Why affordable housing is essential to our economy

What is the value of affordable housing? It goes beyond simply finding homes for people.

Two new reports released by the National Low Income Housing Coalition (NLIHC) explore both why affordable housing is essential to our economy and how the grave lack of it may put many at risk.

The report estimates that more than 500,000 jobs were supported through HUD investments in 2015 alone.

The "A Place To Call Home" report, released by the Campaign for Housing and Community Development Funding (CHCDF) and the NLIHC, compiles the latest research on how access to affordable housing improves economic mobility, reduces poverty and homelessness, positively impacts health outcomes and strengthens the economy.

The report includes more than 100 success stories of people and communities that have experienced the benefits of federal affordable housing investments funded through the U.S. Departments of Housing and Urban Development (HUD) and Agriculture (USDA).

The report comes out just days after Dr. Ben Carson was confirmed as the new HUD secretary.

NLIHC coordinates and facilitates CHCDF and prepared the report in response to the threat of significant budget cuts to HUD/USDA programs in fiscal 2018.

The report calls for Congress to lift spending caps, maintain funding parity between defense and non-defense programs and maintain the highest level of funding possible for affordable housing programs.

Judging from these reports, there is no area of the country that seems to have an adequate supply of affordable housing.

The report also shows that HUD housing and community development funding was $4.3 billion — 8.4 percent lower in 2016 than in 2010, adjusted for inflation.

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 alone.

Affordable homes hard to find

The companion report, the annual "NLIHC Gap Report," finds a shortage of 7.4 million affordable and available rental homes for extremely low-income renter households. This is defined as those

with incomes at or below 30 percent of their area median income or the poverty guideline.

The study estimates there are 35 available affordable homes for every 100 households in need and that 71 percent of these households therefore are spending more than half their income on housing.

The reverberations of that expense are that these households then find that they don't have enough left over to pay for food, transportation and medical care. Also, this type of burden leaves little room for saving, leaving these households at risk if a financial setback occurs.

The supply ranges as low as 15 homes for every 100 low-income renter households in Nevada to 61 in Alabama. California, which has 21 homes for every 100 low-income renter households, would need as many as 1.1 million in California to fully provide housing for these renters.

In the report, Diane Yentel, president and CEO of NLIHC, urges Congress to take action: "Tax reform provides Congress the perfect opportunity to enact modest changes to housing tax expenditures, particularly to the highly regressive mortgage interest deduction, to generate billions in savings that could support housing affordability for our nation's lowest income households."

Calls for reform

The NLIHC-led United for Homes campaign seeks a rebalancing federal housing expenditures to invest in affordable housing for the poorest households. Its data shows that less than 25 percent of federal housing dollars benefit low-income renters.

The campaign calls for changes to the mortgage interest deduction to benefit millions of additional lower income homeowners and generate billions of dollars in savings for investments in affordable rental housing.

The proposal specifically calls for reducing the amount of a mortgage eligible for a tax write-off from $1 million to $500,000, turning the mortgage interest deduction into a tax credit to benefit millions of low-income homeowners who currently do not benefit from the mortgage interest deduction, and reinvesting $241 billion over 10 years in housing that serves families with the greatest needs.

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