



Boston | Chicago | Denver | Los Angeles | Miami | New York City | San Francisco | Seattle | Washington DC

2017 Federal Policy Priorities

The High-Cost Cities Housing Forum (HCHF) is a peer-to-peer group comprised of local housing commissioners from nine of the most expensive cities in the U.S. The forum, which is convened by Enterprise Community Partners, serves as venue for local policymakers to discuss housing policy, offer program ideas and exchange best practices. For the full list of HCHF commissioners, see Attachment 1.

As housing commissioners from nine of the most expensive cities in the U.S. — and job hubs for regions that account for about 30 percent of the country’s total economic output each year — we know that a strong and stable economy requires a wide range of housing options that are affordable to families at all income levels.¹ In order for the economy to function, America’s workers — our teachers, our nurses, our mechanics, our firefighters and law enforcement officials — need both a stable place to call home and a reliable way to get to their jobs.

Unfortunately, after years of stagnant wages and skyrocketing rents, a quality and affordable home is out of reach for millions of Americans. Today an unprecedented 11.4 million renter households are “housing insecure,” paying at least half of their monthly income on rent and utilities.² While this problem hits high-cost cities particularly hard, it is a truly national crisis affecting urban, suburban and rural communities alike.³ Nationwide, more than one in four renters are one unforeseen event — an illness, a drop in hours at work, even an unexpected car repair — from seeing an eviction notice on their front door.⁴

This worsening affordable housing shortage isn’t just bad for renters — it’s also a drag on our country’s economic growth. According to one study, the dearth of affordable housing options costs the U.S. economy an estimated \$1.6 trillion each year in lost wages and productivity alone.⁵ That is one reason why housing investments are considered one of the most effective and efficient ways to stimulate the economy and create jobs.⁶

Here’s the good news: while the housing problems we face are daunting, they are not intractable — indeed, we already have many of the tools needed to solve them. The key question is whether we have the political will to make the public and private investments necessary to address the problem at the scale at which it exists.

As commissioners of the HCHF, we urge members of Congress to take three concrete steps to tackle America’s affordable housing crisis, improve the productivity of the American workforce and bolster economic growth. Below we discuss each recommendation in more detail.

1. Reject proposed cuts to crucial affordable housing programs.
2. Support federal tax incentives that use private sector capital to build and preserve affordable housing.
3. Include housing investments in any comprehensive infrastructure package.

1. Reject proposed cuts to crucial affordable housing programs

The Trump administration's budget outline, or "skinny budget," for fiscal year 2018 proposes a number of draconian cuts to crucial affordable housing programs. As the need for affordable housing continues to grow, the administration has proposed cutting the Department of Housing and Urban Development's (HUD) budget by \$6.2 billion. This is a decrease of 13 percent from today's already depleted spending levels, along with further cuts to programs at the Treasury Department and USDA.⁷ Some of the most troubling proposals in the skinny budget include:

- *Elimination of the HOME Investment Partnerships Program*, a crucial source of gap financing for affordable housing developments. In the true spirit of federalism, cities and states decide how to best use HOME funds to address a wide range of housing needs, including homeownership, rental housing, rehabilitation, and rental assistance. Since 1990, every dollar of HOME funds has leveraged more than \$4 in additional investments, helping to build and preserve more than 1.2 million affordable homes and counting.⁸ Unfortunately, as the need for affordable rental housing has continued to rise, funding for HOME has been cut by more than 50 percent since 2010.
- *Elimination of the Community Development Block Grant (CDBG) program*, a crucial source of flexible funds for local housing and economic development projects. The CDBG program allows governors and mayors across the country meet the most pressing development problems facing their community, from creating new affordable housing, to revitalizing distressed neighborhoods by removing blight, to maintaining local streets, sidewalks and parks. Despite the fact that every \$1 billion in CDBG funds creates about 5,500 local jobs, funding for the program has been cut by 25 percent since 2010, forcing cities and states to do more with less federal support.⁹
- *Significant cuts to federal rental assistance programs*, including Section 8 vouchers, Section 202 assistance for elderly adults and Section 811 assistance for people with disabilities – all programs that are already critically underfunded.¹⁰ Today only 23 percent of households who are eligible for federal rental assistance actually receive it, resulting in waiting lists that are tens of thousands of families long in some communities.¹¹
- *Significant cuts to public housing capital and operating funds*, at a time when many of the country's 1.1 million units of public housing are in need of significant capital investment. According to HUD, the aging stock has a backlog of at least \$26 billion in unmet capital needs,¹² and an estimated 10,000 public housing units are lost entirely each year to obsolescence and decay.¹³ Meanwhile, every \$1 billion spent on capital projects creates approximately 26,000 jobs on average.¹⁴

We urge Congress to reject these proposed cuts and, at a bare minimum, push for the preservation of current appropriation levels to HOME, CDBG, public housing, Section 8, Section 202, Section 811 and other crucial affordable housing programs.

2. Support federal tax incentives that use private sector capital to build and preserve affordable housing

The Low-Income Housing Tax Credit, also known as the Housing Credit, has financed virtually all of the country's affordable housing construction since it was signed into law by President Reagan in 1986. In addition to harnessing private investment capital, the program enables private developers, nonprofit organizations, faith communities, housing authorities and others to meet the housing needs in their communities. The Housing Credit is an undeniable success story in public-private partnerships and a boon to local economies: each year it creates more than 90,000 affordable homes and supports over 100,000 jobs, mostly in the construction industry.¹⁵

Though the Housing Credit has made a significant dent in our affordable housing crisis by financing nearly 3 million apartments over its 30-year history, current allocation levels fall well short of the need. More could be done to make the program more flexible, streamlined and better able to serve the hardest-to-reach populations and areas. The Housing Credit has not been expanded since 2000, and developers now request more than twice the amount of Housing Credits than are available each year, meaning hundreds of viable developments that would serve low-income families in need are turned down because of scarcity of tax credits.

As Congress turns towards comprehensive tax reform, it is critical to not only preserve the Housing Credit, but also to expand and strengthen the program's ability to reach the millions of households struggling to afford rent. In March 2017, Sens. Maria Cantwell (D-WA) and Orrin Hatch (R-UT) introduced the Affordable Housing Credit Improvement Act of 2017, which would expand Housing Credit allocation authority by 50 percent and strengthen the Housing Credit through nearly two-dozen provisions intended to increase flexibility and streamline program administration.¹⁶ Similar bipartisan legislation has been introduced in the House by Reps. Pat Tiberi (R-OH) and Richard Neal (D-MA).¹⁷

In addition to strengthening and expanding the Housing Credit, we urge Congress to preserve the tax exemption for Housing Bonds issued by state and local housing finance agencies in any tax reform effort. Housing Bonds are an essential source of long-term, low-interest financing for affordable housing developments, having helped to build or preserve more than 1 million affordable rental units and counting.¹⁸ The federal tax exemption is essential to the ensuring robust and reliable investor interest in those bonds.

3. Include housing investments in any comprehensive infrastructure package

By definition, infrastructure is the physical structures and networks that are necessary for the economy to function. Too often federal infrastructure investments are limited to roads, bridges, trains, airports and waterways. Any comprehensive infrastructure package must also include investments in affordable rental housing.¹⁹

A key goal of any infrastructure package is to create jobs, and research shows that housing is an efficient way to accomplish that goal. According to a recent analysis from Enterprise Community Partners, both the speed and impact of public investments in housing match or outpace those of other infrastructure investments, such as transportation.²⁰ In other words, investments in America's housing infrastructure pay dividends in a number of ways: more jobs, more growth, and more housing options.

We applaud the Senate Democrats for including significant housing investments in their \$1 trillion infrastructure plan, which was released in January.²¹ We were also heartened by the recent statement by Department of Housing and Urban Development Secretary Ben Carson that the Trump Administration “considers housing a significant part of infrastructure in our country.” Secretary Carson also pledged that the infrastructure bill being worked on “has a significant inclusion of housing in it.”²²

For the reasons described above, we urge Congress to include the following housing provisions in any infrastructure bill: 1) strengthen and expand the Low-Income Housing Tax Credit; 2) provide federal funding to repair America’s public housing stock; and 3) provide flexible funds through CDBG and HOME to help states and local governments meet the specific housing needs in their communities.²³

Contact Info

The above policy recommendations reflect the collective views of all nine HCHF commissioners, but not necessarily the views any individual commissioner or city agency. If you have questions about the HCHF or any of the recommendations, please contact Sheila Dillon, Chief of Housing for the City of Boston and Chair of the HCHF, at sheila.dillon@boston.gov.

Attachment 1: Commissioners of the High-Cost Cities Housing Forum

Sheila Dillon (Chair)
Chief of Housing and Director of the Department of Neighborhood Development
Boston

Rushmore Cervantes
General Manager of the Housing & Community Investment Department
Los Angeles

Polly Donaldson
Director of the Department of Housing & Community Development
District of Columbia

Eric Enderlin
President of the Housing Development Corporation
New York City

Olson Lee
Director of the Mayor's Office of Housing
San Francisco

George Mensah
Director of the Department of Community & Economic Development
Miami

Rick L. Padilla
Director of Housing & Neighborhood Development
Denver

Anthony Simpkins
Managing Deputy for Housing at the Department of Planning & Development
Chicago

Maria Torres-Springer
Commissioner of the Department of Housing Preservation and Development
New York City

Steve Walker
Director of the Office of Housing
Seattle

Attachment 2: Economic Impact of the Cities Represented on the High-Cost Cities Housing Forum

	U.S. Total	% in the Nine HCHF Cities*
Demographic Information		
<i>Total Population</i>	324.4 million	6%
<i>Total Jobs</i>	145.9 million	6%
<i>Gross Domestic Product (metro-wide)</i>	\$18.0 trillion	30%
Housing Information		
<i>Housing Insecure Renter Households</i>	11.4 million	12%
<i>Section 8 Vouchers</i>	2.2 million	14%
<i>Project-Based Section 8 Units</i>	1.2 million	13%
<i>Public Housing Units</i>	1.1 million	21%
<i>Low-Income Housing Tax Credit Units</i>	2.8 million	7%
<i>Annual CDBG Funding</i>	\$3.0 billion	11%
<i>Annual HOME Funding</i>	\$950 million	10%

* The nine HCHF Cities include Boston, Chicago, Denver, Los Angeles, Miami, New York City, San Francisco, Seattle and Washington DC.

ENDNOTES

- ¹ For a full summary of the economic impact of the nine HCHF cities, see Attachment 2.
- ² Joint Center for Housing Studies, *State of the Nation's Housing 2016: Housing Challenges* (June 2016): http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son_2016_200dpi_ch6.pdf.
- ³ The nine HCHF cities account for just 6 percent of the U.S. population but 12 percent of the country's housing insecure renters. For more information see Attachment 2.
- ⁴ Andrew Jakobovics Allison Charette, Ellen Tracy Marya, Chris Herbert and Daniel T. McCue, *Projecting Trends in Severely Cost-Burdened Renters*, Enterprise Community Partners and the Harvard Joint Center for Housing Studies (2015): <http://www.enterprisecommunity.org/resources/projecting-trends-severely-cost-burdened-renters-13350>.
- ⁵ Chang-Tai Hsieh, Enrico Moretti, *Why Do Cities Matter? Local Growth and Aggregate Growth*, National Bureau of Economic Research (April 2015): <http://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf>.
- ⁶ Jakobovics, Charette, Marya, Herbert and McCue, *Projecting Trends in Severely Cost-Burdened Renters*.
- ⁷ For more analysis of the Trump administration's skinny budget, see Clay Kerchof, "Extreme Cuts to Housing and Community Development Programs in Skinny Budget" (March 2017): <http://www.enterprisecommunity.org/extreme-cuts-housing-and-community-development-programs-skinny-budget#sthash.9lKof31X.dpuf>.
- ⁸ Enterprise Community Partners, *Fact Sheet: Hope Investments Partnership Program*, available at <http://www.enterprisecommunity.org/sites/default/files/HOME%20Fact%20Sheet%202017.pdf>.
- ⁹ U.S. Department of Housing and Urban Development, *FY 2017 Budget Request for the Community Development Fund*, available at: https://portal.hud.gov/hudportal/documents/huddoc?id=15-Community_Dev.Fund.pdf.
- ¹⁰ While these specific programs were not mentioned by name in the Trump Administration's "skinny budget," a previously leaked internal budget document laid out specific cuts to each program. For more information see: https://www.washingtonpost.com/politics/trump-administration-considers-6-billion-cut-to-hud-budget/2017/03/08/1757e8e8-03ab-11e7-b1e9-a05d3c21f7cf_story.html.
- ¹¹ Robert Collinson, Ingrid Gould Ellen and Jens Ludwig, *Low-Income Housing Policy*, National Bureau of Economic Research (April 2015): <http://www.nber.org/papers/w21071>.
- ¹² U.S. Department of Housing and Urban Development, "New HUD Study: \$26 Billion in Major Repairs Needed in Public Housing," (June 2011): http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2011/HUDNo.11-132.
- ¹³ U.S. Department of Housing and Urban Development, "HUD Secretary in Savannah: New Program Can Save Many Public Housing Units" (January 2013): http://www.huduser.org/portal/pdredge/pdr_edge_news_011513_1.html.
- ¹⁴ Richard Voith and Michael Mariano, *Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements*, Econsult Corporation (2010): <http://www.clpha.org/uploads/CLPHA-2010report-final-small.pdf>.
- ¹⁵ Robert Dietz, "The Economic Impact of the Affordable Housing Credit," National Association of Homebuilders (July 2014): <http://eyeonhousing.org/2014/07/the-economic-impact-of-the-affordable-housing-credit>.
- ¹⁶ To learn more about the Cantwell-Hatch bill, see: <http://www.enterprisecommunity.org/blog/2017/03/senators-cantwell-and-hatch-reintroduce-affordable-housing-credit-improvement-act>.
- ¹⁷ The House bill does not include the 50 percent expansion of Housing Credit authorization. To learn more about the Tiberi-Neal bill, see: <https://www.enterprisecommunity.org/blog/2017/03/representatives-tiberi-and-neal-introduce-legislation-strengthen-housing-credit>.
- ¹⁸ National Council of State Housing Finance Agencies, *2016 Tax-Exempt Bonds FAQ*, available at <https://www.ncsha.org/resource/2016-tax-exempt-housing-bonds-faq>.
- ¹⁹ Terri Ludwig, "The Key Economic Issue Missing from Trump's Infrastructure Plan," *The Hill* (February 2017): <http://thehill.com/blogs/pundits-blog/economy-budget/317359-the-key-piece-missing-from-trumps-infrastructure-plan>.
- ²⁰ Andrew Jakobovics, "Bang for the Buck: Investment in Housing Infrastructure Is Smart," Enterprise Community Partners (December 2016): <http://www.enterprisecommunity.org/blog/2016/12/bang-buck-investment-housing-infrastructure-smart#sthash.qPd2maSL.dpuf>.
- ²¹ See *A Blueprint to Rebuild America's Infrastructure*, available at: <https://www.dpcc.senate.gov/files/documents/ABlueprinttoRebuildAmericasInfrastructure1.24.17.pdf>.
- ²² Jose A. DelReal, "Carson Assures Advocates that White House Will Include Housing Funding in Infrastructure Bill," *The Washington Post* (April 2017): https://www.washingtonpost.com/news/post-politics/wp/2017/04/03/carson-assures-advocates-that-white-house-will-include-housing-funding-in-infrastructure-bill/?utm_term=.d0cbf6546d19.
- ²³ For more information, see Terri Ludwig, "The Key Economic Issue Missing from Trump's Infrastructure Plan," *The Hill* (February 2017): <http://thehill.com/blogs/pundits-blog/economy-budget/317359-the-key-piece-missing-from-trumps-infrastructure-plan>.