUD to convene an expert task force to develop best practices on zoning and land use reform for state and local officials working to address their housing supply shortages
"Reducing Regulatory Barriers to Housing Act"	S. 4460/H.R. 8604	Empower state and local governments to proactively address the affordable housing crisis by directing HUD's Office of Policy and Research to provide technical assistance on zoning and land use, creating new grant programs, and developing standardized models and best practices for local governments
"Yes In God's Backyard Act"	S. 3910	Reduce barriers to developing housing on land owned by faith-based organizations and colleges

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 to 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. The HTF is administered by states, allowing for flexibility to decide how best to use to the resources to address states' most pressing housing needs.

NLIHC supports efforts to expand the HTF, such as 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.

Preserve Existing Affordable Housing

Preserving the existing stock is ultimately 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 Congress must invest over $90 billion to address backlog, and ensure sustained funding and the long-term affordability, quality, and financial viability of federally assisted homes.[xi]

Expand and 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.[xii] According to the National Council of State Housing Agencies, only a small share (16%) of new apartments built using LIHTC are affordable to renters with extremely low incomes.[xiii] 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.[xiv]

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.

Any expansion of LIHTC should be paired with key reforms included in the “Affordable Housing Credit Improvement Act” (S.1557, H.R.3238), a broad, bipartisan bill, introduced by Senators Maria Cantwell (D-WA) and Todd Young (R-IN) and Representatives Darin LaHood (R-IL) and Suzan DelBene (D-WA) in the 118th 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.

Reject Wasteful Middle Income Housing Tax Credit Proposals

As Congress debates a federal tax legislation, NLIHC urges policymakers to reject wasteful proposals – such as the "Middle Income Housing Tax Credit" or "Workforce Housing Tax Credit" from Senators Ron Wyden (D-OR) and Dan Sullivan (R-AK) – that would do little to address the underlying causes of the housing crisis. The Wyden/Sullivan proposal aims to create a new federal tax credit to incentivize developers to build market-rate apartments affordable to households earning up to 100% of the Area Median Income (AMI). NLIHC opposes the creation of a federal Middle Income Housing Tax Credit (MIHTC) as a misguided and wasteful use of scarce federal resources.

Nationally, very few middle-income renters face significant housing challenges; of all households paying at least half of their income on rent, only 1% have middle incomes; the vast majority (90%) have extremely low incomes or very low incomes and would not benefit from MIHTC.[xv]

In most communities, the private sector can – and does – meet the housing needs of middle-income renters without any government subsidies. There are only three states (California, Florida, and Hawaii) and five metro areas (Los Angeles, CA; Miami, FL; Orlando, FL; Riverside, CA; and San Diego, CA) with fewer than 90 affordable and available homes for every 100 middle-income renters. In most communities nationwide, MIHTC would give tax breaks to developers for housing that the market is already providing.

Congress can achieve the same results without any subsidies by encouraging communities to reduce regulations that drive up housing costs. In the small handful of locations where there is any shortage of homes affordable to middle-income renters, the most cost-effective solution is to reform local zoning and land use regulations that restrict housing supply and increase costs.

Instead, scarce federal resources should be targeted to serve households with the greatest needs who cannot be served by the private sector unless federal subsidies are invested. Diverting resources away from where it is needed most exacerbates the housing and homelessness crisis.

Fully Fund and Staff HUD Programs

We urge Congress to propose significant funding increases for programs targeted to serve households with the greatest needs, including Housing Choice Vouchers, Public Housing Operating and Capital Funds, Homeless Assistance Grants, tribal housing programs (including competitive funding), and eviction defense. These programs provide critical resources to allow the lowest-income households to afford rental homes, provide better housing conditions for public housing, help unhoused people regain access to permanent housing, and prevent evictions and homelessness.

Our nation cannot afford further cuts to these critical investments, which help the lowest-income households survive. Federal funding for HUD and U.S. Department of Agriculture (USDA) Rural Housing Service programs provides essential resources to promote strong and healthy communities and help more than five million of America's lowest-income and most marginalized seniors, people with disabilities, veterans, parents with children, and others afford stable and safe housing. Without adequate funding for vital federal affordable housing and homeless assistance programs, millions of the lowest-income and most marginalized households will continue to experience homelessness or remain at risk, paying more than half their limited income on rent. Instead of dramatically cutting housing and other domestic spending, ***Congress should work to provide the highest level of investment possible for federal housing and homelessness programs through the annual appropriations process.*** Additionally, any opportunities to advance housing legislation in Congress should include additional funding for HUD programs, including expanding the availability of HCVs to more families in need and addressing the urgent capital needs in public housing.

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.[xvi] 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.[xvii]

Congress has also divested from public housing for decades, resulting in the accrual of over $90 billion in unmet capital backlog needs.[xviii] 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.[xix]

Cuts to HUD funding would 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 Project-Based Rental Assistance (PBRA) allows properties to serve renters with the lowest incomes.

Congress must also act quickly and do everything in its power to protect HUD staff from termination. Recent media reports have stated that Elon Musk's Department of Government Efficiency (DOGE) is proposing to eliminate half of HUD's staff, with people employed in HUD field offices around the country targeted for the first round of firings. Some offices in HUD would be harder hit; the Office of Community Planning and Development (CPD) would be cut by 84%, the Office of Fair Housing and Equal Opportunity (FHEO) would be cut by 76%, the Office of Policy Development and Research (PD&R) would be cut by 76%, and the Office of Public and Indian Housing (PIH) would be cut in half.

Federal investments at HUD play a critical role in helping low- and moderate-income people in urban, suburban, rural, and Tribal communities thrive. These programs benefit millions of people each year, including people of color, seniors, people with disabilities, families with children, veterans, women, survivors of domestic violence, first-time homebuyers, and others. While improvements to federal programs are always needed, drastic cuts to HUD staff will not ensure these investments better serve people and communities. Instead, without adequate staff to allocate, oversee, and monitor these resources, communities and households nationwide will face unnecessary delays and challenges to accessing congressionally approved resources to:

- Rebuild housing and infrastructure after major disasters and mitigate future harm by increasing resilient homes.
- Ensure congressionally directed spending can be used to support key projects in local communities identified by members of Congress.
- Help rural communities and Tribal nations address their most pressing housing challenges.
- Build and preserve affordable rental housing for low-income households.
- Address and prevent homelessness, which has reached its highest level on record.
- Provide assistance to help low-income households afford their homes and reduce energy costs.
- Operate and maintain public housing and other affordable housing for millions of seniors, people with disabilities, and families with children.

- Revitalize neighborhoods, promote economic development, and improve community facilities, including infrastructure and services in underserved communities.
- Reform restrictive zoning and land use regulations that inflate housing costs and limit housing supply.
- Fix lead-based paint and other environmental hazards in homes.
- Investigate and enforce fair housing and civil rights laws.
- Comply with legal mandates to affirmatively further fair housing and guarantee every community has fair and affordable housing and related services.
- Access affordable mortgage loans to purchase and refinance their homes and prevent foreclosures and losses to the FHA insurance fund.

Rather than improving efficiency, such drastic staffing cuts at HUD will cause significant, harmful, and costly delays and will worsen America's affordable housing and homelessness crisis, as well as its significant disaster recovery needs.

Conclusion

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

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