

# AMERICAN HOUSING AND ECONOMIC MOBILITY ACT



NATIONAL LOW INCOME HOUSING COALITION

**N**LIHC supports the “American Housing and Economic Mobility Act,” introduced by Senator Elizabeth Warren (D-MA) to help end housing poverty and homelessness in America. Through a robust investment in the national Housing Trust Fund and expanded opportunities to help families climb the economic ladder, Senator Warren’s bill would help millions of the lowest income seniors, people with disabilities, families with children, and individuals who struggle to pay rent each month.

## KEY PIECES OF THE PROPOSAL INCLUDE:

### Robust Investments in the Housing Trust Fund

Senator Warren’s proposal directly addresses the underlying cause of the affordable housing crisis – the severe shortage of affordable rental homes for people with the lowest incomes – through a significant expansion of the national Housing Trust Fund (HTF). The bill provides \$445 billion over 10 years to build, preserve and operate rental homes affordable to families with the greatest needs. NLIHC research estimates a [national shortage](#) of 7.1 million homes for America’s 11 million extremely low income (ELI) households. For every 100 of the lowest income households, there are just 35 rental homes affordable and available to them. Three in four ELI households pay more than half of their incomes on rent, forcing them to make impossible trade-offs between paying rent and buying groceries, seeing a doctor, or saving for college or an emergency. In the worst cases, they become homeless.

### Expanded Opportunities for Housing Choice

The bill expands the Fair Housing Act to ban housing discrimination on the basis of sexual orientation, gender identity, marital status, and source of income. Housing discrimination prevents low income families from living in neighborhoods of their choice, including areas of opportunity with access to jobs that pay decent wages, good schools, healthcare, and transit. Expanding the federal anti-discrimination law will help remove barriers to housing choice for low income families and individuals.

The bill directs HUD to reduce barriers that prevent public housing agencies from working through regional consortia to help streamline the administration of housing vouchers throughout housing markets. This will make it easier for low income families to use federal housing benefits to rent homes in neighborhoods with good schools and good jobs.

### Incentives to Reduce the Cost of Middle Class Housing

Senator Warren’s proposal creates new incentives to encourage local governments to address regulatory and zoning barriers that drive up housing costs and restrict the ability of the private sector to build more affordable rental homes for the middle class. The bill provides \$10 billion in new competitive grants to encourage communities to remove local barriers to housing development and encourage inclusive zoning. The flexible funds can be used by state and local governments to address infrastructure and community development needs and to build and modernize schools.

### Investments to Address Tribal Housing Needs

The American Housing and Economic Mobility Act would invest \$2 billion in HUD’s Indian Housing Block Grants to build or rehabilitate 200,000 homes on tribal land. Native Americans in tribal areas have some of the worst housing needs in the U.S. They face high poverty rates and low incomes, overcrowding, lack of plumbing and heat, and unique development issues. Despite the growing need for safe, decent homes, federal investments in affordable housing on tribal lands have been chronically underfunded for decades, particularly in more rural and remote areas.

## Support for Rural Homeownership and Rental Homes

The bill expands funding for USDA Rural Housing programs to create 380,000 affordable rental homes and to help 17,000 families become homeowners. Specifically, the bill would provide \$523 million to help preserve and expand USDA's rental housing portfolio and increase funding for the agency's homeownership loan and grant programs.

## Resources to Strengthen Neighborhoods

Senator Warren's proposal provides \$25 billion to the Capital Magnet Fund to help finance affordable housing, economic development, and community service facilities, such as day care centers, workforce development centers, and health care clinics, in low and middle-income neighborhoods. The competitive funds are awarded to Community Development Financial Institutions (CDFIs) and other qualified nonprofit organizations and must be leveraged 10:1 by private capital.

## Relief for High-Cost Cities

The proposal targets \$4 billion in a new Middle Class Housing Emergency Fund to increase the supply of affordable homeowner and rental housing stock for middle class families in communities where there is a shortage of middle income housing and where housing costs are rising faster than incomes.

## Stronger Requirements for Banks and Lenders

Senator Warren proposes to strengthen the Community Reinvestment Act (CRA) to ensure that banks and other financial institutions do more to meet the needs of low and moderate income borrowers and their neighborhoods. The bill would extend CRA to cover more financial institutions and impose tougher sanctions on those institutions that fail to meet their obligations.

## Redress for Harmful Federal Housing Policy Failures

For most of the 20<sup>th</sup> century, people of color were denied the federal resources created to help white families become homeowners and build wealth. Redlining forced black households to live in areas of concentrated poverty, cutting them off from opportunities to climb the economic ladder. To reverse the wealth gap between white and black families, Senator Warren's bill provides down payment assistance to first-time homebuyers living in formerly redlined or officially segregated areas.

Moreover, the bill provides \$2 billion to help homeowners whose housing wealth was destroyed by the financial crisis. Under the bill, relief would be provided to underwater homeowners who have negative equity, or who owe more than the amount their home is worth.

## Increased Estate Taxes For Highest-Income Households

The entire cost of the bill is paid for by reforming the federal estate tax, which is paid by some of America's wealthiest individuals.