NATIONAL LOW INCOME
HOUSING COALITION

Senate Budget Committee Roundtable Examining Federal Housing Programs

Testimony of Diane Yentel
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September 16, 2020

Chairman Enzi, Ranking Member Sanders, and members of the Committee, thank you for the opportunity to testify before this roundtable on "Examining Federal Housing Assistance Programs."

The National Low Income Housing Coalition (NLIHC) is solely dedicated to ensuring the lowest-income seniors, people with disabilities, families with young children and others in our country have safe, accessible and affordable homes. Our members include non-profit housing providers, homeless services providers, fair housing organizations, state and local housing coalitions, public housing agencies, faith-based organizations, residents of public and assisted housing and their organizations, low-income people in need of affordable homes, and other concerned citizens. NLIHC does not represent any sector of the housing field. Rather, we work with and on behalf of low-income people who need safe, accessible and affordable homes. NLIHC is entirely funded by private donations.

One of the most critical issues facing extremely low-income people today is the severe shortage of decent, accessible, and affordable homes. Today, nearly 8 million of our nation's lowest-income households live in housing poverty, spending more than half of their limited incomes on housing and having very little left for other basic needs. An additional half a million people experience homelessness on any given night. Just one in four eligible households gets the assistance they need to afford a place to call home. With increased investments in proven solutions, we can end homelessness and housing poverty once and for all.

In my testimony today, I will discuss: our country's severe shortage of homes affordable to the lowest-income people, the impact of the coronavirus pandemic on housing needs, the opportunity to invest in affordable housing, and efforts to streamline and coordinate federal housing programs.

I. The Need for Deeply Affordable Housing

Even before the current COVID-19 pandemic, the country was in the grips of a pervasive affordable housing crisis, impacting rural, suburban and urban communities alike. While the crisis has many dimensions, the fundamental problem is the mismatch between what people earn or otherwise have available to spend for their homes and what housing costs. Rents have risen much faster than renters' incomes over the last two decades: in fact, since 1960, renters' incomes have increased by only 5% while rents have risen 61%[1]. While more low-income people are renting their homes than ever before, the supply of affordable housing and rental

[1] Joint Center for Housing Studies of Harvard University. 2018. The State of the Nation's Housing. Cambridge, MA: Author.

assistance has not kept pace.[2] As a result, millions of households cannot afford a decent place to live.

The shortage of affordable homes is most severe for extremely low-income (ELI) households whose incomes are at or below the poverty guideline or 30% of their area's median income (AMI), whichever is higher. In Wyoming and Vermont, an ELI renter could be a family of four with two working parents who earn less than $23,900 annually combined, a low-income senior with an income of no more than $16,750, or a single person with a disability relying on an annual income of just under $10,000 from Supplemental Security Income (SSI).

Only 7 million affordable rental homes exist for the nation's 11 million lowest-income renter households, assuming they spend no more than 30% of their income on housing costs.[3] Not all of these 7 million homes, however, are available to the lowest-income renters. More than 3 million of them are occupied by higher-income households. As a result, only four million affordable *and available* rental homes exist for 11 million lowest-income renter households. In other words, for every 10 of the lowest-income seniors, people with disabilities, families with children, veterans and others, there are fewer than 4 affordable homes available to them.[4]

The shortage of affordable and available homes for the lowest-income renters ranges from most severe to least severe, but there is no state or congressional district with enough homes for its lowest-income renters.[5] For example, in Chairman Enzi's state of Wyoming, there are fewer than 5 affordable homes available for every 10 of the lowest-income renter households.[6] In Ranking Member Sanders's state of Vermont, there are just 4 affordable homes available for every 10 of the lowest-income renter households.[7] California and Florida - states represented by other members of the committee – have some of the worst housing needs in the nation, with fewer than 3 affordable homes available for every 10 of the lowest-income renter households.[8]

NLIHC's *The Gap: A Shortage of Affordable Homes* report shows the shortage of affordable and available homes for households at different income thresholds – those with incomes at 30% of AMI (ELI households), 50% of AMI, and 80% of AMI (Figure 1).[9] There are 36 affordable and available homes for every 100 households at 30% of AMI, 57 such homes per 100 households at 50% of AMI, and 93/100 at 80% of AMI.

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[2] Ibid.

[3] According to HUD, 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."

[4] National Low Income Housing Coalition. 2020. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author. See: https://nlihc.org/gap

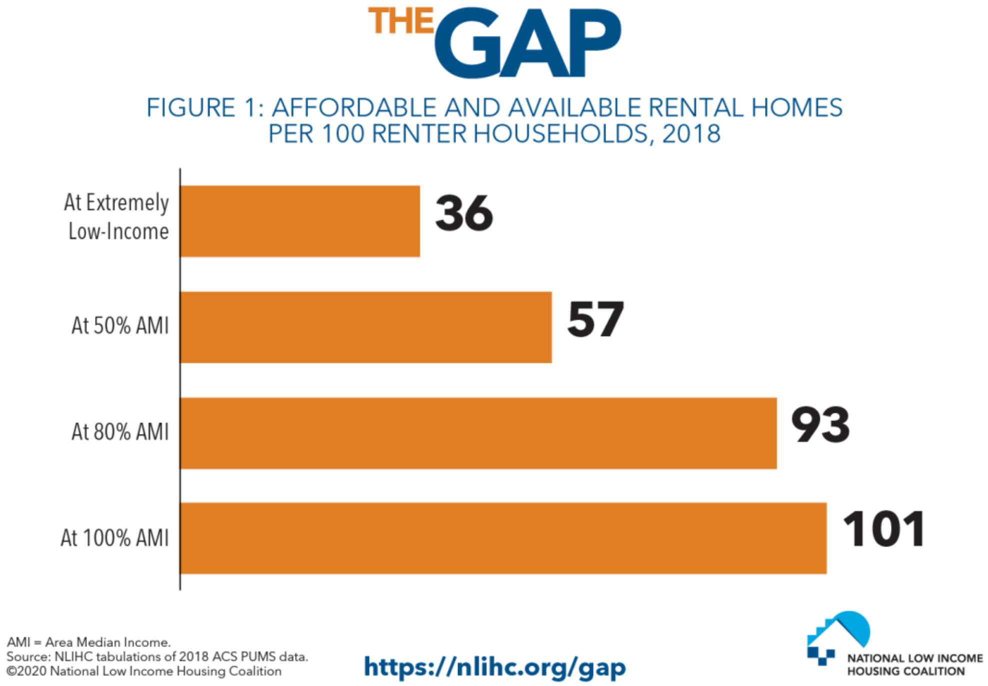
[5] National Low Income Housing Coalition. 2020. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author. See: https://nlihc.org/gap

[6] National Low Income Housing Coalition. 2020. Congressional District Housing Profiles: Wyoming. Washington, DC: Author.

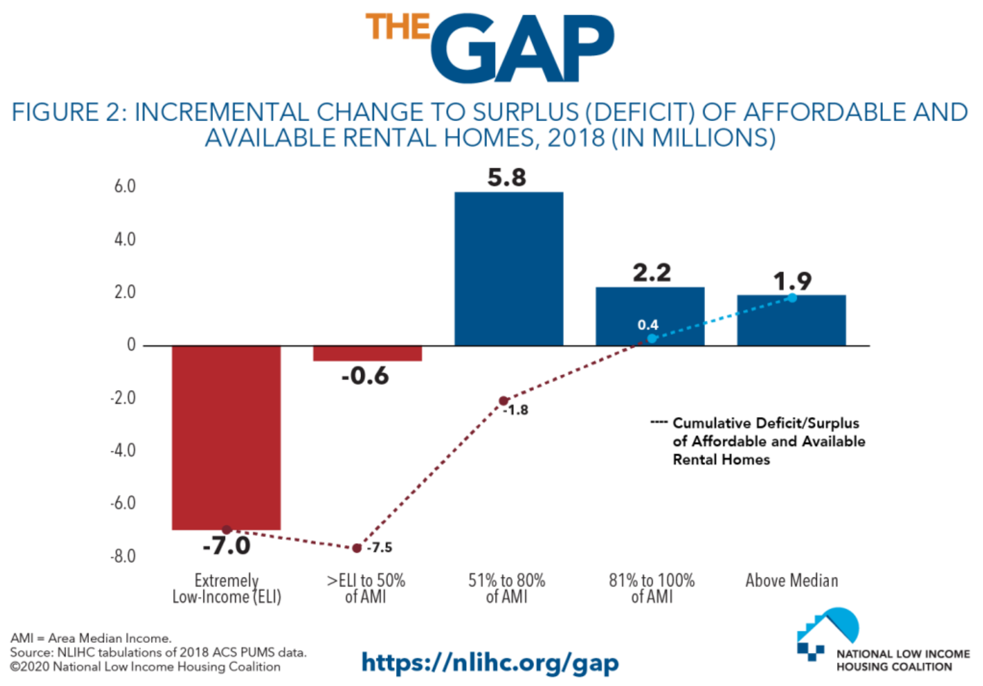
[7] National Low Income Housing Coalition. 2020. Congressional District Housing Profiles: Vermont. Washington, DC: Author.

[8] National Low Income Housing Coalition. 2020. Congressional District Housing Profiles: California and Florida. Washington, DC: Author.

[9] National Low Income Housing Coalition. 2020. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author. See: https://nlihc.org/gap



The Gap report also shows, however, that the lack of homes affordable and available to households with incomes above 30% of AMI is driven by the insufficient supply of homes for the lowest-income households. Figure 2 (below) shows the incremental change in the shortage or surplus of rental homes available and affordable to households of different incomes.



The shortfall of 7 million homes available and affordable to ELI households accounts for virtually the entire shortage of affordable homes in the U.S. In areas where very low-income and low-income households have difficulty with housing affordability, it is principally due to extremely low-income households having to rent homes they cannot afford, spending 50%, 60%, 70% or more of their incomes on their housing and competing with higher-income families for that limited housing. Because of the shortage of affordable and available homes, 11 million renter households are severely housing cost-burdened, paying more than half of their incomes towards housing. Almost eight million, or nearly three-quarters of these severely housing cost-burdened households, have extremely low incomes.[10]
https://reports.nlihc.org/sites/default/files/gap/gap-20_figure_04.jpg

Decades of structural racism created tremendous racial disparities in housing and homelessness. African Americans represent 13% of the general population but are 40% of people experiencing homelessness and more than 50% of homeless families with children. Black families are 26% of all extremely low-income renters. The housing crisis and its disproportionate harm to low-income people of color deepened over the last several decades.

Severe housing cost burdens can have negative consequences for families' physical and mental well-being. Severely housing cost-burdened families spend 74% less on healthcare and 35% less on food than similarly poor households who are not severely cost-burdened; and poor seniors who are severely cost-burdened spend 75% less on healthcare.[11] These households forgo healthy food or delay healthcare or medications to pay the rent. In the worst cases, they become homeless.

Housing cost burdens make it more difficult for extremely low-income households to accumulate emergency savings. Without emergency savings, unexpected costs (such as car repairs, medical bills, etc.) or loss of income (such as reduced work hours) can cause households to fall behind on rent and face eviction. Data from the 2017 American Housing Survey (AHS) show that households in poverty with severe housing cost burdens are more likely to fall behind on rent payments and be threatened with eviction than poor households that are not severely cost-burdened.

Housing instability causes significant disruptions in critical services and economic stability. The lack of stable housing, for example, can disrupt the care given to chronically ill individuals, interrupt student learning, and decrease academic achievement.[12] Housing instability can also undermine economic stability by disrupting employment. The likelihood of job loss increases for working low-wage renters who lose their homes (primarily through eviction),[13] indicating that

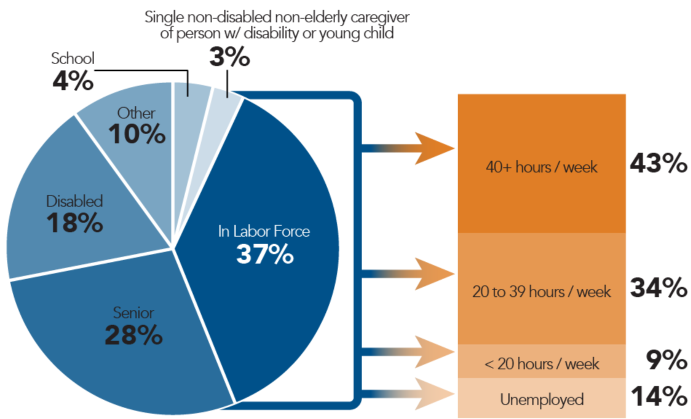
[10] National Low Income Housing Coalition. 2020. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author.
[11] Joint Center for Housing Studies of Harvard University. 2019. *The State of the Nation's Housing*. Cambridge, MA: Author.
[12] Maqbool, N., Viveiros, J., & Ault, M. 2015. *The Impacts of Affordable Housing on Health*. Washington, DC: National Housing Conference; Brennan, M., Reed, P., & Sturtevant, L. 2014. *The Impacts of Affordable Housing on Education.* Washington, DC: National Housing Conference.
[13] Desmond, M. & Gershenson, C. 2016. *Housing and Employment Instability among the Working Poor.* Social Problems, 63(1): 46-67.

affordable housing and housing subsidies are foundational to employment and economic security.

The majority (83%) of all severely housing cost-burdened and extremely low-income households are seniors, people with disabilities, or individuals in the labor force.[14] Many others are enrolled in school or are single adults caring for a child or a person with a disability (see Figure 3). With more than half of their limited incomes going to pay the rent, these families often have to forgo buying groceries, seeing a doctor, or saving for college or an emergency.

THE GAP

FIGURE 3: EXTREMELY LOW INCOME RENTER HOUSEHOLDS



Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or of a household member with a disability, and other. Senior means householder or householder's spouse (if applicable) is at least 62 years of age. Disabled means householder and householder's spouse (if applicable) are younger than 62 and at least one of them has a disability. Working hours is usual number of hours worked by householder and householder's spouse (if applicable). School means householder and householder's spouse (if applicable) are enrolled in school. Fifteen percent of extremely low-income renter households include a single adult caregiver, more than half of whom usually work more than 20 hours per week. Eleven percent of extremely low-income renter households are enrolled in school, 48% of whom usually work more than 20 hours per week. Source: 2018 ACS PUMS.

https://nlihc.org/gap

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NLIHC's *Out of Reach: The High Cost of Housing* report estimates each locality's "housing wage," the hourly wage a full-time worker needs to earn to afford a modest apartment. In 2020, the national housing wage was $23.96 per hour for a two-bedroom apartment and $19.56/hour for a one-bedroom rental. The average minimum wage worker must work nearly 97 hours per week (more than two fulltime jobs) to afford a two-bedroom rental home or 79 hours per week (almost exactly two full-time jobs) to afford a one-bedroom rental home at the fair market rent. While the housing wage varies from state to state and county to county, in only 5% of all U.S. counties can a full-time minimum-wage worker afford a one-bedroom rental home at fair market rent.

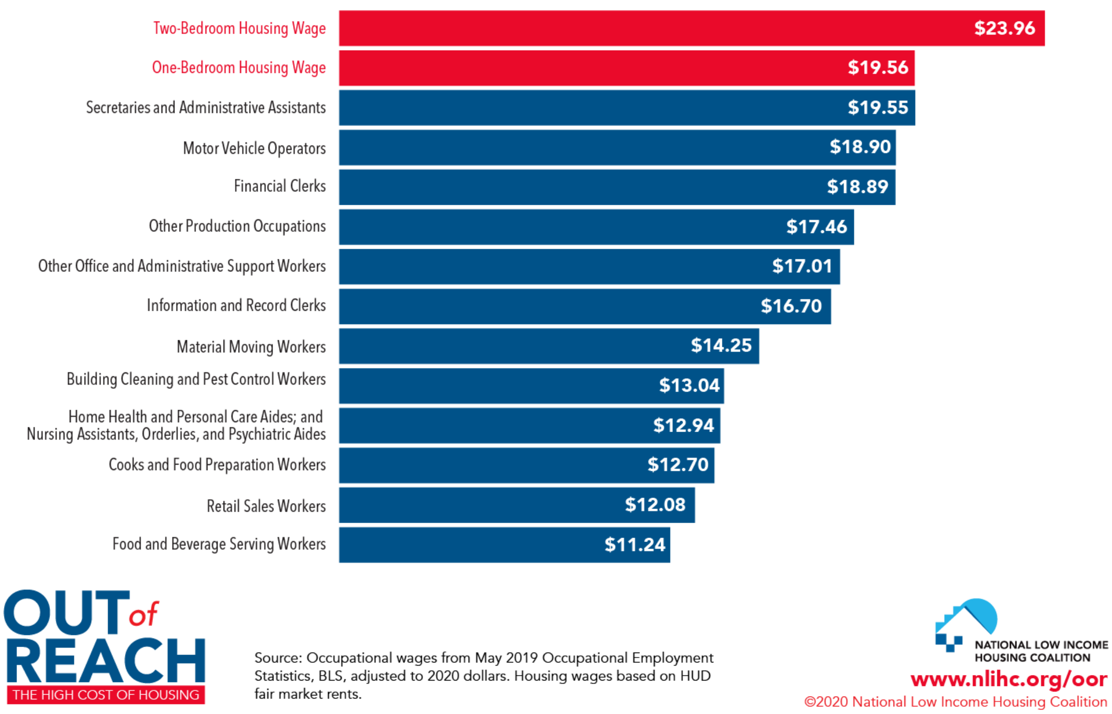
It's not just minimum wage workers for whom rents are out of reach: the average renter in the U.S. earns approximately $18.22 per hour, $5.74 per hour less than the national two-bedroom

[14] National Low Income Housing Coalition. 2020. *The Gap: A Shortage of Affordable Homes*. Washington, DC: Author.

housing wage. In 49 states, the District of Columbia, and Puerto Rico, the average renter earns less than the average two-bedroom Housing Wage.[15]

This mismatch between wages and housing costs will continue. Twelve of the 20 largest occupations in the U.S. pay a median hourly wage that is less than what a full-time worker needs to earn to afford a modest apartment at the national average fair market rent (Figure 4).[16]

FIGURE 4: TWELVE OF THE TWENTY LARGEST OCCUPATIONS IN THE UNITED STATES PAY LESS THAN THE HOUSING WAGE



II. Declining Federal Resources

The shortage of rental homes affordable to the lowest-income people is caused by market failure and chronic underfunding of solutions. Without government intervention, decent and affordable homes cannot be reliably built, operated, and maintained at a price that the very lowest-income workers, seniors, or people with disabilities can afford. The private market cannot on its own solve this persistent market failure. Government intervention, in the form of subsidies, is necessary to fill the gap between what people can afford to pay and the costs of developing and operating rental homes.

Today's modern phenomenon of homelessness did not exist in the late-1970s because our country housed almost everyone, including the lowest-income and most vulnerable families. At

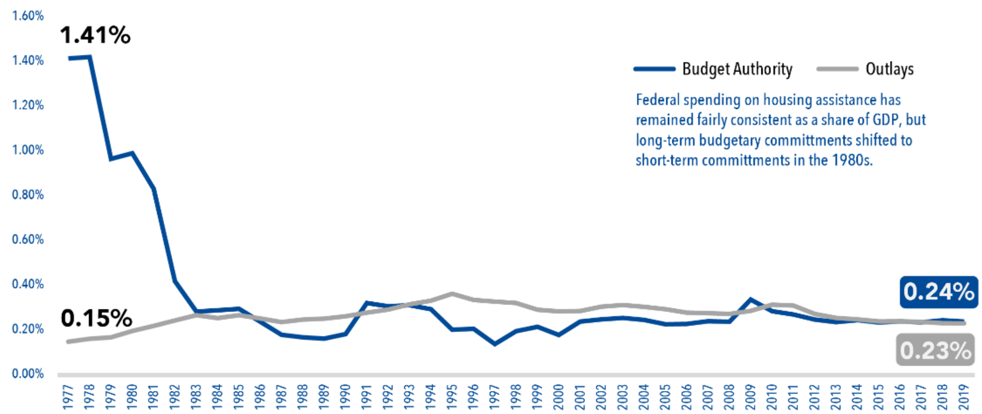
[15] National Low Income Housing Coalition. 2020. *Out of Reach: The High Cost of Housing* [data files]. See: https://nlihc.org/oor

[16] National Low Income Housing Coalition. 2020. *Out of Reach: The High Cost of Housing*. Washington, DC: Author

that time, our country had a modest surplus of homes affordable and available to the lowest-income people. The primary difference between then and now: federal subsidies.

Figure 5 shows budget authority and outlays for discretionary federal housing assistance as a share of gross domestic product (GDP) from FY1977 to FY2018. Generally, outlays for discretionary housing assistance kept pace with economic growth through this period, even growing 0.8% as a share of GDP from 0.15% in FY1977 to 0.23% in FY2018. Despite this relative stability, which can look quite different for individual programs, HUD assistance has failed to reach at least 70% of eligible households since the early 1980s. We've been locked into severely inadequate spending levels for nearly four decades.

FIGURE 5: BUDGET AUTHORITY AND OUTLAYS AS A SHARE OF GDP FOR DISCRETIONARY HOUSING ASSISTANCE PROGRAMS



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Note: Housing assistance primarily includes HUD and USDA RD programs.
Source: OMB Historical Tables 5.6 (Budget Authority for Discretionary Programs: 1976-2025), 8.7 (Outlays for Discretionary Programs: 1962-2025) and 10.1 (Gross Domestic Product and Deflators Used in Historical Tables: 1940-2025).

Figure 5 also indicates a steep decline in budget authority for discretionary federal housing assistance between FY1978 and FY1982-1983 when it began to come roughly in line with outlays, indicating a critical shift from long-term commitments to short-term appropriations for low-income housing programs.[17,18] Prior to the 1980s, most contracts for housing assistance programs were funded for multiple years (30 years for some programs). Budget authority for the duration of these contracts was provided upfront. This approach was conducive to expanding commitments for additional subsidized housing. For example, in 1977, the outgoing Ford administration submitted a budget request to Congress calling for the funding of an *additional* 506,000 low-income units.[19] This approach meant HUD budget authority was second only to the Department of Defense by the late 1970s.[20] But while the Department of Defense's discretionary budget authority has grown nearly five-fold since 1978, HUD's budget has failed to keep pace

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[17] Dolbeare, C., Crowley, S. (2002). *Changing Priorities: The Federal Budget and Housing Assistance 1976-2007*. Washington, DC: National Low Income Housing Coalition.
[18] Schwartz, A. (2015). *Housing Policy in the United States, 3rd ed*. New York, NY: Routledge.
[19] Dolbeare, C., Crowley, S. (2002). *Changing Priorities: The Federal Budget and Housing Assistance 1976-2007*. Washington, DC: National Low Income Housing Coalition.
[20] Schwartz, A. (2015). *Housing Policy in the United States, 3rd ed*. New York, NY: Routledge.

with inflation. In 2019, HUD's budget authority lagged behind that of the Departments of Health and Human Services, Veterans' Affairs, Education, and Homeland Security (Chart 1).

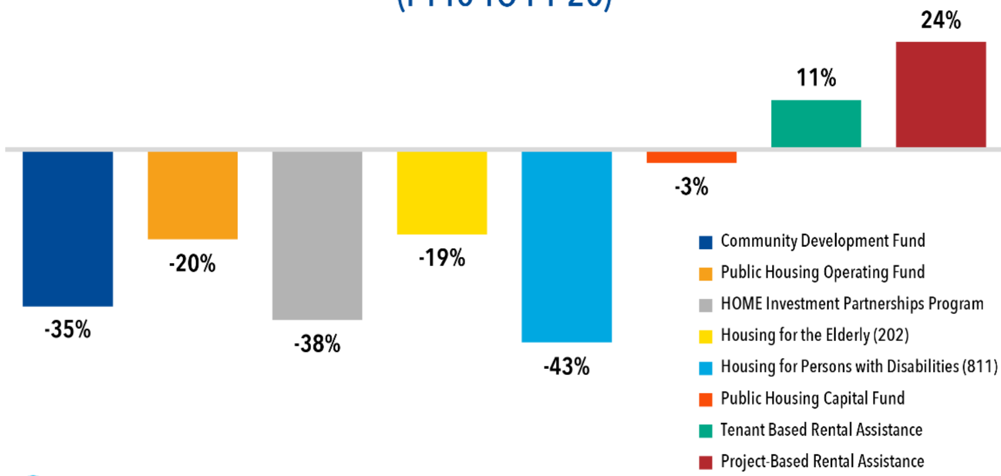
CHART 1: DISCRETIONARY BUDGET AUTHORITY

	1978	2019
Department of Defense	$114.7 Billion	$687.9 Billion
HUD	$37.3 Billion	$48.4 Billion

Source: OMB historical tables 5.4.

HUD's budget has declined dramatically over the last ten years since the Budget Control Act (BCA) was enacted. Inflation-adjusted federal funding for public housing, housing for the elderly, housing for persons with disabilities, and other important programs has fallen precipitously since FY2010. Only funding for tenant-based and project-based rental assistance programs has modestly increased to keep up with the rising operating cost for previously authorized assistance (see Figure 6).

FIGURE 6: CHANGES IN FUNDING LEVELS FOR KEY HUD PROGRAMS (FY10 TO FY 20)



September 2020. Adjusted for inflation.

III. COVID-19 Exacerbated the Housing Crisis and Created an Acute Eviction Crisis

The COVID-19 economic recession and its resulting job and wage losses magnified and accelerated the existing housing crisis. As of September 2020, 60 million Americans have filed for unemployment insurance.[21] Between March and July, unemployment rates fluctuated between 11.1% and 14.4%. By comparison, unemployment peaked at 10.7% during the Great Recession. More than 20 million renters live in households that have suffered COVID-19-related job loss.[22] This job loss is exacerbated by the recent expiration of pandemic unemployment insurance benefits across the country. With Congress and the White House in a stalemate regarding how or if to extend benefits, unemployed renters are at an even greater risk of financial constraints affecting their ability to pay rent.

Renters experiencing cash shortages are increasingly relying on sources other than income to pay rent. Thirty percent of renters report using money from government aid or assistance to pay rent, and another 30% indicate that they have borrowed cash or obtained a loan to make rental payments.[23] Tenants are increasingly using credit cards to pay the rent, with a 31% increase between March and April, an additional 20% increase from April to May, and a 43% increase in the first two quarters as compared to the prior year.[24] There is increasing evidence that families are shifting their budget towards rent. Food pantry requests have increased by as much as 2000% in some states,[25] with nearly 30 million Americans reporting they do not have enough food.[26]

The latest evidence of an impending eviction crisis is the significant decline in rental incomes during the pandemic in Class C properties, which tend to be older, lower-cost apartments serving lower-income households. In June 2020, tenants in these properties paid just 54% of total rents due, according to a study by LeaseLock. Even while expanded unemployment relief still flowed, total rents paid slipped to 37% in July (Figure 7). [27] Experts

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[21] *The Coronavirus Pandemic Continues to Cause Record Claims for Unemployment Insurance*. 2020. Peter G. Peterson Foundation. Retrieved from: https://www.pgpf.org/blog/2020/09/the-coronavirus-pandemic-has-caused-a-massive-increase-in-claims-for-unemployment-insurance#:~:text=During%20the%20week%20that%20ended,and%20measures%20to%20mitigate%20it

[22] Benfer, E., et al. 2020. *The COVID-19 Eviction Crisis: An Estimated 30-40 Million People in America Are at Risk*. https://nlihc.org/sites/default/files/The_Eviction_Crisis_080720.pdf

[23] Born, M. 2020. "Rent Payments Increase Slightly in July, but Landlords and Tenants Continue to Struggle." Retrieved from: https://www.avail.co/blog/rent-payments-increase-slightly-in-july-but-landlords-and-tenants-continue-to-struggle

[24] Zego. 2020. "May Rent Payment Data Reveals April Trends Have Continued as a Result of COVID-19." Retrieved from: https://www.gozego.com/articles/may-rent-payment-data-reveals-april-trends-have-continued-as-a-result-of-covid-19/

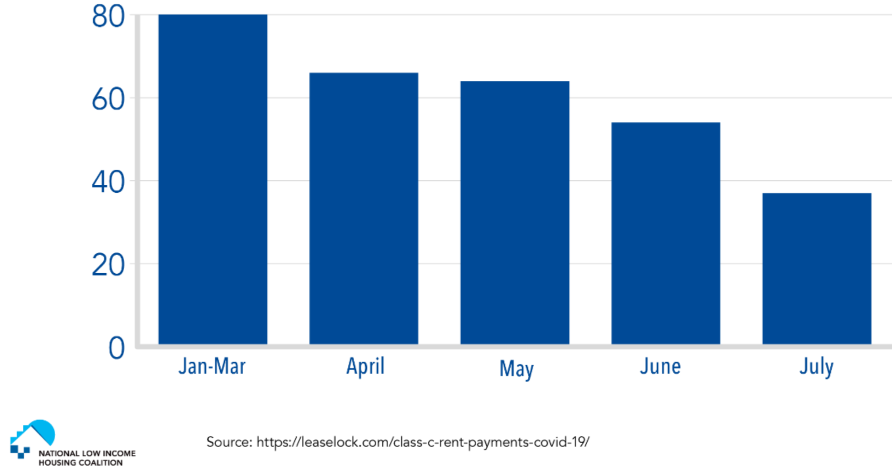
[25] Golla, B., Javed, I., & Kreuter, M. 2020. "Food Pantries: UPDATED." Health Communication Research Laboratory. Washington University in St. Louis. Retrieved from: https://hcrl.wustl.edu/items/food-pantries-updated/

[26] Andone, D. 2020. "Nearly 30 Million Americans Told the Census Bureau They Didn't Have Enough to Eat Last Week." CNN. Retrieved from: https://www.cnn.com/2020/07/31/us/food-insecurity-30-million-census-survey/index.html

[27] *Class C Residents Show Signs of Growing Financial Strain*. 2020. LeaseLock. Retrieved from: https://leaselock.com/class-c-rent-payments-covid-19/

predict that rental incomes for these properties will continue to decline following the expiration of expanded unemployment benefits.

FIGURE 7: PERCENT OF TOTAL RENT COLLECTED, CLASS C PROPERTIES
FIRST 15 DAYS OF THE MONTH



Federal, state and local eviction moratoriums provided important protections for some renters, but they are expiring rapidly. In the first month of the pandemic, the federal government instituted a limited moratorium on evictions in federally-assisted housing and for properties with federally backed mortgages. This limited federal eviction moratorium implemented under the CARES Act protected about 30% of renters.[28] In addition, a patchwork of state and local eviction moratoriums were implemented, protecting more renters. The Eviction Lab's Eviction Tracker System indicates that eviction moratoriums were effective in reducing eviction filings when they were in place.[29] Federal protections expired on July 24, however, and at the time the CDC national eviction moratorium was implemented, 30 states lacked state-level protections against eviction during the pandemic.

States, counties and cities have offered limited emergency rent assistance to renters and landlords by using funding provided in the CARES Act via Community Development Block Grants and the Coronavirus Relief Fund, as well as other funding sources.[30] According to analysis by the National Low Income Housing Coalition, however, the need has overwhelmed

[28] Goodman, L., Kaul, K., & Neal, M. 2020. "The CARES Act Eviction Moratorium Covers All Federally Financed Rentals – That's One in Four US Rental Units." Urban Wire: Housing and Housing Finance. Urban Institute. Retrieved from: https://www.urban.org/urban-wire/cares-act-eviction-moratorium-covers-all-federally-financed-rentals-thats-one-four-us-rental-units
[29] Eviction Tracking. 2020. Eviction Lab at Princeton University. Retrieved from: https://evictionlab.org/eviction-tracking/
[30] NLIHC. 2020. State and Local Rental Assistance. Retrieved from: https://nlihc.org/rental-assistance

many of these programs, as demonstrated by the use of lottery systems and the closure of 3 out of 10 programs.[31]

The data are clear that, without a significant and sustained federal intervention, America is facing an unprecedented eviction crisis. In an updated analysis of the U.S. Census Bureau's Pulse Survey, based on renter's own perceptions of their ability to pay, the Aspen Institute Financial Security Program and the COVID-19 Eviction Defense Project currently estimate that 29 million renters in 12.6 million households may be at risk of eviction by the end of 2020. Stout estimates that up to 40 million people in more than 17 million households may be at risk of eviction through the end of the year, when considering survey respondents who have a "moderate" degree of confidence in the ability to pay rent (in addition to those with slight or no confidence).[32] Both projections rely on renter perceptions of their ability to pay measured by the Pulse Survey.

The impact of an eviction on families and individuals is severe. Following eviction, a person's likelihood of experiencing homelessness increases, mental and physical health is diminished, and the probability of obtaining employment declines.[33] Eviction is linked to numerous poor health outcomes,[34] including depression, suicide, and anxiety, among others. In addition, eviction is linked with respiratory disease,[35] which could increase the risk of complications if COVID-19 is contracted, as well as mortality risk during COVID-19. Eviction makes it more expensive and more difficult for tenants who have been evicted to rent safe and decent housing, apply for credit, borrow money, or purchase a home. Instability such as that caused by eviction is particularly harmful to children, who suffer in ways that impact their educational development and wellbeing for years. The public costs of eviction are far reaching.[36] Individuals experiencing displacement due to eviction are more likely to need emergency shelter and re-housing, use in-patient and emergency medical services, require child welfare services, and experience the criminal legal system, among other harms.

A federal eviction moratorium issued by the Centers for Disease Control (CDC) went into effect on September 4, 2020 and will last through December 31, 2020. Citing the historic threat to public health, the CDC declared that an eviction moratorium would help ensure that people are

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[31] NLIHC. 2020. NLIHC COVID-19 Rental Assistance Database. Retrieved from: https://docs.google.com/spreadsheets/d/1hLfybfo9NydIptQu5wghUpKXecimh3gaoqT7LU1JGc8/edit#gid=79194074

[32]Stout. 2020. *Analysis and Visualizations of Renter Confidence and Potential Evictions*. Retrieved from: https://app.powerbi.com/view?r=eyJrIjoiNzRhYjg2NzAtMGE1MC00NmNjLTllOTMtYjM2NjFmOTA4ZjMyIiwidCI6Ijc5MGJmNjk2LTE3NDYtNGE4OS1hZjI0LTc4ZGE5Y2RhZGE2MSIsImMiOjN9

[33] Collinson, R., and Reed, D. 2018. *The Effects of Evictions on Low-Income Households*. Retrieved from: https://www.law.nyu.edu/sites/default/files/upload_documents/evictions_collinson_reed.pdf

[34] Taylor, L. 2018. "Housing and Health: An Overview of the Literature." Health Affairs Health Policy Brief. DOI: 10.1377/hpb20180313.396577. Retrieved from: https://www.healthaffairs.org/do/10.1377/hpb20180313.396577/full/

[35] Braveman, P., Dekker, M., Egerter, S., Sadegh-Nobari, T., & Pollack, C. 2011. "How Does Housing Affect Health?" Robert Wood Johnson Foundation. Retrieved from: https://www.rwjf.org/en/library/research/2011/05/housing-and-health.html

[36] *Cost of Eviction Summary Report for the United States*. 2020. Innovation for Justice Program, University of Arizona James E. Rogers School of Law. Retrieved from: https://arizona.app.box.com/s/0cgdsbf8zj7i9rakayy5ehag4n55txwp

able to practice social distancing and comply with stay-at-home orders. The announcement cites the increased risk of spreading coronavirus when people are evicted from their homes or experience homelessness.

The temporary moratorium on evictions extends vital protections to tens of millions of renters at risk of eviction for nonpayment of rent during the global pandemic. The action is long overdue and badly needed, and it will provide essential protection to millions of renters. The very least the federal government ought to do during a global pandemic is assure each of us that we will not lose our homes in the midst of it.

But while an eviction moratorium during the pandemic is essential, it is a half-measure that postpones but does not prevent evictions. The only way to protect the 30 to 40 million renters[37] at risk of losing their homes by the end of the year is for Congress and the White House return to the negotiating table and work out a deal for a new coronavirus relief package that includes the essential resources and protections provided in the HEROES Act. Congress must enact legislation that includes NLIHC's top priorities[38]: a national, uniform moratorium on all evictions for nonpayment of rent; at least $100 billion in emergency rental assistance[39] through the "Emergency Rental Assistance and Rental Market Stabilization Act"[40] and housing vouchers; and $11.5 billion to help prevent and respond to outbreaks among people experiencing homelessness.

IV. Alleviating the Underlying Affordable Housing Crisis Through Investments

Congress should significantly expand investments in affordable housing for America's lowest-income and most marginalized households to help end homelessness and housing poverty once and for all.

NLIHC leads the *Opportunity Starts at Home* campaign, a multi-sector campaign to advocate for more robust and equitable federal housing policies. Its members, including national organizations from the housing, education, health, civil rights, anti-hunger, anti-poverty, faith-based, and other sectors, have identified three long-term policy strategies that are essential for Congress to act upon: dramatically expanding rental assistance; significantly expanding the supply of housing affordable to the lowest-income renters; and creating a new national program that provides temporary financial assistance to help cover rent for households experiencing unexpected economic shocks. We also must preserve the country's limited affordable housing stock.

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[37] Benfer, E., et al. 2020. *The COVID-19 Eviction Crisis: An Estimated 30-40 Million People in America Are at Risk*. https://nlihc.org/sites/default/files/The_Eviction_Crisis_080720.pdf

[38] Responding to Coronavirus: Ensuring Housing Stability During a Crisis. 2020. National Low Income Housing Coalition. Retrieved from: https://nlihc.org/coronavirus-and-housing-homelessness/responding-coronavirus

[39] Aurand, A., Emmanuel, D., & Threet, D. 2020. "NLIHC Research Note: The Need for Emergency Rental Assistance During the COVID-19 and Economic Crisis." National Low Income Housing Coalition. Retrieved from: https://nlihc.org/sites/default/files/Need-for-Rental-Assistance-During-the-COVID-19-and-Economic-Crisis.pdf

[40] Emergency Rental Assistance and Rental Market Stabilization Act. 2020. National Low Income Housing Coalition. Retrieved from: https://nlihc.org/emergency-rental-assistance-and-rental-market-stabilization-act

Bridge the Gap Between Rents and Income

Rental assistance is a critical tool for helping vulnerable people afford decent, stable homes, and avoid homelessness. A substantial expansion of rental assistance for the most vulnerable households is a key element of any successful strategy to solve the affordable housing crisis. The most successful type of rental subsidy is the Housing Choice Voucher (HCV) program. Vouchers help people with the lowest incomes afford housing in the private market by paying landlords the difference between what a household can afford to pay for rent and the rent itself, up to a reasonable amount. Housing vouchers are also flexible — for instance, families may use them to rent homes that best meet their needs, including homes in areas with quality schools and greater access to jobs. Housing vouchers may also be tied to a specific housing development in a way that facilitates the development's financing and makes it easier for owners to provide health and other services that some people need.

While vouchers are the most common form of rental assistance, other promising policy innovations could be used to reach more families such as creating a new federal renters' tax credit. A variety of renters' tax credit proposals have been advanced, including some that would target aid to the nation's lowest-income and most marginalized households.[41]

Expand Affordable Housing Stock

In markets where vacancies in existing buildings are scarce, supply-side approaches are also essential to produce more affordable homes. To expand the affordable housing stock, Congress should significantly increase funding to the national Housing Trust Fund (HTF), a dedicated funding stream to efficiently build, rehabilitate, preserve, and operate rental housing for extremely low-income people. The national HTF is a block grant to states, which operates at no cost to the federal government because it is funded through very modest fees on Fannie Mae's and Freddie Mac's books of business. NLIHC and our partners across the country are grateful for Senator Sanders's leadership in establishing this critical program, and for his commitment to significantly expand it. (The HTF is currently woefully under resourced.)

Congress must ensure that other existing tools that produce affordable housing are targeted towards those with the greatest needs: the lowest income renters. To that end, Congress should reform and provide new incentives and/or resources for a significant share of Low Income Housing Tax Credit (LIHTC) units to be affordable to those with the lowest incomes and strategically sited to foster economically and racially inclusive communities.

Increasing the overall supply of units affordable for the lowest-income renters not only helps those renters but can also alleviate rent pressure for those with higher incomes. Millions of the lowest-income renters currently occupy units that they cannot afford, but those units could be

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[41] Galante, C. et al. (2016). "The FAIR Tax Credit: A Proposal for Federal Assistance in Rental Credit to Support LowIncome Renters." Terner Center for Housing Innovation, UC Berkley, http://ternercenter.berkeley.edu/uploads/FAIR_Credit.pdf; Fischer, W. et al. (2017). "Renters' Credit Would Help Low-Wage Workers, Seniors, and People with Disabilities Afford Housing." Center on Budget and Policy Priorities, https://www.cbpp.org/research/housing/renterscredit-would-help-low-wage-workers-seniors-and-people-with-disabilities; Patenaude, P. et al. (2013). "Housing America's Future: New Directions for National Policy." Bipartisan Policy Center, https://bipartisanpolicy.org/wpcontent/uploads/sites/default/files/BPC_Housing%20Report_web_0.pdf.

affordable to those with higher incomes. A greater supply of rental housing would allow these lowest-income renters to move from unaffordable units to affordable units, thereby freeing up their original units for higher-income renters who could better afford them.

Preserve Affordable Housing

Congress should provide robust resources to preserve the existing affordable housing stock, including the roughly one million public housing units that are currently home to 2.6 million residents. Like other federal housing investments, public housing provides families with the affordable, stable homes they need to live with dignity and financial independence.

Waiting lists for public housing are often closed or have years-long wait times.[42] NLIHC's report *Housing Spotlight: The Long Wait for a Home* analyzed an NLIHC survey of PHAs and found that the average wait time is 9 months, and 25% of public housing waiting lists had a wait time of at 1.5 years. The largest PHAs had a median wait time of 2 years, and 25% of them had wait times of at least 4 years. In 2012, the last time national waiting list data was collected, there were approximately 1.64 million families waiting for public housing units with only 80% of housing agencies reporting. Many housing waiting lists have since closed altogether.

Beginning in the early 1980s, funding for public housing has decreased significantly. Between 2000 and 2016, funding for public housing repairs declined 53%, while funding for public housing operations met need only three times.[43] Between 2010 and 2016 alone, Congress cut public housing funding by $1.6 billion. While Congress recently increased funding for public housing in fiscal years 2018 and 2019, overall funding for the program remains 17% lower than the FY10 funding level.

These decades of declining resources have threatened the quality and even the existence of public housing. With limited funding, many public housing agencies (PHAs) are unable to make needed repairs to preserve these homes. As a result, our country loses 10,000 to 15,000 public housing apartments each year to obsolescence or decay,[44] as other public housing units fall into deep disrepair. In 2010, the country's public housing had a $26 billion capital-needs backlog, which is estimated to grow by $3.4 billion each year. The funding needed to address capital repairs in public housing is estimated to exceed $50 billion today.[45]

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[42] Aurand, A. et al. (2016). *Housing Spotlight: The Long Wait for a Home*. National Low Income Housing Coalition. Retrieved from http://nlihc.org/article/housing-spotlight-volume-6-issue-1.

[43] Rice, D. (2016). *Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing*. Center on Budget and Policy Priorities. Retrieved from https://www.cbpp.org/research/housing/chart-book-cuts-in-federalassistance-have-exacerbated-families-struggles-to-afford.

[44] National Low Income Housing Coalition. 2019. *Advocates Guide*. Washington, DC: Author. See: https://nlihc.org/sites/default/files/AG-2018/2018_Advocates-Guide.pdf

[45] The "Transportation, Treasury, Housing and Urban Development, Judiciary, and Independent Agencies Appropriations Act of 2008" directed HUD to perform an updated Capital Needs Assessment for the public housing portfolio. (The previous assessment was conducted in 1998.) HUD selected Abt Associates to conduct the assessment, which was published as Capital Needs in the Public Housing Program (Contract # C-DEN-02277-TO001) on November 24, 2010. The assessment estimated total capital needs of the nation's public housing portfolio in 2010 to be $25,607,944,000. In addition, the assessment noted that "assuming that existing capital needs were completely addressed, each year approximately $3.4 billion would be required to address the ongoing

Preventing Housing Instability with Emergency Assistance

Congress should create a "National Housing Stabilization Fund" to provide emergency assistance to the lowest-income households to prevent housing instability and homelessness. Temporary assistance can stabilize households experiencing economic shocks *before* they cause instability and homelessness, which often require more prolonged and extensive housing assistance. Today, countless households are one crisis (e.g., a broken down car, an unexpected medical bill, job loss, etc.) away from major economic hardship that could quickly spiral out of control.

The bipartisan "Eviction Crisis Act" introduced by Senator Rob Portman (R-OH) and Michael Bennet (D-CO) would create an emergency stabilization fund to provide financial assistance to cover the gaps between income and rental costs during a financial crisis. The bill also provides housing stability services, such as counselors and legal aid. When combined, short-term housing assistance and support services can significantly reduce evictions and homelessness, yet such aid is not available at the scale needed. A review of federal, state, and local programs that offer some form of emergency assistance and/or legal services show an uneven patchwork of support for vulnerable households.

V. The Case for Increased Federal Investments in Affordable Homes

Investing in affordable housing solutions, like the national HTF, rental assistance, public housing, rural and tribal housing, and other proven solutions to ending homelessness and housing poverty improves lives and saves the federal government money. Research clearly demonstrates that housing is inextricably linked to an array of positive outcomes in other sectors.

Education: Student achievement is maximized when students can go home to stable, affordable homes. Low-income children in affordable homes perform better on cognitive development tests than those in unaffordable homes.[46] Low-income students who are forced to change schools frequently because of unstable housing perform less well in school and are less likely to graduate,[47] and continual movement of children between schools disrupts learning for all students in the classroom because more time is required for review and catch-up work.[48]

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accrual needs, or on average $3,155 per unit." Extrapolating the $3.4 billion in accrual needs each year from 2010 until 2019, the capital needs backlog is currently estimated to be $56.6 billion.

[46] Newman, S. J. & C. S. Holupka. 2015. "Housing Affordability and Child Well-Being." Housing Policy Debate, 25(1), 116-151. Retrieved: https://www.tandfonline.com/doi/abs/10.1080/10511482.2014.899261

[47] Voight, A., Shinn, M., & Nation, M. 2012. *The Longitudinal Effects of Residential Mobility on the Academic Achievement of Urban Elementary and Middle School Students*. Educational Researcher, 41(9), 385-392. Retrieved from http://journals.sagepub.com/doi/pdf/10.3102/0013189X12442239; Cunningham, M., & MacDonald, G. 2012. *Housing as a Platform for Improving Education Outcomes among Low-Income Children*. Washington, DC: Urban Institute. Retrieved from: http://www.urban.org/sites/default/files/publication/25331/412554-Housing-as-aPlatform-for-Improving-Education-Outcomes-among-Low-Income-Children.PDF; Fischer, W. 2015. *Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children*. Washington, DC: Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous.pdf

[48] Cunningham, M., & MacDonald, G. 2012. *Housing as a Platform for Improving Education Outcomes among Low Income Children*. Washington, DC: Urban Institute. Retrieved from

When affordable housing options are located in high-opportunity areas with low poverty and economically diverse schools, it can dramatically lift the academic performance of low-income students and narrow the achievement gap between them and their more affluent peers.[49] Across the country, low-income families are priced out of the strongest schools; housing near high-performing public schools costs 2.4 times more than housing near low-performing public schools.[50]

Health: Decent, stable, affordable homes are a major social determinant of health and are linked to better health outcomes throughout a person's lifespan. Children who experienced prenatal homelessness are 20% more likely to have been hospitalized since birth. Children who experienced post-natal homelessness are 22% more likely to have been hospitalized since birth.[51] In 2011, families living in unaffordable homes spent one-fifth as much on necessary healthcare compared to those in affordable housing.[52] When people have access to good affordable housing, primary care visits increase by 20%, ER visits decrease by 18%, and total Medicaid expenditures decrease by 12%.[53] Children's HealthWatch estimates that the U.S. will spend $111 billion over the next ten years in avoidable healthcare costs because of housing instability.[54]

Racial Equity: Affordable homes located in economically diverse neighborhoods can help reduce residential segregation and concentrations of poverty. Today, one in four African American families and one in six Hispanic families live in neighborhoods of concentrated poverty, compared to only one in 13 white families. A recent study by the Urban Institute found that if Chicago reduced its residential segregation just to the national median, incomes for African Americans would rise by $2,982 per person per year, regional GDP would increase by $8 billion, the homicide rate would decrease by 30%, residential real estate values would increase by six billion dollars, and 83,000 more adults would complete bachelor's degrees.[55]

Economic Mobility: Affordable homes can also help children achieve the American dream by climbing the income ladder as adults. Economist Raj Chetty and his team looked at low-income

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http://www.urban.org/sites/default/files/publication/25331/412554-Housing-as-a-Platform-for-ImprovingEducation-Outcomes-among-Low-Income-Children.PDF

[49] Schwartz, H. 2010. *Housing Policy is School Policy.* Washington, DC: The Century Foundation. Retrieved from https://tcf.org/assets/downloads/tcf-Schwartz.pdf.

[50] Rothwell, J. 2012. *Housing Costs, Zoning, and Access to High-Scoring Schools*. Washington DC: Brookings Metropolitan Policy Program. Retrieved: https://www.brookings.edu/wpcontent/uploads/2016/06/0419_school_inequality_rothwell.pdf

[51] Sandel, M., et. al. 2016. *Housing as a Healthcare Investment*. National Housing Conference and Children's HealthWatch.Retrieved: https://www.opportunityhome.org/wp-content/uploads/2018/02/Housing-as-a-HealthCare-Investment.pdf

[52] Joint Center for Housing Studies of Harvard University. 2013. *The State of the Nation's Housing*. Retrieved: http://www.jchs.harvard.edu/sites/default/files/son2013.pdf

[53] Wright, B., et. al. 2016. *Health in Housing*. Center for Outcomes Research and Education. Retrieved: https://www.enterprisecommunity.org/download?fid=5703&nid=4247

[54] Poblacion A, Bovell-Ammon A, Sheward R, Sandel M, Ettinger de Cuba S, Cutts D, Cook J. *Stable Homes Make Healthy Families*. Children's HealthWatch Policy Action Brief. August 2017. Available at: http://childrenshealthwatch.org/wp-content/uploads/CHW-Stable-Homes-2-pager-web.pdf

[55] Pendall, R., Acs, G., & Trekson, M. 2017. *The Costs of Segregation*. Urban Institute and Metropolitan Planning Cancel. Retrieved: https://www.metroplanning.org/work/project/33

children whose families used housing vouchers to access affordable homes located in neighborhoods with lower poverty. These children were much more likely to attend college, less likely to become single parents, and more likely to earn more as adults. In fact, younger poor children who moved to lower-poverty neighborhoods with a housing voucher earned an average of $302,000 more over their lifetimes compared to their peers in higher-poverty neighborhoods.[56] In 2015, the Children's Defense Fund modeled an expansion of the Housing Choice Voucher program and found that expanding these housing subsidies would reduce child poverty by 20.8% and lift 2.3 million children out of poverty. In fact, they found housing subsidies would have the greatest impact on alleviating child poverty compared to the nine other policy solutions they explored.[57]

Economic Productivity: Investments in affordable homes are a proven catalyst for economic growth, job creation, increased government revenue, and increased consumer spending. According to the National Association of Home Builders, building 100 affordable homes generates $11.7 million in local income, 161 local jobs, and $2.2 million in taxes and other revenues for local government. The high costs of housing are limiting opportunities for people to increase their earnings, which, in turn, slow GDP growth. Researchers estimate that GDP growth between 1964 and 2009 would have been 13.5% higher if families had better access to affordable homes. This GDP increase would have meant a $1.7 trillion increase in income, or $8,775 in additional wages per worker.[58]

Food Security: When rent eats up an already limited paycheck, low-income families have fewer resources to buy adequate and nutritious food. Low-income families that live in affordable homes experience greater food security and their children are 52% less likely to be seriously underweight compared to those who are cost-burdened by rent.[59]

Criminal Justice: Individuals transitioning out of the criminal justice system face many housing obstacles and are vulnerable to homelessness. They need a good place to call home so that they can reconnect with society and rebuild their lives. Formerly incarcerated individuals who find stable affordable housing are less likely to go back to jail than those who do not.[60]

Veterans: After serving our country bravely, veterans need access to decent, stable, affordable homes so they can thrive in the neighborhoods they swore to defend. Rental assistance for

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[56] Chetty, R., Hendren, N., & Katz, L. 2015. *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*. Cambridge, MA: National Bureau of Economic Research. Retrieved from http://www.nber.org/mtopublic/final/MTO_IRS_2015.pdf.

[57] Children's Defense Fund and Urban Institute. 2015. *Ending Child Poverty Now*. Retrieved from: https://www.childrensdefense.org/wp-content/uploads/2018/06/Ending-Child-Poverty-Now.pdf

[58] Moretti, E. & Hsieh, C. 2015. *Housing Constraints and Spatial Misallocation*. American Economic Journal: Macroeconomics. Retrieved: http://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf

[59] Children's HealthWatch and Medical-Legal Partnership of Boston. 2009. *Rx for Hunger: Affordable Housing*. Retrieved from: https://www.issuelab.org/resources/5379/5379.pdf

[60] Fontaine, J. 2013. *The Role of Supportive Housing in Successful Reentry Outcomes for Disabled Prisoners*. Cityscape: A Journal of Policy Development and Research, 15(3). US Department of Housing and Urban Development. Retrieved from: https://www.huduser.gov/portal/periodicals/cityscpe/vol15num3/ch3.pdf

veterans has proven highly effective in dramatically reducing veteran homelessness, but there remains significant unmet need.[61]

The evidence is abundantly clear that being able to afford a decent home in a strong neighborhood is a prerequisite for opportunity in America. The promise of better health, increased economic opportunity, and quality education can be fulfilled only if our nation's families have safe, decent, affordable homes.

VI. Duplication and Consolidation of Federal Housing Programs

In 2012, the Government Accountability Office issued a report on "Housing Assistance: Opportunities Exist to Increase Collaboration and Consider Consolidation." The report outlines areas where federal agencies that oversee housing programs can better coordinate efforts, as well as the challenges and tradeoffs of doing so. While NLIHC supports some efforts to realign federal housing spending to better focus on individuals with the greatest needs and to streamline and coordinate federal housing programs, consolidation of federal programs is not the solution to ending homelessness or housing poverty.

During the debate over the 2017 tax bill, NLIHC urged Congress to reform the mortgage interest deduction (MID) to better reach low- and moderate-income homeowners and to reinvest the savings into targeted and proven programs, such as the national Housing Trust Fund and housing vouchers, to serve households with the greatest needs. The 2017 tax bill did reform the MID, but left it even more regressive than before; only the highest-income households with the largest mortgages now benefit from the MID. At a time when federal housing investments are scarce, Congress should look for ways to better reform or even eliminate the MID and to invest these resources to build and preserve housing affordable to people with the greatest needs, including people experiencing homelessness.

There are significant opportunities to streamline and coordinate federal housing programs. A key example is the need to reduce barriers to layering financing sources to build and preserve affordable rental housing. These barriers have made it difficult, for example, for USDA and housing providers to preserve USDA's rural housing portfolio. We appreciate that USDA staff are working to better align its rental housing program with the Low Income Housing Tax Credit so that developers can better access these funds to preserve aging rural homes. These efforts should continue and are even more important given the dramatic cuts to the Rural Housing Service budget over the past few decades. USDA's Section 515 program is critical to building affordable housing in rural communities. Since the height of the program in the late 1970s, however, Section 515 has been cut by more than 95%. Because funding levels are so low, USDA has not allocated any Section 515 funds for new construction, and instead is only focused on preservation.

Federal agencies overseeing housing programs should better coordinate programs and goals and share best practices. The U.S. Interagency Council on Homelessness (USICH) has, in the past, provided a good model for these efforts. USICH coordinates federal efforts to end

[61] Fischer, W. 2014. *Rental Assistance Helps More than 340,000 Veterans Afford Homes, But Large Unmet Need Remain*. Center on Budget and Policy Priorities. Retrieved: https://www.cbpp.org/research/rental-assistancehelps-more-than-340000-veterans-afford-homes-but-large-unmet-needs-remain#_ftn4

homelessness across 19 agencies, and it had remarkable success in doing so under the Obama administration. Through better coordination and a significant investment by the federal government in targeted resources, the federal government and its partners successfully and dramatically decreased veteran homelessness.

It is critical to note that while coordination and collaboration were critical to USICH's successful efforts, they are not sufficient on their own to produce these outcomes. The successful reduction in veteran homelessness was largely due to robust federal resources invested to serve this population. We can have similar successes in other areas of housing and homelessness if we have the political will to invest the resources necessary.

VII. Conclusion

The country's affordable housing crisis has reached historic heights, most harming the lowest-income and most marginalized renters. The current pandemic and the failure of Congress and the White House to pass a robust relief package are exacerbating the housing crisis and could lead to a tsunami of evictions and a spike in homelessness.

Inaction is expensive; investments in proven solutions to end homelessness and housing poverty benefit us all. Affordable housing is a long-term asset that helps communities and families thrive. Congress should increase investments in decent, affordable rental homes for households with the lowest incomes.

NLIHC looks forward to working with Congress to advance and enact bold and much-needed solutions. Thank you again for the opportunity to testify today. I look forward to your questions.