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Examining Proposals to Address Housing Affordability, Availability, and Other Community Needs

Testimony of Peggy Bailey, Vice President for Housing and Income Security, Center on Budget and Policy Priorities, Before the Senate Banking, Housing, and Urban Affairs Committee

Chairman Brown, Ranking Member Scott, and members of the Committee, thank you for the opportunity to testify before you this morning at this important hearing.

I am Peggy Bailey, Vice President for Housing and Income Security at the Center on Budget and Policy Priorities, a nonpartisan research and policy institute in Washington, D.C. In this testimony, I will discuss the pressing housing affordability crisis affecting people with the lowest incomes. I will recommend policies, with a focus on rental subsidy programs that help people afford housing, that will move us toward the goal of ensuring that everyone in this country is able to afford safe, stable housing in a community of their choice.

Solving the Affordable Housing Crisis Would Strengthen the U.S. Economy

New data analysis from the Joint Center for Housing Studies at Harvard University (JCHS) finds that the number of households paying more than one-third of their income on housing (both rental and single-family housing) has grown to 42 million, the highest level since 2011.[1] Of these, 22.4 million are renters.

Examining the data more deeply, JCHS found that in 2022 more than half of these cost-burdened renter households — 12.1 million, an all-time high — pay more than 50 percent of their income on rent. And while affordability has worsened for renters at all income levels, households earning less than $30,000 per year have the worst affordability issues, with 80 percent of these renters paying more than one-third of their income on rent.

A growing number of people can't afford homes at all. On a single night in January 2023, 653,000 people were experiencing homelessness in the United States, a 12 percent increase from a year earlier and the highest number ever recorded.[2]

Typically, renters who must pay very high shares of their income for housing have to divert money away from other necessities to keep a roof over their head, such as by going without needed food, medicine, clothing, or school supplies. As those unmet needs pile up, families often find themselves one setback — a cut in their work hours or an unexpected bill — away from eviction or homelessness. When families with low incomes receive help meeting these basic needs, they put those resources back into the economy by buying food, clothes and other essentials.[3]

Affordable housing also directly impacts employment and job creation. People can't work in communities where they can't afford housing.[4] More affordable housing options can help employers attract employees, making it a key tool to address local labor shortages. In addition, increasing funding to renovate or create affordable housing is a job creator. Similar to other infrastructure projects like road construction, improving housing and increasing supply requires people to build the development, manage and maintain the building, and attend to other housing-related needs.[5]

Finally, stabilizing a family in housing they can afford helps them engage in the workforce in a more consistent and productive way. The family can live closer to their job and not have concerns about evictions which, when they happen, cause them to move — maybe farther from work — or spend time away from work looking for a new home.[6] Plus, stable, good-quality housing improves people's physical and mental health, making them more productive and happier overall.

Families' Inability to Afford Housing Is Primarily Due to Insufficient Incomes

The most pressing housing challenge has been a long-standing structural problem: millions of people simply don't have enough income to afford market rents. A surge in rents between 2020 and 2022 was accompanied by an increase in incomes but not enough to close this persistent gap.

This often is characterized as a problem caused by the lack of supply of units. While supply is an issue, it is important to recognize that most people have a place to live and are not seeking to move; they simply struggle to afford their current residence. One reason supply investments alone are rarely enough to enable the lowest-income households to more easily afford housing is that these households typically can't afford rent set at a high enough level for an owner to cover the ongoing cost of operating and managing housing.

For example, the average extremely low-income renter household had an income of $11,451 in 2021.[7] (The Department of Housing and Urban Development, HUD, defines extremely low income as below the federal poverty line or 30 percent of the local median income, whichever is higher.) Government programs and private-sector owners and lenders often consider housing affordable if rent and utilities cost no more than 30 percent of household income, which for this household works out to $286 a month. Many households, including those most at risk of homelessness, have much lower incomes and can afford even less in rent.

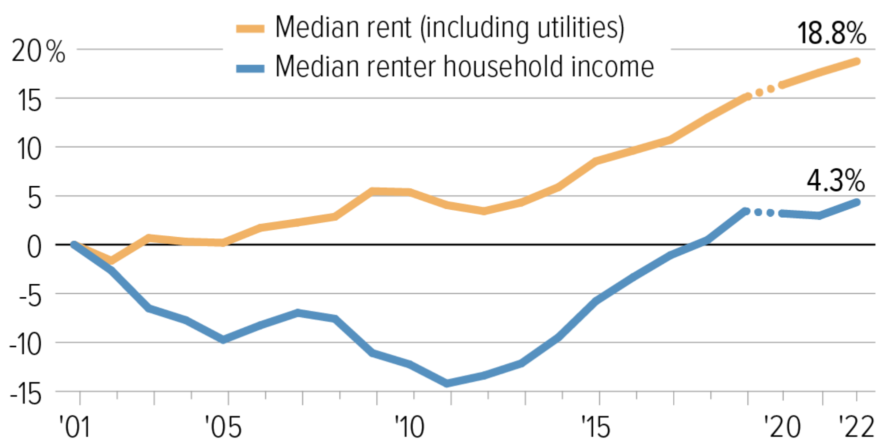
But in 2021 the average rental unit's operating cost was $566 a month, according to an industry survey.[8] The "operating" cost excludes the cost of building the unit, buying the land, or major renovations — or ongoing payments on loans taken out to cover those costs — and any profit to the owner. Consequently, even if development subsidies pay for the full cost of building housing, rents in new units will generally be too high for extremely low-income families to afford without the added, ongoing help rental assistance can provide. This example is theoretical and highlights a unit with the cheapest rent possible. That isn't reality. Most new units in the last few years are meant for higher-income renters, with rents at or above fair market levels. (HUD defines Fair Market Rents as the 40th percentile rent for units within a given metropolitan area or nonmetropolitan county).[9]

The growth in rents has moderated since late 2022 — in some markets they are still increasing but at a more modest rate, while in other markets they are decreasing.[10] However, housing costs remain high for many families, and renters' incomes haven't kept pace. Median rent rose nearly 19 percent from 2001 to 2022 while median renter household income only increased 4 percent, after adjusting for the overall inflation rate. (See Figure 1.) This persistent gap between rents and income leaves many families with few affordable housing options.

FIGURE 1

Renters' Incomes Haven't Caught Up to Rising Housing Costs

Percent change since 2001, adjusted for inflation



Source: CBPP tabulations of the Census Bureau's American Community Survey

Note: Dashed line indicates missing 2020 1-year ACS data due to pandemic-related data collection issues.

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Impact of the Affordable Housing Crisis

Difficulty affording housing is heavily concentrated among households with incomes at the bottom of the income scale. Nearly everywhere in the country, rents are too high to be affordable to people with the lowest incomes, including low-paid workers,[11] low-income families with children, and older adults and people with disabilities who have low fixed incomes.[12]

Nearly two-thirds of households earning less than $30,000 paid over half their income in rent in 2022, and these households are far more likely than higher-income households to experience homelessness and other housing-related hardship.[13]

Due to a long history of racial discrimination in housing and other areas, these problems are disproportionately concentrated among people of color. Over 63 percent of people in low-income households that pay more than half their incomes for housing are people of color.[14] Renters of color, particularly Black renters, are also more likely to face eviction than white renters. Despite making up less than one-fifth of all renters, Black renters account for over half of those affected by eviction filings in a given year, putting them at higher risk of losing their homes and experiencing homelessness.[15] Black people make up nearly 13 percent of the U.S. population but were 37 percent of unhoused people in 2023.[16]

Other people of color also disproportionately face homelessness due to the gap between their incomes and the cost of housing. Native Hawaiian and Pacific Islanders experience the highest rates of homelessness, followed by American Indians and Alaska Natives, Black people, and Latine people.[17] People with disabilities are also overrepresented. Over half of adults and heads of households and 40 percent of youth staying in a shelter reported having a disability in 2021.[18] And 1 in 3 unhoused people experienced chronic homelessness in 2023, meaning they both had a disability and experienced extended or repeated homelessness.[19]

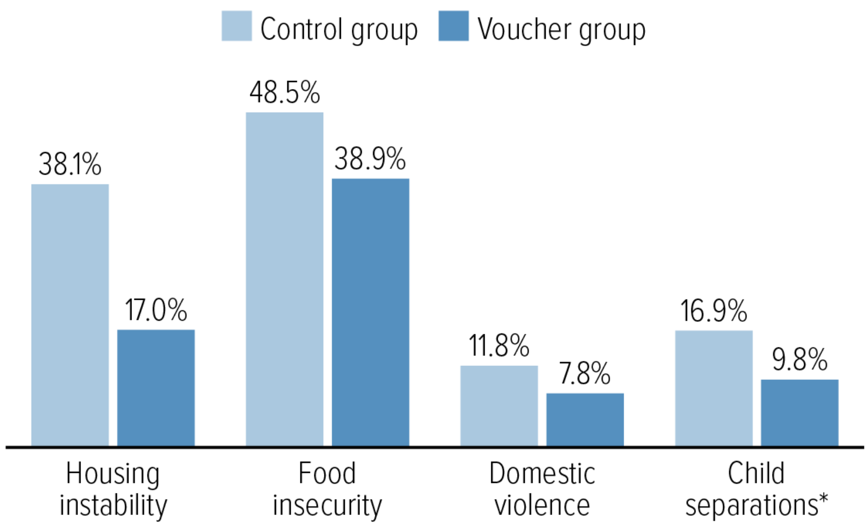
In addition to people who are unhoused, too many people who currently reside in existing affordable housing units, such as public housing and other federal subsidized multi-family developments, are living in dilapidated conditions that are often unsafe and unhealthy.[20] Unfortunately, their income levels and lack of affordable housing options make it difficult for them to move to a better housing unit. Their assistance is tied to the property and isn't portable to a new place. This leaves people trapped in substandard housing.

Rental Assistance Helps Families With Low Incomes

Tenant-based rental assistance, like the assistance provided through the Housing Choice Voucher program, is a large piece of the solution for the problems explained above, research shows. Housing vouchers sharply reduce homelessness, overcrowding, and housing instability. (See Figure 2.) And because stable housing is crucial to many other aspects of a family's life, those same studies show numerous additional benefits to vouchers. Children in families with vouchers are less likely to be placed in foster care, switch schools less frequently, experience fewer sleep disruptions and behavioral problems, and are likelier to exhibit positive social behaviors such as offering to help others or treating younger children kindly. Among adults in these families, vouchers reduce rates of domestic violence, drug and alcohol misuse, and psychological distress.[21]

FIGURE 2

Vouchers Reduce Hardship for Families Experiencing Homelessness



Note: The control group consisted of homeless families who were not offered vouchers or other assistance under the study.

*These data are the results reported 20 months into the HUD Family Options Study. All the other chart data are from the completed 3-year study.

Food insecurity = someone in the household had inadequate access to food at some point during the year.

Housing instability = family reported spending at least one night homeless or doubled up in the past six months or stayed in an emergency shelter in the past year.

Source: Gubits et al., "Family Options Study 3-Year Impacts of Housing and Services Interventions for Homeless Families," Department of Housing and Urban Development (HUD)

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Expanding rental assistance can also sharply reduce racial disparities in poverty rates and a range of housing hardships. For example, one study estimated that providing vouchers to all eligible households would lift 9.3 million people above the poverty line, using a measure of poverty that counts in-kind benefits such as rental assistance as income. Poverty rates would drop for all racial and ethnic groups but most among Black and Latine households, reducing the gap in poverty rates between Black and white households by one-third and the gap between Latine and white households by nearly half.

Rental assistance also is being shown to have the potential to improve parent and infant outcomes for families who have histories of homelessness and housing instability. CBPP partnered with stakeholders across the country, including representatives from the Healthy Beginnings initiative in Ohio, on the Healthy Parents Healthy Babies project. That project engaged families to learn the impact housing assistance had in their and their children's life and what they struggled with when they didn't have assistance and experienced housing instability.[22] Healthy Parents Healthy Babies found through participant interviews that programs that include housing assistance, such as Healthy Beginnings, improve well-being for families.[23]

Similarly, people of color would be particularly likely to benefit from reducing homelessness, overcrowding, and evictions and other housing instability as a result of additional vouchers.[24] Moreover, resources for tribal housing programs, such as HUD's Indian Housing Block Grant (IHBG), would be particularly helpful for reducing housing hardship in tribal areas. American Indians and Alaska Natives living on tribal lands face higher rates of overcrowding and substandard housing,[25] compared to the national average for all households.

Out of respect for their sovereignty, tribal nations receive federal housing funding through flexible grants such as IHBG instead of through programs like Housing Choice Vouchers, Project-Based Rental Assistance, or public housing. However, the funding in the IHBG is currently far too low to address the acute housing needs in these communities so more investment is critical.

Pandemic Relief Proved Federal Investments Can Succeed and Are Needed

The successes of housing relief that policymakers enacted in response to the COVID-19 pandemic demonstrate the impact of making significant investments in programs that promote housing stability. As the pandemic took hold, it became clear that housing assistance would be a critical piece of the response. Federal, state, and local governments acted to mitigate harm and help keep people housed during the public health emergency. This included the creation of the Emergency Rental Assistance (ERA) program and funding for 70,000 Emergency Housing Vouchers (EHVs) for people experiencing or at risk of homelessness and survivors of domestic violence and trafficking. As a result, evictions dropped below historical rates and homelessness mostly held steady during the initial pandemic response until resources, particularly in the ERA program, ran out. [26]

Congress provided a total of $46.5 billion for the ERA program, which has helped more than 6.5 million households with rent or utilities. This level of resources devoted to housing during a crisis was unprecedented and, combined with eviction moratoria and other diversion efforts, prevented more than 1 million evictions nationwide, by one estimate.[27]

Even after the federal eviction moratorium ended in August 2021, ERA, eviction diversion programs, and other assistance programs helped reduce evictions in 2021 to levels at half the historical rate. As remaining local eviction moratoria expired and more ERA programs began pausing or ending their programs, eviction rates increased in 2022 but remained below the historical rate until the end of 2022 when many communities had depleted their ERA funds.[28]

Although the population eligible for ERA was fairly broad — people with incomes at or below 80 percent of the area median income who experienced a loss of income and faced housing instability — the program succeeded in reaching the people facing the greatest risk of eviction. For example:

- Some 64 percent of ERA recipients had extremely low incomes, which was double their share of those eligible, an analysis of equity in ERA conducted by the Government Services Administration's Office of Evaluation Sciences found.[29]
- ERA recipients, as compared to the overall target population, were more likely to be Black, American Indian and Alaska Native, and Native Hawaiian or Pacific Islander renters — groups that face the highest eviction risks.[30] Beyond the context of the pandemic, Black women are the group most likely to face eviction because of differences in wages, historic

and ongoing housing discrimination, and other factors such as likelihood of children in the house, so ERA's effectiveness at reaching this group is important.[31]

The success of ERA demonstrates the importance of investing in housing. First, it shows that when resources are provided, communities will use them effectively to help more people afford stable housing. Second, and more importantly, the uptake of ERA shows how many people are experiencing or are one setback away from housing instability. The ERA program was designed to help people recover from financial shocks caused by the pandemic, and a permanent program would help people when they have financial shocks in their own lives and would strengthen the country's housing assistance system. The Eviction Crisis Act, originally co-sponsored in 2019 by Senators Brown, Portman, Bennet, and Young, should be reintroduced and updated to include provisions that build on lessons learned from the Emergency Rental Assistance program. However, to be clear, this short-term, temporary relief is no substitute for significant investment in well-targeted, long-term rental assistance and other measures to close the gaps between rents and incomes, especially for people facing the greatest economic hardships.

The American Rescue Plan funded 70,000 EHVs in recognition that some households would need longer-term assistance, especially given pre-pandemic national trends in housing insecurity. The EHV program is designed to reach people facing the greatest barriers to stable housing. An early analysis of the program found that those receiving EHVs on average have an income of $11,349, which is about 27 percent less than the typical voucher household.

As of July 2022, the EHV program had the fastest leasing rate of any previous HUD housing voucher program.[32] This program's success shows that additional rental assistance can be successfully used, even in tight markets. But because of its limited size, the program only reaches a small share of those who need ongoing assistance to afford rent.

We Need a Comprehensive Strategy to Make Housing Affordable for All

Rental assistance is by far the most direct, effective way to address the nation's most severe housing problems. While all federal rental assistance (this includes programs administered by both HUD and the U.S. Department of Agriculture) helps 10 million people in 5 million households afford housing, it only reaches about 1 in 4 households in need.[33] Policymakers' top rental assistance priorities should be to:

- Expand rental assistance, ultimately building toward a program that guarantees assistance to every person with a low income who needs it and that is backed by mandatory federal funding; and

- Improve federal rental assistance to be more responsive to the needs of people struggling to afford housing and use federal resources more effectively.

In addition, other steps are needed to address the nation's pressing housing needs. Congress must:

- Make larger and more streamlined investments that increase supply of affordable housing;
- Increase investment in fair housing solutions and strengthen tenant protections; and

- Invest to revitalize public housing and other aging affordable housing developments.

Expand and Improve Rental Assistance

Federal rental assistance programs are funded as if housing is optional for families, not a necessity. With only 1 in every 4 eligible households receiving rental assistance, the level of investment clearly does not match the need.

Policymakers should increase the number of vouchers provided through discretionary appropriations as long as that remains the main mechanism for funding vouchers, but ensuring everyone has stable housing requires a level of investment and commitment that's better suited for mandatory funding that adjusts as need rises. Any rental assistance program that guarantees assistance to every person with a low income who needs it should be mandatory, rather than funded through annual discretionary appropriations, to ensure that benefits can be provided to all eligible households, similar to other mandatory programs like Medicaid and Social Security. This would ensure that enough funding is available to cover the cost of this assistance (which may be higher or lower than policymakers can project in advance, due to unpredictable factors such as market rents, family incomes, and the share of eligible households who participate).

Assuming phasing in such a program would be necessary, this should be done using an income-based (rather than population-based) approach. An income-based expansion strategy that guarantees rental assistance first to people with the lowest incomes would ensure that people with the greatest needs are prioritized and would be the most equitable approach. It would also benefit from broad support among a variety of renter advocates and housing stakeholders because a wide range of groups of people at greatest risk of housing instability would benefit, including people of color, veterans, people experiencing homelessness, young adults, families with children, people with disabilities, and older adults.

Our current approach to addressing homelessness of pairing rental assistance with supportive services is sound and decreased homelessness between 2007 and 2016. But homelessness started rising again in 2017 as more people were forced into homelessness each year due to the lack of deeply affordable housing.[34]

Population-based strategies to address homelessness while coping with constrained resources has negatively impacted progress. As homelessness began to rise in 2017, policymakers began to rely more heavily on interventions targeted to particular subgroups, like veterans, people with disabilities, or children exiting foster care, as a way to cope with limited resources. These interventions helped the people they reached, but they only assisted a small share of those in need and provided no added assistance to some groups that are heavily affected by homelessness.

Notably, the racial and ethnic makeup of various subgroups may not match the overall racial and ethnic makeup of people experiencing housing insecurity and homelessness, as seen with veterans and older adults experiencing homelessness.[35] For example, these efforts did little to address the substantial over-representation of Black people among the unhoused population. As we move ahead with efforts to expand rental assistance, we should craft efforts that target new resources to people based on their income. Doing so will make sure that those most in need get help.

Improving Rental Assistance

Housing vouchers are highly effective at reducing homelessness, housing instability, and overcrowding, but they could do better in some important ways. Too many families aren't able to use their vouchers before they expire, in part because many landlords do not accept vouchers. In addition, vouchers have the potential to broaden housing choice and help families find housing in higher-cost, lower-poverty neighborhoods with high-performing schools and other resources if they wish to do so, but in practice more needs to be done to ensure families receiving assistance have access to these communities if that is the right choice for them..[36] And unnecessarily strict screening and eligibility determination policies can unnecessarily delay assistance and deny it to some of the people who need it most.

Congress should pass legislation to make rental assistance more effective at helping all people with low incomes — especially those with the greatest need — to rent housing of their choice. This should include reforms to vouchers and other existing programs as well as testing an alternative model that would deliver rental assistance directly to tenants.

- **Inspection flexibility.** Today, vouchers holders who find a unit they would like to rent are not allowed to do so until the housing agency has conducted an inspection to certify that the unit is of adequate quality, a process that often takes weeks. This policy is meant to protect participants from substandard housing, but it often causes landlords to turn down voucher applicants and instead rent to a higher-income tenant who can sign a lease immediately. Congress should allow housing agencies to forgo initial inspections when severe housing quality problems are relatively unlikely (including in units that were built recently, were inspected under the voucher program or another housing program, were "pre-inspected" by the housing agency within the last year, or are in locations where substandard housing is rare) while still requiring inspections when risks are higher or when a voucher holder requests one. The Choice in Affordable Housing Act (S. 32) introduced by Senators Coons and Cramer includes some, but not all, of these measures.
- **Security deposits.** Landlords often require security deposits but many households receiving vouchers don't have enough savings to afford them, limiting the range of units they can rent. The Choice in Affordable Housing Act would authorize a fund that could be used for this purpose. This would be helpful step, but a better approach would be for Congress to allow voucher subsidy funds to be used for security deposits.
- **Extended search times.** Housing agencies are permitted to revoke vouchers as soon as 60 days after they are issued if the family does not find a unit within that period, even though many families have waited for years to receive the voucher and may face major barriers to moving quickly (such as health problems or the need to wait for a child's school year to finish). Short search times make vouchers harder to use and can prevent families from considering a wide range of neighborhoods by pressuring them to take the first unit they find, and increase administrative burdens by causing PHA staff to unnecessarily spend time revoking vouchers and reissuing them to new families. Many housing agencies opt to set search times longer than 60 days and, when needed, give exceptions allowing families more time, but Congress should lengthen the minimum search period to ensure that all families receiving assistance have a reasonable time to search.

- **Portability rescreening.** Families with housing vouchers have the right to move anywhere in the country where there is a voucher program, but this "portability" process is often difficult. One barrier is that agencies in the community the family moves to sometimes rescreen families for eligibility using different standards from those used by the agency that first issued the voucher, with the result that a family can lose assistance simply because it moved to a new community. Congress should prohibit receiving PHAs from rescreening households who move using portability.
- **Support cross-agency collaboration.** More than 2,100 state and local agencies administer vouchers around the country, sometimes including dozens in a single metro area. Consolidating agencies or forming cross-agency consortia would reduce administrative costs, facilitate effective oversight by HUD, and make it easier for families to move from one community to another. Federal law allows agencies to voluntarily form consortia, but more can be done to make this easier to implement or incentivize collaboration and consolidation. Also, some state laws or policies appear to prevent or complicate this type of cooperation. Congress should enact legislation to reduce barriers to PHA consolidation and cooperation and ensure that PHAs in all states have the option to take this important step to use federal funding more efficiently to help families in need.
- **Prohibit discrimination against people using rental assistance.** Vouchers often face discrimination from landlords. Discrimination is illegal in some states and localities and in units built with federal affordable housing development subsidies, but many of the nation's rental units aren't covered by these protections. The Fair Housing Improvement Act introduced by Senator Kaine would prohibit voucher discrimination by any rental owner.
- **Alternative screening and intake rules.** The EHV program described above included a number of innovations to make vouchers more effective at helping people with the greatest need, including streamlined rules for determining whether a person is eligible for assistance. Congress should extend those alternative policies, ideally to all voucher applicants, but at a minimum to those with emergency housing needs (including at least people experiencing or at risk of homelessness and survivors of domestic violence and trafficking), since the harm from delaying assistance to those applicants would be especially severe. This would include giving housing agencies greater flexibility to assist people promptly even if it takes somewhat longer to track down all of the documents needed to verify their eligibility.
- **Service and administrative fees.** Voucher administrative fees are provided to housing agencies through an outdated funding formula that does not accurately reflect agencies' actual costs and does not fund the full set of services needed to help people rent and retain stable housing. Congress should authorize HUD to establish a new formula that better reflects actual local costs and provides supplemental fees to cover search assistance and related services. The EHV program created a new services fee structure and funding level that proved effective and provided enough resources at the right intervention point to help PHAs find housing for the highest-need households.
- **Escrow demonstration.** Congress should authorize a demonstration testing automatic enrollment (with the right to opt out) of rental assistance recipients in a program that deposits a portion of any rent increase from added earnings into an escrow account to help families build savings toward their own goals. This demonstration would build on HUD's existing Family Self-Sufficiency program but could be more effective at helping families to build savings. The Administration proposed a version of this in its 2024 budget.

- **Direct rental assistance demonstration.** Policymakers should also test provision of rental assistance directly to tenants, with no requirement that the owner enter into a subsidy contract with a housing agency or meet most other administrative requirements of the existing program. Direct rental assistance could potentially encourage more landlords to rent to assisted households in a wide range of neighborhoods, reduce administrative costs, and give families greater autonomy by allowing them to opt for less expensive housing and use the savings according to their own needs and priorities.

  HUD has called for private philanthropies to fund local pilots testing direct rental assistance, an initiative that could have a major impact on the future of rental assistance by testing a wide range of approaches. In addition, Congress should authorize and fund a national direct rental assistance demonstration in multiple sites around the country, which could test direct assistance on a larger scale than local pilots and more systematically compare different versions of the policy.[37]

Importantly, as Congress considers legislative changes to rental assistance programs, it should avoid changes that would undermine the characteristics that have made the programs effective or impede efforts to expand and improve them. For example, Congress should not enact legislation permitting or requiring HUD to add more agencies to the Moving to Work (MTW) demonstration, including the expansion proposed in Section 301 of the ROAD to Housing Act discussion draft released by Senator Scott in April 2023.

Some MTW agencies have used the flexibility the demonstration provides to implement impactful innovations. But MTW has also allowed agencies to implement harmful policies, avoid proper oversight by HUD, and hold unnecessary levels of funding reserves rather than using the resources Congress provided to serve more families. A 2018 Government Accountability Office report on MTW programs found that the original 39 agencies with MTW status had more reserves than the other over 2,100 agencies combined. That report also indicated that HUD oversight and data collection was also limited.[38]

Most MTW goals are worthwhile, but other strategies would advance them more effectively without the downsides that would accompany further MTW expansions. For example:

- **Congress should add flexibility for all agencies where appropriate.** PHAs outside MTW have broad flexibility in many aspects of program administration, partly due to flexibilities added through legislation and HUD actions over the years. Many of the remaining program requirements serve important purposes (such as protecting families from evictions and unaffordable rents or preventing misuse of public funds), but there are persuasive arguments for more flexibility in certain areas, a number of which are listed above. The fairest and simplest approach in those cases will usually be to enact legislation adding flexibility for all agencies.
- **Targeted, temporary demonstrations are the best way to test experimental policies.** Congress can allow PHAs to test a wide range of policies through targeted, rigorous, temporary demonstrations, without the sweeping permanent changes that accompany MTW. For example, the ongoing Community Choice Demonstration takes this approach, as would the direct rental assistance and escrow demonstrations proposed above.

- **Needed funding for public housing, services, and administration should be provided directly for all PHAs.** There is a real need for added resources for some purposes that agencies have funded through funding transfers permitted by MTW. But the best way to meet those needs is to fund them directly, not to divert funds from vouchers. Already, recent increases in public housing and voucher administrative funding have begun to address unmet needs in those areas.

Increase and Streamline Funding for New Affordable Housing

Many parts of the country face serious housing shortages, estimated at a total of 3.8 million units by a 2021 Freddie Mac study,[39] that drive up home prices and rents and limit the housing options available to families and individuals. In allocating new resources and implementing policies to make funding streams better align with each other and the Low Income Housing Tax Credit (LIHTC), policymakers should prioritize investments in programs that benefit the lowest-income people and other underserved groups, including the National Housing Trust Fund, Public Housing Operating and Capital Fund, and tribal housing programs. In addition to expanding LIHTC, policymakers should continue to promote ways to reform LIHTC to encourage states and developers to make rents affordable to people with incomes well below the program's eligibility limit.

Fair Housing and Tenant Protections

Our country's history of discriminatory housing policy is long and harmful housing discrimination is still a problem today. This is why ensuring renters have robust, enforceable rights against discrimination, coercion, and abuse is a critical pillar of addressing the affordable housing crisis. This includes funding for education, enforcement, and testing to ensure owners and other actors are abiding by the Fair Housing Act of 1968, which prohibits discrimination based on race, color, sex (including gender identity and sexual orientation), disability, national origin, religion, and familial status.

Another key aspect is implementation of the Affirmatively Furthering Fair Housing (AFFH) rule that charges HUD grantees with actively removing barriers to housing choice, overcoming patterns of segregation, and creating inclusive communities. Such proactive and defensive measures should be combined with broader federal, state, and local protections for all renters that help address imbalances of power created in the owner-tenant relationship, including increased access to legal representation during disputes such as eviction hearings.

Preserve Existing Affordable Housing

Governments at all levels and housing agencies must work together to preserve the existing affordable housing stock while also improving the properties and families' overall experience. The President's fiscal year 2025 budget includes funding that would make progress on improving the housing conditions in deteriorating HUD-assisted multi-family housing, including public housing. In addition, the proposals in Section 201 of the ROAD to Housing Act discussion draft to eliminate the unit cap and time limit on RAD conversions would usefully allow RAD to reach more public housing developments. But these measures should be enacted together with stronger tenant protections (in RAD and all other public housing redevelopment mechanisms[40]) and an increase in RAD subsidies so that they are adequate to meet renovation needs and maintain units in good condition for the long run.

Policymakers should also find ways to incentivize Low Income Housing Tax Credit property owners to keep their developments affordable once their initial contract term ends; invest in redevelopment resources for properties that receive HUD assistance such as the Project-Based Rental Assistance program; and incentivize landlords to rent to families with low incomes — especially families receiving Housing Choice Vouchers. The estimated cost to revitalize existing public housing units alone is at least $70 billion.[41] Even more is needed to maintain the entire existing affordable housing stock.

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