

Homes for All: Good for Families, Communities, and the Economy



marguerite **casey** foundation
change is possible.™



This is one of a series of issue briefs dedicated to helping community leaders and policymakers bolster their campaigns and strategies with the economic case for equity. The issue briefs correspond with the 13 planks of the Marguerite Casey Foundation's [Equal Voice National Family Platform](#). Additional issue briefs can be found at www.policylink.org/focus-areas/equitable-economy.

PolicyLink is a national research and action institute advancing economic and social equity by **Lifting Up What Works**®.

Marguerite Casey Foundation exists to help low-income families strengthen their voice and mobilize their communities in order to achieve a more just and equitable society for all.

Overview

The face of America is changing: more than half of Americans under age five are of color, and by 2044 we will be a majority people-of-color nation. But while communities of color are driving growth and becoming a larger share of the population, inequality is on the rise and racial inequities remain wide and persistent. Dismantling racial barriers and ensuring that everyone can participate and reach their full potential are critical for the nation's prosperity. Equity—just and fair inclusion of all—is essential to growing a strong economy and building vibrant and resilient communities. This issue brief describes the economic and community benefits of ensuring every family can live in an affordable home.

Why Equitable Housing for All Matters

Where people live affects their ability to access quality education, transportation, safety, and employment. This means that housing is not only the single greatest expense for most families, it is also a key determinant in whether or not they have a fair chance to reach their potential as full members of society. Equitable housing must be more than affordable; it must also connect workers and residents to the jobs, schools, services, and community assets that will enable them to thrive. In growing and gentrifying areas, rising housing costs and stagnant wages have narrowed affordable housing options and displaced vulnerable communities; at the same time, in disinvested neighborhoods where housing is less expensive, inadequate infrastructure and critically underfunded institutions present tremendous barriers to the economic and social inclusion of their residents.

Developing quality, affordable housing creates jobs and economic opportunity. Ensuring that affordable housing is located near transit helps low-income families save money and access employment and services. Also, housing ownership can provide a pathway to asset-building and economic security for individuals and communities. Stable, affordable housing that provides access to essential opportunities is fundamental to an equitable economy that gives all residents the chance to reach their full potential.

Housing and Equitable Growth

75%

Share of extremely low-income renters who spend more than half of their income on housing costs

2 Million

Units of affordable housing that will be lost by 2025 as their tax exemptions expire

112

Number of jobs created by the construction of 100 units of affordable housing

96,000

Jobs supported by the Low-Income Housing Tax Credit in a typical year

Sources: [National Low-Income Housing Coalition](#); [Center for Housing Policy](#); [Joint Center for Housing Studies at Harvard University](#); [National Association of Home Builders](#)

The Economic Benefits of Ensuring Quality, Affordable Homes for All

Ensuring affordable homes for all would have many positive impacts on the economy.

- **Job creation.** Affordable housing construction provides a ripple effect and creates direct jobs in construction as well as indirect jobs in supporting industries and other businesses.¹ Affordable housing also creates jobs through increased customer demand for goods and services from new residents. On average, building 100 units of Low-Income Tax Credit housing creates 80 direct and indirect construction jobs and 32 jobs in response to new consumer demand from the homes' residents.²
- **Business development.** Affordable housing development stimulates economies and creates business opportunities beyond construction. In Rhode Island, an estimated \$25 million in affordable housing bonds spurred more than \$200 million in construction-related work and generated almost \$400 million in economic activity in the state, including \$149 million in wages paid to employees whose jobs were created or sustained by the affordable housing investment.³
- **A greater share of income to spend on essentials.** In 27 states, the median renter is housing cost-burdened, spending more than 30 percent of family income on rent.⁴ When housing consumes more than 30 percent of income, families have difficulty paying for other necessities like food, health care, and clothing, and economic growth is stifled because households begin to restrict their spending.⁵ By spending less on housing, families will have more money to spend on other essential expenses. Low-income workers tend to spend any additional income immediately and locally on goods and services that they could not previously afford.⁶ The resulting spending boosts local businesses and local economies.
- **Increased productivity.** Developing affordable housing near transit reduces commute times, saves on transportation costs, and helps increase worker productivity. Annually, productivity increases due to expanded transit access top \$58 billion for U.S. businesses.⁷

Key Challenges to Ensuring Quality, Affordable Homes for All

Finding affordable housing is one of the greatest challenges for families across the nation and is particularly challenging for low-income families for several reasons.

- **Housing costs rising faster than wages.** Housing is considered unaffordable when the median rent price exceeds 30 percent of median pre-tax income.⁸ Nationwide, by this measure, fully 53 percent of renters are considered housing cost-burdened.⁹ Housing has become increasingly unaffordable because rental prices have increased while wages have remained stagnant for a decade.¹⁰ Rent costs rose 6 percent between 2000 and 2012 while renter incomes fell 13 percent in the same time period.¹¹ About three out of every four extremely low-income renter households are severely housing cost-burdened, spending more than 50 percent of their incomes on housing costs.¹² The National Bureau of Economic Research estimates that this imbalanced housing market has deprived the United States of 9.5 percent of growth in GDP.¹³
- **Inadequate protections from displacement.** The affordable housing crisis is leading to more and more low-income families being evicted to make room for higher-paying renters.¹⁴ Rapid gentrification in urban centers is forcing low-income households to relocate to the suburbs where they are further removed from essential supports and services, such as public transportation and job centers.¹⁵ Moreover, as low-income housing tax exemptions expire, hundreds of thousands of affordable housing units are lost every year; of the 4.8 million total subsidized units across the nation, affordability restrictions will expire for more than 2 million over the next decade.¹⁶
- **Exclusionary zoning and persistent discrimination.** Exclusionary zoning regulations require large lot sizes, large square footage per dwelling, and other features that prevent development of low- and moderate-income housing.¹⁷ Exclusionary zoning in suburban areas excludes low-income people from living in high-opportunity neighborhoods with better performing schools and reinforces residential racial segregation.¹⁸

- **Underresourced and inconsistent public investment for affordable housing production.** Private developers cannot afford to build affordable homes without government support and subsidy.¹⁹ Without a dedicated revenue source, support for building affordable housing differs widely from year to year and from region to region. The lack of stability makes the affordable housing construction market unappealing to developers. Hundreds of thousands of affordable housing units are lost each year as low-income housing tax exemptions expire, and most new housing construction is intended for higher-income households.²⁰ For every 100 extremely low-income households, only 31 affordable housing units are available.²¹

- **Strengthen tenant protections.** Tenant protections such as rent control and just-cause eviction laws are the first line of defense in maintaining affordable housing stock. Tenants must be protected against being forced to leave their homes, particularly in tight rental markets where landlords use tactics like harassment and failure to make repairs in order to displace tenants in affordable housing.²⁶ The City of Oakland, California, recently passed a tenant protection ordinance that protects tenants against 16 different methods of harassment used by landlords to push them out of their homes.²⁷ Oakland joins San Francisco, East Palo Alto, Santa Monica, and West Hollywood in providing protections to tenants against landlord harassment.

Strategies to Achieve Homes for All

Many communities and organizations are advancing the following strategies to address these challenges and ensure every family can live in a quality home.

- **Organize with tenants and the homeless.** Political will for the implementation of new strategies is often only possible when residents are organized and apply appropriate pressure, so organizing must be a first and enduring strategy. Also, the best policy solutions are often derived in consultation with those who are most impacted. Organizing makes meaningful engagement possible.
- **Ensure that a certain share of new homes developed are affordable for low-income families.** Inclusionary housing policies, also known as inclusionary zoning, work to ensure that affordable and moderate-income housing is included in market-rate housing developments.²² These policies are usually accompanied by density bonuses or regulatory relief to offset the cost of pricing units at a cost affordable to lower-income households. A recent trend is to include affordable unit requirements with “upzoning”—rezoning that allows housing or commercial development with more density, increased height or bulk, parking reductions, or allowing residential construction where previously prohibited.²³ In Redmond, Washington, affordable housing zoning is a mandatory inclusionary policy for upzoned neighborhoods.²⁴ In exchange for higher densities, new developments of 10 or more units must provide 10 percent of these units at prices affordable to low-income households, with rental affordability into perpetuity.²⁵

Equitable Growth in Action

Securing Affordability for Generations in Boston’s South Dorchester Community

For 25 years, Boston’s Codman Square Neighborhood Development Corporation has been working to build a stronger South Dorchester community through affordable housing and commercial development, economic inclusion, transit equity, and deep resident engagement. The organization has converted many blighted properties into permanently affordable housing and commercial spaces. It now owns more than 920 housing units and has developed more than 51,000 square feet of community-oriented commercial space. In the near future, the community development corporation plans to build 19 affordable units near transit.

Sources: [Codman Square Neighborhood Development Corporation](#); [The Bay State Banner](#)

- **Preserve existing affordable homes, especially those located near transit and good schools in good neighborhoods.** The demand for affordable housing, especially affordable rental housing, far outweighs the supply, so existing affordable housing (including expiring covenant properties) must be preserved to prevent an even deeper crisis. In Cook County, Illinois, the demand for affordable rental housing steadily increased while the supply declined, leading to a rental gap of nearly 180,000 units.²⁸ To reverse this trend, Cook County enacted a preservation compact to stop the loss of affordable rental housing. The compact was created in 2005 by a coalition of government, business, and nonprofit leaders and continually updates its strategy to meet changing market conditions.²⁹ Many large nonprofit developers and community land trusts are also buying market-rate housing and taking it off the market to preserve its affordability over time.
- **Create affordable housing trust funds with permanent revenue sources.** Creating a reliable, permanent funding stream is essential for increasing affordable housing construction. Housing trust funds have been created in 47 states plus the District of Columbia, and several states have passed legislation to encourage and/or enable local jurisdictions to dedicate public funds to affordable housing.³⁰ States that provide permanent revenue to their state housing trust funds do so through several means, including a real estate transfer tax, documentary stamp tax, unclaimed funds, and other sources.³¹ Fannie Mae and Freddie Mac have recently begun paying into the National Housing Trust Fund, which could eventually total hundreds of millions of dollars each year for affordable housing.³²
- **Enforce fair housing regulations.** On the federal level, the Fair Housing Act protects against discrimination based on race, color, national origin, religion, sex, familial status, or handicap in the sale and rental of housing and mortgage lending.³³ The act is enforced by the U.S. Department of Housing and Urban Development (HUD), yet research has shown that the department falls far short of fully enforcing the law.³⁴ In July 2015, in response to a Government Accountability Office audit recommending guidance and tools, the Obama Administration released a housing rule, Affirmatively Furthering Fair Housing (AFFH), to assist local leaders in identifying and proactively addressing segregation and racial inequities in community investments. Cities, counties, states, and housing authorities now will have to assess measures of poverty, segregation, environmental health, quality schools, jobs, and transportation access; set goals to address disparities; and dedicate spending to achieve their goals.

Learn More

- [Right to the City](#) National coalition working to end displacement and advocating for urban justice.
- [Causa Justa/Just Cause](#) Organization building grassroots power, solidarity, and leadership for equitable communities.
- [Center for Housing Policy](#) Applied housing research identifying policy solutions for housing challenges.
- [Affordable Housing Toolkit](#) Tools to reverse patterns of segregation and disinvestment, prevent displacement, and promote equitable revitalization. (PolicyLink)
- [Smart Growth America Housing Policies](#) Provides advocacy and analysis of housing as a component of smart growth.
- [Equitable Development Toolkit](#) Identifies best practices in anti-displacement and equitable development. (PolicyLink)

Acknowledgments

Many thanks to Joe Donlin of SAJE (Strategic Actions for a Just Economy) for his thoughtful review and feedback on this brief.

Notes

- 1 Keith Wardrip, Laura Williams, and Suzanne Hague, *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature* (Washington, DC: Center for Housing Policy, 2011), <http://www2.nhc.org/media/files/Housing-and-Economic-Development-Report-2011.pdf>.
- 2 Ibid.
- 3 Ibid.
- 4 Tim Henderson, "Yes, the Rent Really Is Too Damn High," *Governing*, September 29, 2014, <http://www.governing.com/news/headlines/yes-the-rent-really-is-too-damn-high.html>.
- 5 Ibid.
- 6 "Raising Wage Achieves Good Things," AFSCME Minnesota Council 5, October 23, 2013, <http://afscmemn.org/story/raising-wage-achieves-good-things> (accessed September 1, 2015).
- 7 "RTC Creates Opportunities to Grow Our Economy and Impact Our Community," Regional Transportation Commission, <http://www.rtcwashoe.com/lookfurther/#economy> (accessed September 1, 2015).
- 8 "Affordable Housing," U.S. Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/ (accessed August 31, 2015).
- 9 Althea Arnold, Sheila Crowley, Elina Bravve, Sarah Brundage, and Christine Biddlecombe, *Out of Reach 2014: Twenty-Five Years Later, The Affordable Housing Crisis Continues* (Washington, DC: National Low Income Housing Coalition, 2014), <http://nlihc.org/sites/default/files/oor/2014OOR.pdf>.
- 10 Bryce Covert, "A Record Number of Americans Can't Afford Their Rent," *ThinkProgress*, December 9, 2013, <http://thinkprogress.org/economy/2013/12/09/3037221/record-affordable-rent/>.
- 11 Joint Center for Housing Studies of Harvard University, *America's Rental Housing: Evolving Markets and Needs* (Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2013), http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_americas_rental_housing_2013_1_0.pdf.
- 12 Janet Viveiros and Lisa Sturtevant, "The Housing Affordability Challenge of America's Working Households," (Washington, DC: Center for Housing Policy, 2014), http://media.wix.com/ugd/19cfbe_43635cdd41214c659797cd6ba1863792.pdf.
- 13 Chant-Tai Hsieh and Enrico Moretti, *Why Do Cities Matter? Local Growth and Aggregate Growth* (Cambridge, MA: National Bureau of Economic Research, 2015), <http://faculty.chicagobooth.edu/chant-tai.hsieh/research/growth.pdf>.
- 14 Elizabeth Gudrais, "Disrupted Lives," *Harvard Magazine*, January-February 2014, <http://harvardmagazine.com/2014/01/disrupted-lives>.
- 15 Randy Shaw, "As Cities Prosper, Poor People Relocate to Suburbs," *Rooflines*, June 13, 2013, http://www.rooflines.org/3267/as_cities_prosper_poor_people_relocate_to_suburbs/.
- 16 Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2015* (Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2015), <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-sonhr-2015-full.pdf>.
- 17 "Exclusionary Housing Policies," Equitable Housing Institute, <http://www.equitablehousing.org/exclusionary-housing-policies.html> (accessed August 31, 2015).
- 18 Gregory D. Squires and Charis E. Kubrin, "Privileged Places: Race, Opportunity and Uneven Development in Urban America," The National Housing Institute, 2006, <http://nhi.org/online/issues/147/privilegedplaces.html>.
- 19 "Establish a Dedicated Revenue Source for Affordable Housing," Smart Growth America, <http://www.smartgrowthamerica.org/guides/smart-growth-at-the-state-and-local-level/housing-policy/establish-a-dedicated-revenue-source-for-affordable-housing/> (accessed August 31, 2015).
- 20 Arnold et al, *Out of Reach 2014: Twenty-Five Years Later, The Affordable Housing Crisis Continues*.
- 21 Ibid.
- 22 Robert Hickey, Lisa Sturtevant, and Emily Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Working Paper (Cambridge, MA: Lincoln Institute of Land Policy, 2014), http://media.wix.com/ugd/19cfbe_2176f44dc1db42779af3141d5d80b08f.pdf.
- 23 Ibid.
- 24 Ibid.
- 25 Ibid.
- 26 "Win Tenant Protections in Oakland," Just Cause: Causa Justa, <http://www.cjic.org/en/news/51-housing-justice/605-tell-your-story-win-tenant-protections-in-oakland> (accessed August 26, 2015).
- 27 Oakland, California, Municipal Code § 2 (2014) 13265 <https://oakland.legistar.com/LegislationDetail.aspx?ID=1908693&GUID=5CFD43A7-4E28-4C6A-A3F8-EA995FAE0913&Options=&Search> (accessed September 1, 2015).
- 28 HUD USER, *Models for Affordable Housing Preservation* (Washington, DC: U.S. Department of Housing and Urban Development, 2013), <http://www.huduser.org/portal/periodicals/em/summer13/highlight3.html>.
- 29 Ibid.
- 30 "State Housing Trust Funds," Center for Community Change, <http://housingtrustfundproject.org/housing-trust-funds/state-housing-trust-funds/> (accessed September 1, 2015).

- 31 Center for Community Change, *The Status of State Housing Trust Funds...From a 2011 Survey with Updates: A Toolkit for Advocates* (Frazier Park, CA: Housing Trust Fund Project, 2013), <http://housingtrustfundproject.org/wp-content/uploads/2013/04/State-Housing-Trust-Fund-Survey-2011.pdf>.
- 32 Clea Benson, "Fannie, Freddie to Start Paying Into Low-Income Housing Fund," *Bloomberg Business*, December 11, 2014, <http://www.bloomberg.com/news/articles/2014-12-11/fannie-freddie-to-start-paying-into-fund-for-low-income-housing>.
- 33 "Fair Housing-It's Your Right," U.S. Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/yourrights (accessed August 26, 2015).
- 34 Nikole Hannah-Jones, "Living Apart: How the Government Betrayed a Landmark Civil Rights Law," *ProPublica*, June 25, 2015, <http://www.propublica.org/article/living-apart-how-the-government-betrayed-a-landmark-civil-rights-law>.



Lifting Up What Works®

Headquarters

1438 Webster Street
Suite 303
Oakland, CA 94612
t 510 663-2333
f 510 663-9684

Communications

55 West 39th Street
11th Floor
New York, NY 10018
t 212 629-9570

Washington, DC Office

1200 18th Street, NW
Suite 200
Washington, DC 20036

Los Angeles Office

1000 North Alameda Street
2nd Floor
Los Angeles, CA 90012

www.policylink.org

Facebook: /PolicyLink

Twitter: @policylink



marguerite **casey** foundation

change is possible.™

1425 4th Ave, Suite 900
Seattle, WA 98101
t 206 691-3134
f 206 286-2725