Home Sweet Home

Why America Needs a National Housing Trust Fund

CENTER FOR COMMUNITY CHANGE | 2001

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I. Executive Summary

A safe, affordable home is the American dream come true. For close to half of American families, however, owning an affordable home or even finding a safe and affordable rental unit is financially unattainable.[1] In fact, the problem is getting worse. The number of American families with "worst case" housing needs continues to grow, while the inventory of affordable housing shrinks.[2]

Local communities around the country have begun to address their affordable housing needs by creating housing trust funds. These housing trust funds – which exist in more than 170 states, counties, cities and towns – provide low-interest loans and grants to affordable housing developers. The developers leverage housing trust fund loans to attract additional private and public money until they can afford to build an affordable home for low and moderate-income families.

In addition to creating more affordable housing options in a community, an investment in housing construction or rehabilitation creates jobs and wages. By using a U.S. Department of Commerce model, this report estimates that investing $5 billion directly into housing construction would result in 184,300 new jobs. Local Housing Trust Funds leverage an average of $9 from private, non-profit, and other governmental sources for every $1 spent by the Housing Trust Fund. When this leverage ratio is considered, an investment of $5 billion in a National Housing Trust Fund results in 1.8 million new jobs and $50 billion in wages. In addition, this report provides estimates of the economic impact of investing in housing for 20 states.

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Lack of safe affordable housing has an enormous impact on American families and our communities. Families with high housing costs are forced to choose between paying for housing and putting food on the table. Children who live in substandard housing are more likely to suffer from debilitating conditions such as asthma and lead poisoning.[3] Children need safe and stable housing to grow up educated, healthy, and well adjusted.[4]

Without more financial resources, the need for safe affordable housing will not go away anytime soon. A U.S. Department of Housing and Urban Development (HUD) study published in 2001 found that the private market is not producing enough affordable rental housing to meet the existing demand.[5] For many private developers, building affordable units without some type of low-interest loan or grant isn't financially feasible. Housing trust funds help by providing the funds housing developers need to make their projects affordable.

After seeing the success of local Housing Trust Funds, a bipartisan group of Congressional leaders has come together to support the creation of a National Housing Trust Fund. For the past twenty years, Congress has prioritized enhancing the ability of local communities to implement policies that address local needs. Paramount to this discussion is the belief that states and local communities know best how to solve local problems. A National Housing Trust Fund will encourage innovative housing development by allowing communities to define their own needs and design their own solutions. At the same time, the National Housing Trust Fund will provide local communities with the flexible, dependable source of income they need to create more affordable housing opportunities.

Frontier Housing, Inc.

15% of the housing in this area was built prior to 1940 and is deteriorating. Many units are substandard with more than 2,000 homes lacking complete plumbing or adequate water supply. Kentucky's Affordable Housing Trust Fund increased Frontier Housing, Inc.'s ability to serve those in need by leveraging HOME, Appalachian Regional Commission, Housing Foundation, Rural and Economic Community Development funds and volunteer labor. A single parent with three children and an annual income of $5,270 was able to purchase a new home for $52,726.

Source: Kentucky Housing Corporation

Richmond Village Housing

Vermont's Housing and Conservation Trust provided funds for Richmond Village Housing. Lake Champlain Housing Development Corporation provided 16 new apartments, where five homes have attached office space for home occupation. Richmond was supportive of the project because it fit with local planning. "It did provide a nice extension to the existing village, being high-density residential development – and it did not take away from the town in any way," says Ron Rodjenski, Richmond town administrator. Among the new residents is Norine Grant, a piano teacher who could no longer afford the home in the nearby hills she had built with her late husband. "The village atmosphere is very nice," says Grant. "We have an informal organization; the teenagers baby sit; we have a communal vegetable garden. And I have enough credit now that I can invest in a piano." Financed by the trust fund, federal HOME funds, and tax credits, the project was constructed on the site of an abandoned local sawmill. "More and more, we're trying to build for mixed-income, diverse, tenant populations," says J. Ladd, director of the housing development. "That can only enrich the environment of a community."

Source: Vermont Housing and Conservation Board

Woodhill Apartments

The Woodhill Apartments were constructed in Orlando, Florida by the Wilson Company. Florida's housing trust fund – the SHIP Program – provided funds to make these homes possible. The Trust Fund provides state revenues to cities and counties throughout the state to support needed housing.

Source: The Wilson Company

II. Introduction

"The strength of a nation lies in the homes of its people." – Abraham Lincoln.

Since our nation's founding, a quality affordable home has been a cornerstone of family security, stability and prosperity. During his Congressional confirmation hearing, Secretary of Housing and Urban Development (HUD) Mel Martinez emphasized the need for more affordable housing opportunities and the troublesome decline in availability of affordable rental and homeownership options. "I intend to fight for those who do not yet own a home, so they can live the American Dream and experience the transformation that can happen in a life through homeownership," said Secretary Martinez.[6]

High housing costs, low wages, and widespread shortages of affordable housing combine to create a real hardship for individuals and families across the nation. The chances of owning a home or finding a safe, affordable rental have declined for millions across the nation. HUD estimates that since 1990, the number of families with "worst case" housing needs has increased by 12 percent; now an additional 600,000 families are unable to afford a safe and decent place to live.[7] Those with housing difficulties are forced to occupy substandard dwellings, to choose between making house payments and paying for essentials like food or clothing, or to become homeless. These are choices that no American should be forced to confront.

homeWORD, a Montana affordable housing development non-profit, built Fireweed Court in 1988 to serve families on public assistance ($380/month) to those making $11/hour. Director Ren Essene says that a national housing trust fund will help her organization create more affordable housing for Montana's lower income families.

A bipartisan group of Congressional leaders has come together to support the creation of a National Housing Trust Fund from which states and non-profits could draw to build or rehabilitate affordable housing for low and moderate-income families. Supporters of the National Affordable Housing Trust Fund Act are asking Congress to dedicate a source of funding to establish a National Housing Trust Fund because they have seen the success of local Housing Trust Funds in their communities.

Nationwide, more than 170 successful state, county, and city Housing Trust Funds exist.[8] These trust funds have already had a substantial positive impact on local economies and have successfully increased affordable housing options for low and moderate-income families. The proposed National Housing Trust Fund will follow the example of those successful programs and help millions of Americans who need and deserve quality affordable housing to benefit.

This report outlines today's housing shortage in our nation, including its devastating impact on our country's children. It also projects the economic stimulus that would be created by a National Housing Trust Fund. The current housing situation in 20 states is analyzed, as well as the economic impact on state economies of investing these funds in housing development.

Parkside Gables

Parkside Gables, Stamford, Connecticut. Parkside Gables was the first mutual housing community to be built in Connecticut. More than 75% of Parkside families purchased their first homes. Even with two jobs—Curtis and Brenda Miller work at Stamford Hospital—the Millers struggled to pay their rent in public housing and to keep their family of three children afloat. They decided to apply for a 3-bedroom apartment at Parkside Gables. Mr. Miller recalls: "The day I got the letter I will never forget. Coming out of the post office...the tears just started coming out of my eyes." Sergeant Robert Faillaci of the Department of Burglary and Crime in the Stamford Police Department says: "One of the most difficult problems police face is neighborhood indifference. People have to care, have to want to be involved...The Burglary Department hasn't had a call from the neighborhood in about three years." Carwin Park, pictured here, was restored by the city as a result of pressure brought by Parkside Gables residents.

Source: Connecticut Housing Coalition

21st Century Homestead

This innovative project, supported by the Kansas Housing Trust Fund, is a mutual self-help housing project of the 21st Century Homestead. The project enables six to ten low and very low income families to help each other as a team build their own homes. With the help of 21st Century Homestead, participants qualify for construction loans and provide most of the labor associated with the construction of the homes. As part of the project, 21st Century Homestead, along with six other collaborators, has developed an educational and vocational program to serve troubled youth from all over Kansas—the first program of its kind in the country. Young nonviolent offenders work assisting participants in the building of Mutual Self-Help Housing program. Participants receive certificates and the opportunity for further apprenticeship and employment.

Source: 21st Century Homestead

III. A Crisis in Housing: The Need for a National Housing Trust Fund

A quality affordable home is a stepping-stone to economic stability. For many American families, owning a home is their single and greatest source of equity. Homeownership is becoming increasingly difficult for many families, however, as skyrocketing housing costs outstrip wage income in many areas of the country. Affordable rental options are also declining.

Limited affordable housing options are not the only problem that today's families face: dilapidated and substandard housing afflicts more than a million Americans nationwide who are unable to afford either repairs or better accommodations. Low-income families are especially vulnerable to problems arising from today's housing crisis, as are those living in smaller cities and rural areas. The housing crisis affects every community in our nation.

Certain households are being shut out of the housing market

Statistics show that race and age play a significant role in the ability of a family to own a home. White households enjoy the highest level of homeownership (71 percent), while African-American and Hispanic families achieve much lower levels of homeownership (47 percent and 46 percent, respectively).[9] Only 53 percent of Asian families and 56 percent of Native American families own their own homes.[10]

The National Association of Home Builders has found that it is becoming increasingly difficult for young families to purchase a home. Today's homeownership rate for young families is 41 percent, down from 45 percent in 1979.[11] These statistics on homeownership trends show that young families and families of color need more opportunities to purchase affordable homes.

Low-income families face few affordable housing options

Low-income households seeking stable housing have not benefited from the expanding U.S. economy. Inadequate wages, high living costs, and housing shortages have made it extremely difficult for low-income and working families to purchase homes. A 1999 Census Bureau report found that 44 percent of American families could not afford to purchase a home – an increase from 40 percent in 1988.[12] While the national rate of homeownership is 67.7 percent, only 52 percent of families with incomes below the Area Median Income level own a home.[13]

The growing loss of affordable rental properties has made it harder for low-income families to find anywhere to live. Between 1996 and 1998, rents rose by 1.6 percent while the median income of renter households grew by only .3 percent.[14] From 1995 to 1997, the income of the poorest 25 percent of renter households fell by 2.6 percent, while rental costs increased by 4.5 percent.[15] HUD defines "affordable" housing as housing that costs no more than 30 percent of a household's income. Applying this formula shows that one in every three renters in most metropolitan areas cannot afford a one-bedroom apartment. It is estimated that 5.5 million renters in this country spend more than half of their income on housing.[16] As a result, these families are forced to sacrifice purchasing food, clothing and health care in order to pay for a place to live.

Public housing options continue to decline

At the same time, well over 100,000 units of housing for very low-income families have been demolished without replacement. Between 1995 and 1998, HUD subsidized (Section 8) rental units de-

Los Angeles, CA – Julia Zarate

I live in a one-bedroom apartment with my husband and our three children and our four grandchildren – there're nine of altogether. I've lived there for 15 years. In order to make enough room for our family, we use the dining room as an extra bedroom. It's not a great place – there's been a notice from the city that the staircase needs repair for over a year now – but it's affordable. We pay $425 a month. Try finding another place in town for that little money. I've driven all around the neighborhoods and haven't seen anything. Apartments I can afford that appear in the newspapers charge a fee just to get the address of the apartment. Before you even get to look at the place, they charge you. I don't have extra money to be doing that. The building I live in was recently sold, and the new owners wanted to evict us. They refused to pay our relocation costs, even though they're supposed to by city law. Just when they said they would pay them [due to assistance from Legal Aid], the building was sold again, and I'm told we have to leave in a few months. Already all my neighbors have moved and their apartments are boarded up. I don't know where my family will go – I've been looking for an apartment we can afford since February. All these places cost too much. I'm disabled, my sons are in vocational school, and my husband's bringing home the only check, from his job in the garment industry. And then there're all the grandchildren's needs to think about. Right now we're just holding our breath and hoping something will come up.

SOUTHERN CALIFORNIA ASSOCIATION OF NON-PROFIT HOUSING

Los Angeles: These rental homes in Los Angeles provide much needed three and four-bedroom apartments affordable to larger families in the Crenshaw District. Tolton Court and Mont Clair Court apartments were built on in-fill sites by Mercy Housing, California.

(As told to Lisa Donner, ACORN, May 31, 2001)

Kentucky – Robert Brown

I'm 31 years old. I lived with my mother until she died, and then tried to stay with family members, but that didn't work out. Then I moved into a homeless shelter. When I was homeless, I wondered if I would ever have a place of my own. People's Self Help Housing helped me find a transitional living apartment. They helped me work on budgeting and other skills that I need in order to live on my own. I tried to get my GED but missed by one point, but I'm going to try again when school opens up. I'm a little slow, and I have trouble with my knees, hearing, and eyes, and I have high blood pressure too. I have a real hard time keeping a job. Without People's Self Help I don't know what I would have done. When I moved into my own permanent apartment, I felt good. I felt I could do something on my own.

Bobby Brown

(As told to Ann Kenney, People's Self Help Housing, May 30, 2001.)

CITY OF NASHVILLE

Nashville, TN. These homes are available to first-time hombuyers in Nashville, Tennessee. Opportunities are made available through the Nashville Housing Fund.

clined by 65,000.[17] Thousands of other units are being left vacant and deteriorating, while, in an effort to create a mix of income groups in public housing, changes in federal policy are further reducing the number of low-income people who live in public housing. To make matters worse for low-income families, contracts on two-thirds of all Section 8 units are set to expire within the next five years. This means that 44 states could lose more than half of their affordable subsidized rental housing units.[18]

Poor housing quality continues to be a problem

Furthermore, poor housing quality continues to be a major housing problem, particularly in rural areas. Nationally, 10 percent of rural occupied housing units is moderately or severely inadequate.[19] The most common housing quality problem is leaks from the outside, which can significantly increase a family's utility bill, putting further pressure on low-income families. Holes and sags in roofs are also common problems. Other common deficiencies in housing quality are cracked walls and peeling paint, which can lead to lead-based paint exposure. The effects of poor housing quality on children are discussed fully in the next section.

The private market cannot provide the needed affordable housing without help

Relying on the private sector alone to alleviate today's housing crisis will not suffice. The National Association for Home Builders estimates that the total housing demand during the next decade will stand at an average of 1.82 million units – higher than either of the two preceding decades.[20] Private developers can easily build quality homes for families with high incomes, but developing housing for those with low and moderate incomes often requires partnering with non-profit groups and relying on subsidies. Without support from the community, it is very difficult for private developers to make an affordable housing development financially feasible.[21]

It is clear that something must be done to meet the housing demand. Working individuals and families should not be faced with housing shortages or be forced to live in dilapidated homes. "[It is] clear that the federal government must significantly enhance its efforts to create more affordable housing opportunities," past-HUD Secretary Andrew M. Cuomo observed. "There are many good $6 an hour jobs in today's economy, but not much $6 an hour housing."[22]

Maine – Jessica Amato

I'm a college-educated mother of two children, ages 5 and 2. I try to provide for my kids as an education technician in the Sanford schools. At full-time, I only make $800 a month, which gets spread pretty thin between college loan payments, day care costs and other expenses. We ended up in the shelter system when I lost my home after leaving an abusive husband. I just couldn't find affordable housing for my kids and me. I got a Section 8 voucher, but after calling 40 landlords in 30 days, I still couldn't find a landlord who would accept my voucher or who had a place to rent. I ended up losing my voucher and now I'm number 100 on a waiting list of 173 people. My time's almost up at the shelter we've been living in for the last year and a half, and I honestly don't know what we're going to do. It seems like we're in a waiting game between waiting lists. I want to keep my family in Sanford because it's where my children go to school and it's where I work. But Sanford's market is so tight, there's only a 1% vacancy rate. That makes it real hard to find an apartment, and even harder to find one I can afford.

Jessica Amato and 2 children

(As told to Mary Ann Gleason, National Coalition for the Homeless, May 25, 2001.)

Missouri – Kathy Lewis, St. Louis

I've been in a wheelchair for most of my life, and the last thing I want is to lose my independence, but my home is about to be destroyed. I've been living at the Boulevard Apartments [subsidized apartments for disabled residents] since 1997, but its being foreclosed by HUD because it's unsafe. Some of my neighbors have been living there for more than 20 years. I don't know where we'll all go. We need a national housing trust fund to help our community build more housing for people with disabilities. There are so few options for us right now. My only hope is that Washington University may replace the Boulevard with a new apartment building I can live in. A national housing trust fund will help us build a new accessible building so we won't be forced to try to live in inaccessible housing. Most people don't have to think about how wide their bedroom door is, but I think about things like that all the time and so does everyone else who is in a wheelchair.

Kathy Lewis in wheelchair

(As told to Laura Barrett, National Housing Trust Fund Project, May 24, 2001.)

New York – Adelaida Sobrado

SOURCE: LISC

New York: A two-decade long reconstruction combined the work of residents, government, corporations, and foundations to rebuild this neighborhood in the South Bronx providing much needed affordable housing—an initiative by the Local Initiatives Support Corporation.

"I am a welfare-to-work success story: I got myself off of welfare and am now working as a security guard. I used to live with my four children, my sister and her two children, but the apartment we rented had plumbing problems that caused a lot of leaks. Sometimes we even got water leaking into our home from other people's apartments. Also, the water pipes were not sealed off so that rats would come into our apartment, right by where the children played. This apartment cost us $1,000 a month, and still there were all these problems. I wanted a better living environment for kids, but I could not find anything that I can afford. I searched for months, and still couldn't find anything. I ended up having to move us to Yonkers, where I now have a long commute to work. I work twelve-hour shifts, which means I have to spend a lot more time away from my daughters each day just in travel time. My daughters have to take public transportation to get all the way over to the Bronx just so they can finish the school year with their friends. We shouldn't have to move so far from our neighborhood just to be able to afford a place to live."

(As told to Lisa Donner, ACORN, May 31, 2001.)

Illinois– Yugsi Family

The Yugsi family

Mr. Yugsi works for Catholic men's homeless shelter, the San Jose Odroro Mission. Mrs. Yugsi works for a bridal shop in Chicago's Little Village community. The Resurrection Project has worked in tandem with Chicago's New Homes Program, funded through their housing trust fund, to create healthy communities. The Casa Tabasco renovated a problem building in Little Village into eight three-bedroom apartments for a total investment of $732,129. Angelita and George Yugsi and their three children are tenants in Casa Tabasco. "When we first arrived from Ecuador, we stayed with my brother's family. All five of us shared one bedroom in their house. It was very hard to find an apartment we could afford. Our pastor at St. Agnes first told us about the apartments being renovated by The Resurrection Project. Now we are in our own three bedroom apartment close to our church.

(As told to the Resurrection Project, Chicago, Illinois.)

IV. Protecting Our Children: The Social Benefits of a National Housing Trust Fund

The national affordable housing crisis is threatening the educational, emotional and physical health of America's children. One of every three people living in severely substandard housing is a child.[23] Children who live in substandard housing are more likely to suffer from debilitating conditions such as asthma and lead poisoning, which can lead to learning disorders, reading disabilities, an increased likelihood of dropping out of school, aggression, and antisocial behavior.[24] Children who live in poor housing conditions also are at greater risk for injuries, burns, and infectious diseases, are exposed to more violence and hunger, and are more likely to experience psychological problems than other children.[25]

A recent report by pediatricians from Boston Medical Center and the national advocacy group, Housing America, estimated that:

- 21,000 children have stunted growth as an indirect result of a lack of stable housing;
- More than 120,000 children suffer from anemia because their families cannot afford both rent and food; and
- Deaths from house fires caused by faulty wiring and heating equipment are nine times more common in poor neighborhoods. [26]

Children and Asthma

Childhood health problems associated with unsafe housing conditions include an alarming rate of asthma and other respiratory diseases. Childhood asthma is linked to poor housing conditions, such as roach infestation, mold, dust mites, dampness and crowded living conditions. It is estimated that 10,000 children between the ages of four and nine are hospitalized for asthma attacks each year because of home cockroach infestation alone.[27] Asthma rates are increasing most rapidly among low-income children in substandard housing, in part because these homes do not have air conditioning and these families cannot afford anti-inflammatory medications, shots, and medical treatment.[28]

Children and Lead Poisoning

The Centers for Disease Control (CDC) calls lead-based paint the most serious environmental health hazard for children today.[29] The major cause of lead poisoning in children is exposure to older houses with deteriorating paint and lead dust inside the home. Often low-income families are unable to afford the cost of repainting their homes when old paint begins to flake and become exposed. Renters are at higher risk of exposure because landlords may not be aware that their structures have lead-based paint or may not want to pay for repainting.[30]

Prenatal lead exposure is linked to low birthrate, stunted growth, and hearing loss, as well as damage to a child's blood production and kidney development. Studies have shown that lead-poisoned children are seven times more likely to drop out of school and six times more likely to have a reading disability, and have significantly lower IQ's, attendance rates, class rankings and vocabulary scores. Lead-based paint exposure is also associated with attention deficit disorder, hyperactivity, and aggressive and antisocial behavior and crime in later life.[31]

HOUSING TRUST FUND PROJECT

The Woodlands contains 35 rental units with two-, three-, and four-bedrooms targeted to single parent families. These homes were funded through Boulder's housing trust fund — the Community Housing Assistance Program.

Children and School Performance

Frequent moves in search of stable, affordable housing can affect a child's ability to succeed in school. A study including an analysis of school data related to student achievement and interviews with 100 low-income families found a relationship between the number of times a child moves and his or her performance on standardized tests.[32] The study found that the more times a child moves, the more likely it is that his or her reading scores will suffer. The study also found that the fewer times a student moves, the better his or her attendance rates will be. In addition, sub-standard housing in poor neighborhoods impacts the number of years a child attends school.[33]

A National Housing Trust Fund Can Make a Difference

A National Housing Trust Fund will make monies available to communities to rehabilitate existing substandard housing, allowing parents to raise happy, healthy children and giving children the opportunity to reach their full potential. Should a community determine that existing housing is too dilapidated to invest in or repair, trust fund dollars can create new rental and homeownership opportunities. All children deserve to live in homes free of health dangers, without being educationally handicapped or forced to grow up in neighborhoods filled with crumbling buildings.

V. Learning from Local Communities: Creating a National Housing Trust Fund

For years, states and local communities have addressed the need for affordable housing by establishing Housing Trust Funds. Housing Trust Funds work in a variety of innovative ways to address community needs. While most are administered by a governmental agency, many trust funds partner with nonprofit development organizations in an effort to create a long-term foundation for building and preserving affordable housing. All Housing Trust Funds leverage other sources of public and private funding to create new housing opportunities.

A 1997 survey of Housing Trust Funds nationwide found that:

- Construction was completed on 99.8 percent of the units funded through Housing Trust Funds.
- By 1997, Housing Trust Funds had spent nearly $1.5 billion building and preserving almost 200,000 units of housing for low-income households.
- Housing Trust Funds exist in all types of communities, from small towns of 1,000 people to the largest states in the country.[34]

Housing Trust Funds allow communities to leverage new resources to create jobs, increase the tax base, and house more people. Here are just a few examples of the positive impact that Housing Trust Funds have had on state and local communities throughout the nation:

State of Washington Housing Trust Fund: Investing Wisely; Leveraging More
Since its inception, the Washington Housing Trust Fund has invested more than $159 million to create and rehabilitate 11,477 housing units and has provided $24 million in weatherization funds to improve 24,740 homes. This activity has created 11,867 jobs in construction and related industries, generating more than $300 million in wages. Funded projects have returned about $45 million to the government in sales taxes on construction materials. Projects have leveraged a total of $707 million in private and other public monies.

State of Vermont Housing Trust Fund: Innovative Development & Conservation
Vermont has created the only fund in the country that supports both housing and land conservation. In its nine-year history, the fund has created more than 4,100 units of affordable housing and conserved 140,000 acres of environmentally important land in Vermont communities. In 1996, it funded more than 500 projects that leveraged over $30 million in private, federal and local funds.

Sacramento City/County: Partnering with Private Investors
Sacramento's Housing Trust Fund leverages outside private resources at a rate of $10 to $1. Every dollar spent by the housing trust fund to develop affordable housing generates $7 in construction-related expenditures, including $4 in wages and $1 in fees for Sacramento County. In addition, each project returns an average of $227,000 to the economy each year in new taxes.[35]

Establishing a National Housing Trust Fund will enable local communities to strengthen their efforts to provide quality affordable homes for low and moderate-income families. The National Housing Trust Fund will encourage innovative development and support the existing work of local communities. The National Housing Trust Fund will provide the essential stable financial support local communities need to develop and preserve affordable housing.

Rollingwood subdivision, Oxford, North Carolina. Rollingwood is a mixed-income, single-family development.

North Carolina's housing trust fund

North Carolina's housing trust fund has brought good housing into reach for 8,500 low-wage families The fund's investments strengthen families, rebuild neighborhoods, and enable local leaders to draw other matching investments into their communities. All 100 counties have better housing and a stronger economy because of the trust fund's success. The trust fund's programs provide opportunities for first-time homebuyers, renter families building economic self-sufficiency, elderly persons striving to live independently, homeless families working toward a new start, persons with disabilities and special needs.

Source: North Carolina Housing Finance Agency

VI. The Ripple Effect: Economic Benefits of a Housing Trust Fund

CITY OF CAMBRIDGE

Cambridge, MA: The Hampshire/Cambridge sixteen-dwelling unit affordable homeownership project was developed by Homeowner's Rehab., Inc. and Just-A-Start Corporation. These homes were funded through the Cambridge Affordable Housing Trust Fund.

Housing Trust Funds do more than build new homes: they help communities create new jobs in the construction industry and increase the property tax base. The National Association of Home Builders finds that residential construction stimulates the economy *directly* by generating jobs, wages and tax revenues, and *indirectly* as the demand for goods and services increases due to the increase in construction activity.[36]

The economic impact of housing development can thus be seen as a "ripple effect": more housing creates more jobs. Those new wage earners go out and spend their income, which in turn helps to create additional jobs and economic stimulus.

According to a U.S. Department of Commerce (DOC) economic impact assessment model, an investment of $5 billion dollars into the nation's housing infrastructure would result in nearly 200,000 jobs. See Section 10 on Methodology for a complete description of this DOC model and the assumptions adopted for this estimate.

How a National Housing Trust Fund will help America's economy and families

A $5 BILLION INVESTMENT YIELDS:

United States	Jobs created	Wages generated
Initial impact	184,300	$4,959,875,000
Leveraged impact	1,658,700	$44,638,875,000
Total Impact	**1,843,000**	**$49,598,750,000**

State-by-State Housing Need

and Projected Economic Benefits of a Housing Trust Fund

VERMONT HOUSING AND CONSERVATION BOARD

The seven identical Lind Homes in the village of South Ryegate, Vermont, built as granite-worker houses in the early 1900, are listed on the National Register of Historic Places, The non-profit Gilman Housing Trust acquired, rehabilitated and rented the homes to families with an option to purchase after five years. Homeowners will participate in a homeownership education program and will become share owners in a co-op, working together on issues of management and budgeting.

Alabama

Housing and the Alabama Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Alabama households unable to afford a house
$115,000	$916	68%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Alabama renters who cannot afford to rent
$448	$17,917	35%

Affordability problems in Alabama:[37]

- Housing prices are outstripping incomes: In the 1980s, the median house price increased $19,800, while median family income went up $12,300.
- Working families cannot afford housing: The greatest expansion in the Alabama economy since the 1980s is in the service sector, which is predominately low-wage, no-benefit employment.
- Housing costs too much: About half of extremely low-income households spend more than 50% of their income for housing, forcing families to sacrifice purchasing food, healthcare and clothing to pay for housing.

Unsafe Housing in Alabama[38]

- 49 – 60% of all Alabama homes are potential lead-based paint hazards; 38% of at-risk homes are occupied by low-income families.

How a National Housing Trust Fund will help Alabama's economy and families[39]

FOR EVERY $10 MILLION INVESTED IN ALABAMA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Alabama	New jobs created	New wages created
Initial impact	319	$7,296,850
Leveraged impact	2,870	$65,671,650
Total Impact	**3,189**	**$72,968,500**

Alaska

Housing and the Alaska Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Alaskan households unable to afford a house
$148,000	$1,191	57%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Alaskan renters who cannot afford to rent
$789	$31,572	46%

Affordability problems in Alaska:

- Rural areas are becoming less affordable: Alaska's non-metropolitan areas are the third least affordable in the nation.[40]
- Alaska is becoming less affordable for working people: The price of a single-family home reached a nine-year high in 2000.
- Alaskan families are struggling to afford a home: Alaska ranks in the Top 10 nationally for the most expensive two-bedroom housing in the nation.[41]

How a National Housing Trust Fund will help Alaska's economy and families[42]

FOR EVERY $10 MILLION INVESTED IN ALASKA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Alaska	New jobs created	New wages created
Initial impact	194	$5,123,550
Leveraged impact	1,746	$46,111,950
Total Impact	**1,940**	**$51,235,500**

Arizona

"The commitment of Trust Funds has assisted in making [a 56-unit affordable housing apartment complex built with a private developer] happen. 0This represents the first significant step in solving the Town of Florence's long-term problem of housing for State prison workers and others in need of new affordable housing." – Arizona Department of Commerce.[1]

Housing and Arizona's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Arizonan households unable to afford a house
$131,000	$1,049	67%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Arizonan renters who cannot afford to rent
$622	$24,861	42%

Affordability problems in Arizona:[43]

- Housing prices are outstripping incomes: In the 1990s, rents rose 53%, while median family income increased 25%.
- Working families cannot afford housing: In 1998, only 11% of families could afford median market rents, down from 73% of households in 1970.
- Arizona's housing stock disappearing: From 1970 to 1998, single-family housing inventory declined by 11%. Less housing means greater competition and rising prices for existing homes.

Unsafe Housing in Arizona[44]

- One in every four households in Arizona has at least one housing need – substandard housing, overcrowded conditions, or housing payments exceeding 30% of their income. Minorities represent a disproportionate number of those with housing needs.
- 12% of rural households are overcrowded and 4.5% have dilapidated plumbing.
- Almost 59% of Arizona's housing stock is at risk of having lead-based paint.

How a National Housing Trust Fund will help Arizona's economy and families[45]

FOR EVERY $10 MILLION INVESTED IN ARIZONA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Arizona	New jobs created	New wages created
Initial impact	268	$6,931,250
Leveraged impact	2,413	$62,381,250
Total impact	**2,681**	**$69,312,500**

Arkansas

Housing and the Arkansas Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Arkansas householdsunable to afford a house
$94,000	$741	63%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Arkansas renters who cannot afford to rent
$430	$17,198	38%

Affordability Problems in Arkansas:[46]

- Fewer job opportunities: The majority of the state's job growth 1990-1995 was in entry level, part-time or temporary positions that are not stable or secure enough to support long-range housing decisions.
- Arkansas incomes are inadequate: The median family income in Arkansas is about 30% lower than the national median family income.
- High numbers of low-income families: Low-income families in Arkansas comprise 43% of the total households.

Unsafe Housing in Arkansas

- 75% of Arkansas' housing was constructed prior to 1980 and these units are in the age range most likely to be affected by lead-based paint.[47]

How a National Housing Trust Fund will help Arkansas' economy and families[48]

FOR EVERY $10 MILLION INVESTED IN ARKANSAS' HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Arkansas	New jobs created	New wages created
Initial impact	310	$6,599,700
Leveraged impact	2,790	$59,397,300
Total impact	**3,100**	**$65,997,000**

Connecticut

"The rapid escalation of rental housing costs during the 1990s effectively shut out the working poor and other low-income and moderate-income families from … home purchases." – Connecticut Consolidated Plan.[2]

Housing and Connecticut's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Connecticut households unable to afford a house
$157,000	$1,265	60%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Connecticut renters who cannot afford to rent
$815	$32,600	42%

Affordability problems in Connecticut:

- Housing prices are outstripping incomes: Rent levels are climbing dramatically and have far exceeded the increase in income levels.[49]
- Rural areas are becoming less affordable: Connecticut's combined non-metropolitan areas experienced the third greatest rise in housing costs in the nation, increasing at a rate of 6%.[50 51]
- Working families cannot afford housing: Connecticut is home to four of the Top 10 least affordable counties in the nation: Darien, Greenwich, New Canaan and Norwalk.[52]
- Connecticut's housing market is too tight: Housing vacancy rates are over 50% tighter than the national average, making it more difficult to find affordable housing, and forcing housing prices to escalate.[53]

Unsafe Housing in Connecticut

- Connecticut has 808,620 pre-1978 housing units projected to contain some lead-based paint. 284,110 of those homes are projected to pose lead-paint hazards.[54]

How a National Housing Trust Fund will help Connecticut's economy and families[55]

FOR EVERY $10 MILLION INVESTED IN CONNECTICUT'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Connecticut	New jobs created	New wages created
Initial impact	190	$6,058,150
Leveraged impact	1,711	$54,523,350
Total Impact	**1,901**	**$60,581,500**

Delaware

"Delaware's Housing Development Fund is the state's primary financial resource to help housing providers across the State access financing to create or rehabilitate affordable housing. Investors, developers, local governments and non-profit organizations can obtain financial assistance and partner with the State Housing Authority to provide more affordable housing opportunities to Delawareans." – Delaware State Housing Authority.

Housing and Delaware's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Delaware households unable to afford a house
$181,000	$1,465	76%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Delaware renters who cannot afford to rent
$658	$26,314	35%

Affordability problems in Delaware:

- People are living in substandard housing: It is estimated that 54.2% of all substandard housing units in Delaware are currently occupied. Each unit will need at least $30,000 in rehabilitation for a total expenditure of $196 million.[56]
- Rural areas are becoming less affordable: Delaware's combined non-metropolitan areas rank in the Top 10 most expensive in the nation.[57]
- Working families cannot afford housing: Delaware ranks 13th in the nation for the most expensive two-bedroom units.[58]

Unsafe Housing in Delaware

- Statewide, it is estimated that 79,105 housing units currently occupied by low-income or very low-income families potentially contain lead-paint hazards.[59]

How a National Housing Trust Fund will help Delaware's economy and families[60]

FOR EVERY $10 MILLION INVESTED IN DELAWARE'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Delaware	New jobs created	New wages created
Initial impact	165	$4,802,950
Leveraged impact	1,490	$43,226,550
Total Impact	**1,655**	**$48,029,500**

Florida

"The total cooperation between county and city government, the leveraging of funds with money from other government programs and private investments, the support of community-based organizations, and local contributions has allowed the Gadsden County SHIP Program to thrive. In return, the success of the SHIP Program has proved an invaluable catalyst to the strong public-private partnership which now exists in this rural community." – Beverly Cliett, Florida Housing Finance Agency.[3]

Housing and the Florida Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Florida households unable to afford a house
$104,000	$824	59%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Florida renters who cannot afford to rent
$634	$25,371	40%

Affordability problems in Florida:[61]

- There is a statewide crisis in farmworker housing: Florida only has enough housing for 40% of the migrant farmworker population.
- Families are paying too much for housing: 53% of Florida's families who rent pay more than 30% of their monthly income towards housing. 35% of families who own a home pay more than 30% of their monthly income towards housing, and 10% pay *more than 50%* of their income towards housing.

Unsafe Housing in Florida[62]

- Approximately 170,000 homes in Florida are at risk for lead-based paint hazards.
- 18% of the at-risk homes are occupied by very low-income people.

How a National Housing Trust Fund will help Florida's economy and families[63]

FOR EVERY $10 MILLION INVESTED IN FLORIDA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Florida	New jobs created	New wages created
Initial impact	276	$6,784,150
Leveraged impact	2,485	$61,057,350
Total Impact	**2,761**	**$67,841,500**

Georgia

"In the ten years since the State Housing Trust Fund for the Homeless first convened, it has sponsored several statewide initiatives to combat homelessness… The Trust Fund has also designed and made available funding for an array of supportive services designed to help individuals and families reach their highest attainable level of self-sufficiency." – Margaret Armstrong, Chairwoman, State Housing Trust Fund for the Homeless.[4]

Housing and the Georgia Economy

FAMILIES ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Georgia households unable to afford a house
$131,000	$1,049	66%

FAMILIES ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Georgia renters who cannot afford to rent
$579	$23,140	33%

Affordability problems in Georgia:

- Housing prices are skyrocketing: Georgia's home values have increased by 65% and its rents have increased 67% in the past 10 years.[64]
- Housing prices are outstripping incomes: Atlanta ranks among the Top 10 in the nation for its housing wage (the wage needed to afford a home) increase of 13.46% between 1999-2000. This housing wage level effectively shuts low-wage workers out of the housing market.[65]

Unsafe Housing in Georgia[66]

- It is estimated that more than one million housing units are contaminated with lead-based paint.
- Low and moderate-income families inhabit four out of five of these homes.

How a National Housing Trust Fund will help Georgia's economy and its families[67]

FOR EVERY $10 MILLION INVESTED IN GEORGIA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Georgia	New jobs created	New wages generated
Initial impact	293	$7,556,250
Leveraged impact	2,633	$68,006,250
Total Impact	**2,926**	**$75,562,500**

Hawaii

"The [Housing Trust Fund] is proving to be an exceptionally valuable tool in providing affordable rental housing for the residents of Hawaii… The flexibility [of the Fund] is its greatest strength… By providing over $21.3 million in funds, a total of approximately $140 million in construction projects is able to proceed… Without the Program's participation, these projects [may not have been] developed at all." – Hawaii Department of Budget and Finance.[5]

Housing and Hawaii's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Hawaii households unable to afford a house
$249,000	$2,031	84%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Hawaii renters who cannot afford to rent
$859	$34,358	44%

Affordability problems in Hawaii:

- Hawaiian families are struggling to afford a home: Hawaii ranks third in the nation for the most expensive two-bedroom housing.[68]
- Homeownership is lagging: Hawaiian families have the lowest home ownership rates in the nation. 55% of Hawaiian households own their own home, compared to the national average of 67%.[69]
- Rural areas are becoming less affordable: Hawaii's non-metropolitan areas are the least affordable in the nation.[70]
- Working families cannot afford housing: Vacancy rates for housing and rental units fall far below the national averages, causing prices to escalate and shutting lower-income people out of the market.

Unsafe Housing in Hawaii

- In 1997, 21% of housing units were found to have less than sufficient living conditions, double the 1992 rate of 10%.[71]

How a National Housing Trust Fund will help Hawaii's economy and families[72]

FOR EVERY $10 MILLION INVESTED IN HAWAII'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Hawaii	New jobs created	New wages created
Initial impact	200	$6,004,150
Leveraged impact	1,797	$54,037,350
Total Impact	**1,997**	**$60,041,500**

Idaho

"The Idaho state legislature created a housing trust fund about 10 years ago, but never allocated funds to support it. As the economies of Idaho's rural areas fall farther and farther behind the urban centers, it is more critical than ever to provide funds for affordable housing development and preservation. A National Housing Trust Fund would provide some of the support Idaho needs to start tackling its housing problems." – Adan Ramierz, co-chair of the Idaho Community Action Network.[6]

Housing and the Idaho Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Idaho households unable to afford a house
$112,000	$891	68%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Idaho renters who cannot afford to rent
$481	$19,237	38%

Affordability problems in Idaho:[73]

- Working families cannot afford housing: There has been a 16% increase in jobs that do not pay a living wage in Idaho.
- Families are paying too much for housing: An analysis of fair market rents in eight Idaho communities revealed that a family earning 50% of the area median income could not afford to rent in any of the communities without some form of public housing assistance.

Unsafe Housing in Idaho

- Nearly three out of every four Idaho homes are at risk for lead-based paint hazards. Close to four out of every five low-to-moderate income families live in homes contaminated with lead paint.[74]

How a National Housing Trust Fund will help Idaho's economy and families[75]

FOR EVERY $10 MILLION INVESTED IN IDAHO'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Idaho	New jobs created	New wages created
Initial impact	288	$6,235,550
Leveraged impact	2,596	$56,119,950
Total Impact	**2,884**	**$62,355,500**

Illinois

"Trust Fund staff saw [a senior living and assisted living center for low-income seniors] was an innovative project that could benefit from a first mortgage at a lower interest rate… [The Trust Fund] really helped the project get off the ground, made the financing much simpler, and greatly increased the likelihood of us completing [the project]… I think this project was an especially good use of funds because it has created a new model for providing affordable, assisted living units." – Jerry Finis, a private developer working with the Illinois Housing Trust Fund. [7]

Housing and the Illinois Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Illinois households unable to afford a house
$183,000	$1,482	78%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Illinois renters who cannot afford to rent
$532	$26,609	39%

Affordability problems in Illinois:

- Working families cannot afford housing: Illinois ranks 12th in the nation for most expensive two-bedroom housing.[76]
- Illinois' housing market is too tight: Housing and rental vacancy rates are tighter than the national average, making it more difficult to find affordable housing, and causing prices to escalate.[77]

Unsafe Housing in Illinois[78]

- In Illinois a staggering 2.8 million-plus households (67% of all households) live in units with lead-based paint.
- 71% of very low to low-income households live in units with lead-based paint.

How a National Housing Trust Fund will help Illinois' economy and families[79]

FOR EVERY $10 MILLION INVESTED IN ILLINOIS' HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Illinois	New jobs created	New wages created
Initial impact	245	$7,368,550
Leveraged impact	2,210	$66,316,950
Total Impact	**2,455**	**$73,685,500**

Indiana

"We're proud to be a partner in these efforts to make Indiana an even better place to live, work and raise a family," on recent state grants including $165,991 of the state's Low Income Housing Trust Fund for new housing programs." – Lt. Governor Joe Kernan.[8]

Housing and Indiana's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Indiana households unable to afford a house
$102,000	$808	52%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Indiana renters who cannot afford to rent
$532	$21,285	36%

Affordability problems in Indiana:

- **Working families cannot afford housing:** Indiana's economy is increasingly dominated by low-wage, no benefit employment. Coupled with a mere 1.1% vacancy rate, these wages shut lower-income people out of the market.[80]
- **Indiana's families are struggling to afford a home:** Montgomery County experienced the largest national increase in the housing wage needed for two-bedroom housing, rising 20%; Wayne County ranked fifth with an increase of 18%.[81]
- **Rural areas are becoming less affordable:** The cost of living in Indiana's non-metropolitan areas experienced the fourth largest increase in the nation, at 3%.

Unsafe Housing in Indiana[82]

- In Indiana approximately 1.8 million housing units (more than 70% of all households) are at risk for lead-based paint hazards.
- A full 10 percent of Indiana's children were determined to have elevated levels of lead in their blood during lead screening from 1995 to 1998.

How a National Housing Trust Fund will help Indiana's economy and families[83]

FOR EVERY $10 MILLION INVESTED IN INDIANA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Indiana	New jobs created	New wages created
Initial impact	298	$7,051,700
Leveraged impact	2,686	$63,465,300
Total Impact	**2,984**	**$70,517,000**

Kentucky

"The biggest benefit and the beauty of the [Housing Trust] Fund is its flexibility. We can ask communities what their needs are. We are serving the very neediest people in our communities. We're very proud of our leveraging ability – we've taken $13 million and leveraged $128 million. We have built 2,700 units of affordable housing at a match of 10 to 1." – Kim Lyon, Kentucky Housing Trust Fund.[9]

Housing and Kentucky's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Kentucky households unable to afford a house
$103,000	$816	67%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Kentucky renters who cannot afford to rent
$450	$18,000	35%

Affordability problems in Kentucky:[84]

- Working families cannot afford housing: In 1995, Kentucky had the eighth lowest median household income in the nation.
- Housing costs too much: Only 6% of vacant units are affordable to extremely low-income households.
- Minorities face serious challenges in housing: African Americans are disproportionately poor, with 63% of households being low-income, compared to 43% of all households in Kentucky.

Unsafe Housing in Kentucky[85]

- Substandard housing, overcrowded conditions, or paying over 30% of household income for housing afflicts one in four Kentucky households.
- Extremely low-income families live in 60% of the substandard housing in the state, and very low-income families live in 27% of the substandard housing in the state.
- An estimated 875,000 Kentucky homes contain lead-based paint. 17% of these homes house young children.

How a National Housing Trust Fund will help Kentucky's economy and families [86]

FOR EVERY $10 MILLION IN KENTUCKY'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Kentucky	New jobs created	New wages created
Initial impact	298	$6,474,850
Leveraged impact	2,678	$58,273,650
Total Impact	**2,976**	**$64,748,500**

Maine

"No matter where you live in Maine, there is some level of housing need." – Maine Consolidated Plan, FY 2000 – 2004.[10]

Housing and Maine's Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median value of a home	Monthly mortgage payment	Estimated % of Maine households unable to afford a house
$112,000	$891	62%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Maine renters who cannot afford to rent
$563	$22,526	46%

Affordability problems in Maine:

- Rural areas are becoming less affordable: Maine's combined non-metropolitan areas ranked in the Top 10 for greatest rise in expense in the nation.[87]
- Working families cannot afford housing: Maine is in the Top 10 in the nation for the largest increase in wages needed to afford housing.[88] Its median family income is also slipping, from 11th from the bottom five years ago to sixth from the bottom today.[89]
- Maine's housing market is too tight: Housing and rental vacancy rates are tighter than the national average, making it more difficult to find affordable housing, and forcing housing prices to escalate.[90]

Unsafe Housing in Maine[91]

- An estimated 226,000 homes, or nearly 40% of all homes, are at risk for lead-based paint hazards.
- There are an estimated 26,000 households in Maine in need of *immediate* housing rehabilitation assistance.

How a National Housing Trust Fund will help Maine's economy and families[92]

FOR EVERY $10 MILLION INVESTED IN MAINE'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Maine	New jobs created	New wages created
Initial impact	321	$6,536,000
Leveraged impact	2,894	$58,824,000
Total Impact	**3,215**	**$65,360,000**

Nebraska

"Our Fund does a remarkable job serving the working poor and those struggling to make a living wage. I think our conservative state legislature is convinced to keep the program going because we can show the Fund is having a positive impact on housing. The Fund also provides an economic benefit to both rural and urban areas." – Lara Huskey, Housing Coordinator for the Nebraska Housing Trust Fund.[11]

Housing and the Nebraska Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage Payment	Estimated % of Nebraska households unable to afford a house
$108,000	$858	62%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Nebraska renters who cannot afford to rent
$497	$19,877	34%

Affordability Problems in Nebraska:[93]

- Rural families are paying more for housing: Nearly one out of every two rural families earning 80% of the median family income cannot afford to buy a home without paying more than 30% of their income for housing costs. Among families earning less than 80% of median income, *none* can afford to purchase a home.
- The market is not meeting the needs of Nebraska families: There is a great need for three-bedroom homes in Nebraska, yet builders and developers are not acting to provide that housing. This means that the state must use other methods (such as a trust fund) to get housing built in Nebraska.

Unsafe Housing in Nebraska[94]

- 39% of the state's rural housing stock is at risk for lead-based paint hazards. Close to four out of every five low-to-moderate income families live in homes contaminated with lead paint.
- One in five homes in non-metropolitan areas of Nebraska is overcrowded (more than one person per room) or has insufficient plumbing, foundations, and electrical and/or heating systems.

How a National Housing Trust Fund will help Nebraska's economy and families[95]

FOR EVERY $10 MILLION INVESTED IN NEBRASKA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Nebraska	New jobs created	New wages created
Initial impact	293	$6,337,250
Leveraged impact	2,634	$57,035,250
Total Impact	**2,927**	**$63,372,500**

Nevada

The Low-Income Housing Trust Fund was created to provide the State with a source of matching funds for the Federal HOME Program, and to provide emergency assistance to needy families, expand and improve the supply of rental housing, provide home ownership opportunities, carry out strategies tailored to local markets, and protect government investments in housing to ensure affordability for the remaining useful life of life property." – State of Nevada, Department of Business and Industry.

Housing and the Nevada Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Nevada households unable to afford a house
$145,000	$1,166	71%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Nevada renters who cannot afford to rent
$696	$27,854	38%

Affordability problems in Nevada:

- Nevada is becoming less affordable for working families: Nevada ranks in the Top 10 nationally for least affordable combined non-metropolitan areas, and ranks 11th in the nation for most expensive two-bedroom housing in the nation.[96] Overall, affordability in many rural areas is declining due to increasing housing prices.[97]
- The homeownership rate is lagging behind the rest of the nation: 64% of Nevada's households own their own home, as compared to the national average of 67.4%.[98]
- Non-whites face serious challenges to affordable housing: Nearly 49% of Native Americans are very low-income, comprising the greatest concentration of very low-income families in Nevada.[99]

Unsafe Housing in Nevada[100]

- About 50,000 of the state's housing stock is at risk for lead-based paint hazards.
- Contaminated homes are occupied by 23% of the state's low-to-moderate income families.

How a National Housing Trust Fund will help Nevada's economy and families[101]

FOR EVERY $10 MILLION INVESTED IN NEVADA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Nevada	New jobs created	New wages created
Initial impact	195	$5,677,050
Leveraged impact	1,750	$51,093,450
Total Impact	**1,945**	**$56,770,500**

New Mexico

"Our needs in New Mexico are as unique and diverse as any other state ...—to take scarce resources and meet growing affordable housing demand created by inefficient markets and increased costs. New Mexico chose ... to deliver housing financing to meet its specific needs." – New Mexico Mortgage Finance Authority.

Housing and the New Mexico Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of New Mexican households unable to afford a house
$119,000	$949	71%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	% of New Mexican renters who cannot afford to rent
$522	$20,880	42%

Affordability problems in New Mexico:[102]

- Certain populations face serious challenges to affordable housing: Residential and economic segregation in the state means that non-whites and women are subject to "lopsided housing opportunities" such as higher interest rates on loans and higher denial rates for loans.

Unsafe Housing in New Mexico[103]

- 51% of the housing stock in New Mexico is at risk for lead-based paint hazards.
- Over 23% of Native American housing lack complete plumbing, compared to 2.2% statewide.
- In the Northwest region of the state, one out of every five households experiences overcrowded conditions (1 to 1.5 persons per room).

How a National Housing Trust Fund will help New Mexico's economy and families[104]

A $100 MILLION INVESTMENT YIELDS:		
New Mexico	New jobs created	New wages created
Initial impact	297	$6,244,200
Leveraged impact	2,677	$56,197,800
Total Impact	**2,974**	**$62,442,000**

Ohio

"The Housing Trust Fund has proven to be a practical, cost effective and flexible way to help meet Ohioans' affordable housing needs." – Ohio Coalition on Housing and Homelessness.[12]

Housing and the Ohio Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Ohio households unable to afford a house
$96,000	$758	52%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Ohio renters who cannot afford to rent
$535	$21,418	38%

Affordability problems in Ohio:[105]

- Ohio is becoming less affordable for working families: In 1990, there was only one affordable housing unit available for every two low-income households, compared to a *surplus* of affordable housing in 1980.
- Ohio's economy relies on the housing industry: One out of every seven jobs in Ohio is directly or indirectly related to housing. This means an infusion of housing dollars will have an immediate impact on a thriving economic base in the state.
- Inadequate housing stock is driving up the price of homes: Ohio has fewer houses on the market than the national average. Increased demand for housing drives up the cost of existing stock, shutting lower income families out of the housing market.

Unsafe Housing in Ohio[106]

- Substandard housing, overcrowded conditions, or paying over 30% of their income towards housing afflicts one out of every four Ohio residents. Similar housing needs afflicts one out of every three minority residents.

How a National Housing Trust Fund will help Ohio's economy and families[107]

FOR EVERY $10 MILLION INVESTED IN OHIO'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Ohio	New jobs created	New wages created
Initial impact	300	$7,409,300
Leveraged impact	2,697	$66,685,700
Total Impact	**2,997**	**$74,093,000**

Pennsylvania

"One of the first things I did through the program was attend a class to learn all about buying a home. The course was very good, because I even learned some things that the Realtor did not know. This is a great program. The $6,000 grant I received helped me with closing costs and actually enabled me to buy the home. I wouldn't have been able to afford the house otherwise." – First time homebuyer assisted by the Housing Partnership of Chester County.[13]

Housing and the Pennsylvania Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Average price of a home	Monthly mortgage payment	Estimated % of Pennsylvania households unable to afford a house
$115,000	$916	60%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Pennsylvania renters who cannot afford to rent
$585	$23,417	44%

Affordability problems in Pennsylvania:

- Pennsylvania is becoming less affordable for working families: Pittsburgh experienced the sixth largest increase in housing wage (the wage needed to afford a home) in the nation.[108]
- Families who rent fare worse than owners: Between 36% to 56% of renters have housing problems, compared to 17% to 22% of homeowners at the same income level.[109]
- Inadequate housing stock is driving up the price of homes: Pennsylvania has fewer houses on the market than the national average. Increased demand for housing drives up the cost of existing stock, and shuts out lower income families from the housing market.[110]

Unsafe Housing in Pennsylvania[111]

- There are an estimated 1.2 million very low and low-income people living in housing units containing lead-based paint.

How a National Housing Trust Fund will help Pennsylvania's economy and families[112]

FOR EVERY $10 MILLION INVESTED IN PENNSYLVANIA'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Pennsylvania	New jobs created	New wages created
Initial impact	270	$7,242,100
Leveraged impact	2,431	$65,178,900
Total Impact	**2,701**	**$72,421,000**

Wyoming

Housing and the Wyoming Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Wyoming households unable to afford a house
$99,000	$783	54%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Wyoming renters who cannot afford to rent
$490	$19,589	38%

Affordability problems in Wyoming:[113]

- Available housing stock in most areas of the state is in short supply: There is a strong demand for single family houses for sale or rent and for multi-family rentals.
- New housing starts are well above the affordable price range: The average cost of a newly constructed home in Wyoming exceeds $145,000.

Unsafe Housing in Wyoming

- The number one high-risk factor for lead poisoning is pre-1950 construction; Wyoming ranks 29th in the nation for the number of pre-1950's homes. Nine counties in the state have a higher percentage of pre-1950's housing than the national average.[114]

How a National Housing Trust Fund will help Wyoming's economy and families[115]

FOR EVERY $10 MILLION INVESTED IN WYOMING'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM:

Wyoming	New jobs created	New wages created
Initial impact	270	$5,261,600
Leveraged impact	2,425	$47,354,400
Total Impact	**2,695**	**$52,616,000**

Notes

[1] Annual Report. Arizona Department of Commerce, Office of Housing and Infrastructure Development, 1996, p. 3.
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[3] "Planning and Financing Affordable Housing in Florida." Florida Housing Finance Agency, p.40, n.d.
[4] "State Housing Trust Fund for the Homeless," Georgia Department of Community Affairs, January 2000.
[5] Annual Report and Biennial Evaluation. Hawaii Rental Housing Trust Fund Program, Rental Housing Trust Fund Commission, Department of Budget and Finance, March 1997.
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[7] "Trust Fund First Position Project Profile." *Trust Fund Spotlight*, p.8-9, n.d.
[8] Boehm, Jennifer. "Kernan Announces Awards of Over $50 million for Affordable Housing," Indiana Housing Finance Authority, July 5, 2000.
[9] As told to Laura Barrett, National Low Income Housing Coalition staff member, May 30, 2001.
[10] Maine Consolidated Plan, FY 2000 – 2004.
[11] As told to Laura Barrett, National Low Income Housing Coalition staff member, May 30, 2001.
[12] Ohio Coalition on Housing and Homelessness http://www.cohhio.org/
[13] Housing Partnership Development Corporation, Chester County, Pennsylvania, fact sheet, "Housing," n.d.

Conclusion

Owning a home is the American dream. Unfortunately, the reality of low wage jobs, high costs, and widespread housing shortages make that dream unattainable for many families. Although the need for housing is compelling, it has gone unmet for too long. Federal funding for low-income housing dropped from $71.2 billion in 1978 to $16.8 billion in 1997.[116] HUD reports that the number of American families with "worst case" housing needs continues to grow at the same time that the inventory of affordable housing is shrinking.[117] HUD estimates that since 1990, the number of families with "worst case" housing needs has increased by 12 percent, meaning an additional 600,000 families are unable to afford a safe and decent place to live.[118] These families resort to skipping meals, living in unsafe dwellings, or becoming homeless simply to survive.

The National Affordable Housing Trust Fund Act has been proposed to make the dream of finding an affordable home a reality for many families. The National Housing Trust Fund Act's sponsors and supporters are asking Congress to dedicate a source of funding to meet the substantial and growing affordable housing need in communities across the nation. The proposed legislation will create a Fund from which states and non-profits can draw monies to build new affordable housing and rehabilitate existing housing stock.

A National Housing Trust Fund offers a solution that will invigorate local economies and promote homeownership opportunities. A $5 billion investment into housing construction would result in 184,300 new jobs. Local Housing Trust Funds leverage an average of $9 from private, non-profit, and other governmental sources for every $1 spent by the Housing Trust Fund. When this leverage ratio is considered, an investment of $5 billion in a National Housing Trust Fund results in 1.8 million new jobs and $50 billion in wages. The more than 170 successful Housing Trust Fund programs across the nation, including 37 state Housing Trust Funds, have clearly demonstrated that Housing Trust Funds are the flexible funding source that communities need to develop affordable housing. The proposed National Housing Trust Fund would follow the example of those successful programs and would benefit millions more who need and deserve quality affordable housing.

When this leverage ratio is considered, an investment of $5 billion in a National Housing Trust Fund results in 1.8 million new jobs and $50 billion in wages.

The time has come for Congress to address the growing crisis of inadequate, unsafe, and unattainable housing. This crisis touches every community in every state. A National Housing Trust Fund will help ensure that every family in this nation has an affordable, safe place to call home.

Endnotes

[1] Howard A. Savage, "Who Could Afford to Buy a House in 1995?," U.S. Census Bureau, August 1999. http://www.census.gov/prod/99pubs/h121-991.pdf

[2] HUD Households with "worst case" needs are defined as unassisted renters with incomes below 50 percent of Area Median Income who pay more than half of their income for rent or live in severely substandard housing. American's shirking affordable housing stock was noted in the prepared testimony of Mel Martinez, Secretary-Designate, U.S. Department of Housing and Urban Development to the Senate Banking Committee, January 17, 2001.

[3] See Public Health Service (1991), "Strategic plan for the elimination of childhood lead poisoning." Hyattsvill, MD: U.S. Department of Health and Human Services. Appendix II. *See also* H.L. Needleman, A. Schell, et al. "The long-term effects of exposure to low doses of lead in childhood. An 11-year follow-up report," *New England Journal of Medicine*, January 11, 1990, 322:83-88.

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[9] "Homeownership Rates by Race and Ethnicity of Householder," US Census Bureau, February 2001, www.census.gov/hhes/www/housing/hvs/annual00/ann00t20.html

[10] Ibid.

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[12] Howard A. Savage, "Who Could Afford to Buy a House in 1995?," US Census Bureau, August 1999.

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[14] "The State of the Nation's Housing," Joint Center for Housing Studies of Harvard University, Graduate School of Design, John F. Kennedy School of Law, 1999.

[15] Ibid.

[16] Briscoe, Daren, "Housing Crisis Harmful to Kids," *Children's Advocate*, September-October, 1999. www.4children.org.

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[18] Ibid.

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[21] Renee Young, "Give Me Shelter," *Building Design and Construction*, February 2000. "Teaming Up on Housing Crisis," Los Angeles Business Journal, July 13, 2000.

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[25] Daren Briscoe, "Housing Crisis Harmful to Kids," *Children's Advocate*, September-October, 1999. www.4children.org.

[26] *Ibid.*

[27] *Ibid.*

[28] "The State of America's Children Yearbook 2000," Children's Defense Fund, March 2000.

[29] "Georgia Consolidated Plan, FFY 2000 Interim Consolidated Plan of the State of Georgia," Georgia Department of Community Affairs, May 2000, p. 64.

[30] Strege-Flora, Carson. "Economic Benefits of Investing in a State Housing Trust Fund," Montana Housing Partnership, Fall 1998, p. 11.

[31] See Public Health Service (1991), Strategic plan for the elimination of children lead poisoning. Hyattsvill, MD: U.S. Department of Health and Human Services. Appendix II. *See also* H.L. Needleman, A. Schell, et al. "The long-term effects of exposure to low doses of lead in childhood. An 11-year follow-up report," *New England Journal of Medicine*, January 11, 1990, 322:83-88.

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[34] Mary Brooks, National Housing Trust Fund Project, conversation with author, May 20, 2001.

[35] Sacramento Housing and Redevelopment Agency, 1998.

[36] http://www.nahb.com/facts/economics/houdir.html.

[37] Alabama Consolidated Plan, 2000 – 2005, http://www.ahfa.com/Publications/Brochures/CPOOWEB.PDF.

[38] *Ibid*.

[39] Methodology: US Department of Commerce RIMS II Analysis for Alabama (jobs; earnings), assumes 50% single-family homes (33.80 jobs; 0.7840 earnings); 30% multi-family homes (31.20; 0.7085); and 20% maintenance and repair (31.60; 0.7316).

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[41] *Out of Reach*

[42] Methodology: US Department of Commerce RIMS II Analysis for Alaska (jobs; earnings), assumes 50% single-family homes (23.6 jobs; 0.5696 earnings); 30% multi-family homes (18.10; 0.4885); and 20% maintenance and repair (17.30; 0.5243).

[43] "State of Arizona FY 2000 - 2004 Consolidated Plan," Arizona Department of Commerce, Office of Housing and Infrastructure Development, www.azcommerce.com/housing/Draft%20Consolidated%20Plan.shtml.

[44] *Ibid*.

[45] Methodology: US Department of Commerce RIMS II Analysis for Arizona (jobs; earnings), assumes 50% single-family homes (28.00 jobs; 0.7396 earnings); 30% multi-family homes (26.30; 0.6753); and 20% maintenance and repair (27.10; 0.6928).

[46] U.S. Department of Housing and Urban Development, Office of Community Planning and Development, State of Arkansas Consolidated Plan, FY 1995, http://www.hud.gov/library/bookshelf18/plan/ar/statear.html.

[47] *Ibid*

[48] Methodology: US Department of Commerce RIMS II Analysis for Arkansas (jobs; earnings), assumes 50% single-family homes (35.40 jobs; 0.7172 earnings); 30% multi-family homes (29.50; 0.6380); and 20% maintenance and repair (29.70; 0.6597).

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[50]

[51] *Out of Reach*.

[52] *Ibid*.

[53] *Housing Vacancy and Homeownership Annual Statistics* US Census Bureau, 2000.

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[55] Methodology: US Department of Commerce RIMS II Analysis for Connecticut (jobs; earnings), assumes 50% single-family homes (22.30 jobs; 0.6763 earnings); 30% multi-family homes (17.80; 0.5769); and 20% maintenance and repair (18.60; 0.6182).

[56] "State of Delaware Consolidated Plan, FY 2000 Annual Action Plan," Delaware State Housing Authority, May 2000.

[57] *Out of Reach*.

[58] *Ibid*.

[59] Delaware Consolidated Plan.

[60] Methodology: US Department of Commerce RIMS II Analysis for Delaware (jobs; earnings), assumes 50% single-family homes (19.00 jobs; 0.5256 earnings); 30% multi-family homes (15.70; 0.4623); and 20% maintenance and repair (15.90; 0.4840).

[61] "State of Florida Consolidated Plan, FY 2000 – 2004," Florida Department of Community Affairs, www.dca.state.fl.us/fhch/programs/cdbgp/Materials/conplan.PDF.

[62] *Ibid*.

[63] Methodology: US Department of Commerce RIMS II Analysis for Florida (jobs; earnings), assumes 50% single-family homes (30.70 jobs; 0.7292 earnings); 30% multi-family homes (26.50; 0.6583); and 20% maintenance and repair (27.10; 0.6822).

[64] "Georgia Consolidated Plan, FY 2000, Interim Consolidated Plan for the State of Georgia," Georgia Department of Community Affairs, May 2000.

[65] *Out of Reach*, September 2000.

[66] Georgia Consolidated Plan, FY 2000.

[67] Methodology: US Department of Commerce RIMS II Analysis for Georgia (jobs; earnings), assumes 50% of $10 million is spent to producing single-family homes (33.50 jobs; 0.8141 earnings); 30% of $10 million is spent to produce multi-family homes (27.80; 0.7340); and 20% of $10 million is spent on maintenance and repair (28.10; 0.7500).

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[69] *Housing Vacancy and Homeownership Annual Statistics* US Census Bureau, 2000.

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[79] Methodology: US Department of Commerce RIMS II Analysis for Illinois (jobs; earnings), assumes 50% single-family homes (29.30 jobs; 0.8108 earnings); 30% multi-family homes (22.80; 0.7063); and 20% maintenance and repair (24.00; 0.7506).

[80] *Housing Vacancy and Homeownership Annual Statistics* US Census Bureau, 2000.

[81] *Out of Reach.*

[82] "2001 State of Indiana Consolidated Plan Update," Indiana Housing and Finance Authority, April 2001.

[83] Methodology: US Department of Commerce RIMS II Analysis for Indiana (jobs; earnings), assumes 50% single-family homes (35.00 jobs; 0.7699 earnings); 30% multi-family homes (28.00; 0.6779); and 20% maintenance and repair (28.9; 0.7206).

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[87] *Out of Reach.*

[88] *Ibid.*

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[90] *Housing Vacancy and Homeownership Annual Statistics* US Census Bureau, 2000.

[91] Maine Five-year Consolidated Plan and Year 2000 Action Plan.

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[95] Methodology: US Department of Commerce RIMS II Analysis for Nebraska (jobs; earnings), assumes 50% single-family homes (36.00 jobs; 0.6862 earnings); 30% multi-family homes (27.00; 0.6135); and 20% maintenance and repair (27.20; 0.6340).

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[101] Methodology: US Department of Commerce RIMS II Analysis for Alaska (jobs; earnings), assumes 50% single-family homes (23.6oo jobs; 0.5696 earnings); 30% multi-family homes (18.10; .04885); and 20% maintenance and repair (17.30; 0.5243).

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[103] *Ibid*.

[104] Methodology: US Department of Commerce RIMS II Analysis for New Mexico (jobs; earnings), assumes 50% single-family homes (34.60 jobs; 0.6678 earnings); 30% multi-family homes (28.10; 0.6082); and 20% maintenance and repair (28.20; 0.6214).

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[107] Methodology: US Department of Commerce RIMS II Analysis for Ohio (jobs; earnings), assumes 50% single-family homes (37.10 jobs; 0..8115 earnings); 30% multi-family homes (27.40; 0.7113); and 20% maintenance and repair (28.80; 0.7517).

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[110] *Housing Vacancy and Homeownership Annual Statistics* US Census Bureau, 2000.

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[112] Methodology: US Department of Commerce RIMS II Analysis for Pennsylvania (jobs; earnings), assumes 50% single-family homes (32.80 jobs; 0.7908 earnings); 30% multi-family homes (25.00; 0.6980); and 20% maintenance and repair (25.60; 0.7281).

[113] U.S. Department of Housing and Urban Development, Office of Community Planning and Development, State of Wyoming Consolidated Plan, FY 1995.

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Methodology

The report estimates affordability based on the 30 percent of income standard used in federal housing policy subsidy programs. This standard is the generally accepted measure of affordability.

Estimating the economic impact of a National Housing Trust Fund

This report uses the U.S. Department of Commerce's Regional Input-Output Modeling System (RIMS II) to estimate the effect that a National Housing Trust Fund would have on national and state economies. Developed in the 1970s, RIMS II is widely used in both the private and public sectors to estimate the impact of expenditures in nearly 500 specific industries for any region that includes at least one county. More information about RIMS II can be found at www.bea.doc.gov/bea/regional/rims/brfdesc.htm.

Paladin Village Apartments, Greenville, North Carolina. Paladin Village is a family rental development.

The report assumes that a National Housing Trust Fund will have the same average leverage rate as local Housing Trust Funds: $9 for every $1 it spends. This report uses three RIMS II industries most likely to be supported with National Housing Trust Fund dollars: single-family units (RIMS II industry 11.0101), multiple-family units (RIMS II industry 11.0102), and new additions and alterations (RIMS II industry 11.0105). This analysis assumes that 25 percent of a $5 billion investment will help construct single-family homes, 65 percent will help construct multiple-family homes, and 10 percent will fund maintenance and repairs.

Estimating the percentage of households struggling to buy a home by state

This estimate compares median home price data to the percentage of households with sufficient income to purchase a median priced home. Median home price data is taken from Thomas A. Fogarty, "Home Prices Rising Rapidly," *USA Today,* May 31, 2001. Monthly mortgage payments are estimated by the Advanced Access mortgage calculator tool at www.aavirtualoffice.com, which considers monthly payment with interest, monthly mortgage insurance, and monthly property tax. Estimates are based on a $5,000 down payment, 30-year mortgage, and 7.5 percent interest rate. Income data is taken from the 1990 decennial census.

To determine the number of households that were unable to afford the monthly mortgage payment required to buy a median-priced home, we used 1990 census data. The 1990 census data is the most recent available data that provides state-by-state household income in intervals of $5,000;

similar data from the 2000 decennial census will likely not be available until 2002. When the median household price fell in between two $5000 intervals, the more conservative dollar amount was used. While the income data used in this analysis is from 1990 and the housing prices used are from 2000, income for lower and moderate-income households did not increase substantially the last decade. While median household income increased modestly between 1997-1999 in the U.S., household median income actually decreased by 4 percent between 1989 and 1996 (see John McNeil, "Changes in Median Household Income 1969 to 1996," U.S. Census Bureau, 1998 and Wendell Primus, "Analysis of 1999 Census Poverty and Income Data," Center on Budget and Policy Priorities, 2000.) In addition, income disparities have widened significantly since 1989 and the wealthiest one percent of income tax filers saw their income increase by 40.4% while those in the bottom 90 percent have enjoyed a very modest 5.2 percent increase in after-tax income. (See Isaac Shapiro, "The Latest IRS Data on After-Tax Income Trends, Center on Budget and Policy Priorities, 2001.) Increases in median income between 1997-1999 are likely the result of massive increases in wealth in those households in the top income decile.

Estimating the percentage of renters struggling to afford an apartment:
We used the National Low Income Housing Coalition 2000 "Out of Reach" report to show the percentage of renters in each state who cannot afford market rents. This report is available at www.nlihc.org.