



ISSUE BRIEF

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Affordable Housing

All people should live in safe, affordable and decent housing. LSA supports the preservation and production of affordable housing for people with low-incomes, particularly older adults and people with disabilities. It is important for affordable housing to be available in rural, suburban and urban communities. Different types of housing units should be available so that the diverse housing needs of people are appropriately met, including single-family housing, multi-family residences, and in some cases, small group or community-living housing.

People who are without homes should be offered shelter and supportive services to help transition into permanent housing. Shelter and supportive services should be available to all populations including single adults and adults with children. While it is valuable to promote home ownership, homeownership is not a viable option for all people. Therefore, it is essential that resources are available for people with low-incomes to have access to rental vouchers and other sources for subsidizing their rents.

Investment in the development of affordable housing should be shared by government, nonprofit developers, and for-profit developers. Capital funding and rental assistance should accurately reflect the real costs of housing production and the rental market.

Background

In 2005, nearly 106 million people – more than a third of the U.S. population – faced housing problems, such as unaffordable cost burdens, overcrowding, poor housing quality or homelessness. The most recent estimate from the U.S. Department of Housing and Urban Development (HUD) places the number of homeless people at about 754,000, counting both individuals living in shelters and transitional housing and those who are unsheltered. According to HUD, shortages of affordable housing remained most severe for units affordable and available to renters with extremely low incomes (at or below 30 percent of the area median income), with only 38 such units available for every 100 extremely low-income renters.

In addition to an affordable housing shortage, a common housing problem is cost burden. In 2006, more than nine million renters paid more than half their income for housing. In 2005, there were 41.6 million households with problems of affordability (paying more than 30% of income on housing costs) or adequacy (whether a housing unit is safe and decent, including problems like substandard conditions or overcrowding). According to the National Low Income Housing Coalition, the 2008 national housing wage for a two-bedroom rental unit is \$17.32 while the median hourly wage in the United States is \$16.00.

Adding to the nation's housing needs is the significant increase in housing foreclosures. It is estimated that close to 1.3 million households entered foreclosure in 2007, with the potential for an additional 3.5 million households to lose their homes in the next three years.

National Housing Trust Fund

Housing advocates support the creation of a National Housing Trust Fund (NHTF), which would fund the production, rehabilitation and preservation of affordable housing units for very low-income and extremely low-income households. Both the House and Senate NHTF bills direct housing assistance to households with incomes of less than 80 percent of the area median income, with at least 75 percent of the funds going to extremely low income households. In addition, 30 percent of the total dollars must be used for households whose incomes are the equivalent of the federal SSI payment level (a maximum of \$637 per month for an eligible individual) or less.

Other bills pending before Congress strengthen federal regulation of government-sponsored enterprises (GSE) and include provisions that would generate permanent sources of revenue to fund the national housing trust fund. Grants would be given to for-profit and nonprofit developers, which could be used for the production, preservation, and rehabilitation of rental housing, and some limited assistance for first time home buyers.

The NHTF Campaign is currently seeking more Senate co-sponsors for the National Affordable Housing Trust Fund Act of 2007, S. 2523, and is asking Senators to commit to voting for the bill and the legislation that provides funding for the trust fund, the GSE Mission Improvement Act, S. 2391. Lutheran Services in America has endorsed the National Housing Trust Fund Campaign.

Federal Housing Assistance Programs

Section 8 Housing Choice Vouchers are the nation's principal form of assistance to low-income renter families, people with disabilities and elderly individuals. Households with vouchers pay 30 percent of their income for rent and the voucher subsidizes the remaining amount. Section 8 vouchers have played a key role in assisting low-income recipients to move into stable homes and neighborhoods. A report by the General Accounting Office found the voucher program to be one of the most cost-effective federal housing programs. The cost per voucher has risen significantly over the last several years as rents have increased. Because of this increase in the cost of housing, the number of households served has either remained flat or decreased slightly year to year even though funding for the Section 8 Housing Choice Voucher program has increased each year. In the FY09 budget request, tenant-based contract renewals for Section 8 vouchers are funded at approximately \$14 billion, compared to the \$15.5 billion needed to fund all authorized vouchers. According to the Center on Budget and Policy Priorities, this will mean a loss of 100,000 vouchers currently in use nationwide.

The Section 202 Supportive Housing for the Elderly program provides funding for the construction and rehabilitation of structures that serve as supportive housing for low-income elderly persons and provides rent subsidies to help make them affordable. The program offers low-income seniors options that allow them to age in place, live independently and receive support services such as congregate meals and transportation. The U.S. Census estimates that there are 3.4 million seniors living in poverty. AARP reports that there are at least ten seniors waiting for every unit of Section 202 affordable housing that becomes available.

Legislation has been introduced to improve the Section 202 program. On December 5, 2007, the House passed H.R. 2930, The Supportive Housing for the Elderly Act. The Senate introduced legislation by the same name, S. 2736, on March 10, 2008. The legislation would ensure that more affordable senior housing units are built and preserved through a quicker development and refinancing process. The legislation would expand the definition of projects eligible for assisted living conversion grants.

The Section 202 program was funded at \$740 million in FY 2008; the Administration's FY09 budget request is \$540 million. Senior housing advocates are asking that the funding increase to \$2 billion. This amount would provide development funding and rental assistance contracts sufficient for HUD to build 10,000 new Section 202 units. As part of the 202 budget, Congress should allocate at least \$80 million for new and renewed service coordinator grants, \$50 million for the Assisted Living Conversion Program, \$30 million for substantial and emergency capital repairs, and \$20 million for predevelopment grants to cover the initial development costs.

The Section 811 Supportive Housing for Persons with Disabilities program funds the building and operation of housing for low-income persons with disabilities. Specifically, the program provides capital advances that allow for the construction of supportive housing units and project rental assistance contracts (PRACs) that allow persons with disabilities to pay a maximum of 30 percent of their adjusted gross income for rent. The program also provides tenant-based rental assistance that funds mainstream housing vouchers. A recent report titled *The Hidden Housing Crisis: Worst Case Housing Needs Among Adults with Disabilities* estimates that 2.3 to 2.4 million non-elderly adult disabled households with and without children have worst case housing needs. Despite the success of the Section 811 program, only 1,008 units were funded in FY 2007.

In order to more adequately address the housing needs of persons with disabilities, Representative Christopher S. Murphy (D-CT) will soon be introducing legislation that would reform the Section 811 program. The main feature of the proposed legislation is the creation of a new demonstration program using the PRAC. The concept is to leverage an increase in new housing units available to persons with disabilities, which would create "deeply affordable" supportive housing units in developments financed with low income housing tax credits and HOME-financed rental housing. The Section 811 program was funded at \$237 million in FY 2008; the FY09 Administration's budget request is \$160 million.

Initiatives to End Homelessness

McKinney-Vento Homeless Assistance Act: There are currently two versions of legislation to reauthorize the McKinney-Vento Homeless Assistance Act. In February 2007, Representative Julia Carson introduced the Homeless Emergency Assistance and Rapid Transition to Housing Act, or the HEARTH Act, H.R. 840. The HEARTH Act would greatly expand the definition of homelessness and allow more funds to be used for homelessness prevention. It has no provisions regarding rural areas, incentives for permanent housing or programs that serve families. The House Financial Services Committee has indicated it hopes to mark up the HEARTH Act this spring.

In May 2007, Senators Jack Reed (D-RI) and Wayne Allard (R-CO) introduced the Community Partnership to End Homelessness Act (CPEHA), S. 1518. CPEHA would significantly improve the McKinney program by rewarding proven strategies, including permanent housing, increasing the resources devoted to prevention, better serving families with children, shifting the permanent housing renewal burden to the Section 8 account, and increasing the capacity of rural communities to respond to homelessness. In September 2007, CPEHA unanimously passed the Senate Committee on Banking, Housing, and Urban Affairs, the first major housing legislation to pass that Committee in nine years. This bill awaits action on the floor of the U.S. Senate.

Resources:

American Association of Homes and Services for the Aging, www.aahsa.org

National Alliance to End Homelessness, www.naeh.org

National Low-Income Housing Coalition, www.nlihc.org

Technical Assistance Collaborative, www.tacinc.org