

## **Senator Maria Cantwell**

### REMARKS – Maryland Affordable Housing Coalition (10-15 Minutes)

Thank you, Ivy, for that introduction.

And thank you to the Maryland Affordable Housing Coalition for hosting this event and to all of you for your important work.

Affordable Housing is a crisis in this country. It is as real of a crisis as Hurricanes Harvey, Irma, and Maria.

And I would say it's an even greater crisis: more persistent, with long term implications that left unaddressed will only continue to grow.

This past February, more than 2,000 families packed into the New Holly Gathering Hall in South Seattle

Each family was hoping to hear its names called.

It wasn't a contest or a game: it was a lottery.

A lottery to see which families would get an affordable home.

Mercy Othello Plaza would soon open 108 affordable apartments.

However, 108 units hardly a match for more than 2,000 families.

Based on numbers alone, their chance of getting an affordable home was lower than an applicant's chance to get into Harvard.

95 percent of the families attending that night left disappointed continue their search for an affordable home.

This is just one story among many of the crisis gripping our nation.

This crisis impacts every single state and every community, urban and rural alike.

As I have travelled across Washington state and the country, talking with those hit hardest by the affordable housing crisis, I have seen veterans, the elderly, families, and young workers all struggling to find affordable housing.

The most damning part of this crisis? We know how to solve it. What we need is the courage to act.

### **How did we get here**

For decades, housing growth was the most simulative part of our economy.

Throughout the 1980s, housing was 18 percent of our country's GDP.

Today, that number has dropped to 15 percent.

When people discuss tax reform and GDP growth, housing is still one way we can generate economic growth.

In the 60s, 70s, and 80s, usually there was a cheer that went up for housing, but since the economic downturn, you have not heard that cheer.

Housing has, however, increasingly become a key factor of economic instability of American families and our communities.

Over the past 50 years, the share of American families paying more than they can afford in rent has *doubled*.

20 million American families—including 11 million renters—are spending more than half their incomes on housing.

That means less money for the essentials: food, health care, or gas.

The National Low-Income Housing Coalition tells us that a 7.4 million more affordable homes are needed. That is an increase of 60 percent since the year 2000.

Affordable housing is simply out reach for many families in Baltimore. 57 percent of the city's renters are considered cost burdened.

Across the entire state, 186,000 Maryland households pay more than half their monthly income on rent.

There is not a single state in the entire country where someone working a minimum wage job can afford to pay an affordable rent.

These United States have become the rent-burdened economy

And the crisis unaddressed is only going to get worse.

Earlier this year, a study found that with no action, the next 10 years will see another 25% increase in the number of Americans spending half of their monthly income on rent.

### **Causes of the Crisis**

#### *Demand*

How did we get here?

Well for starters, the 2007 housing crash pushed millions of families into the rental market and reduced wages for working families.

The **demand** for rental housing has skyrocketed since the financial crisis.

Over seven million Americans lost their homes to foreclosure causing the demand for affordable housing to grow.

Over the last ten years, the number of renters has the largest gain in any 10-year period on record, and the demand for rental housing shows no sign of slowing down in the future.

Millennials are more likely than any other generation to rent instead of own, and veterans, retirees, elderly are moving into rental property in large numbers as well.

### *Supply*

At the same time, as demand is going up, **supply** has failed to keep pace.

Affordable housing stock is being converted to market-rate units.

New production of affordable housing has not filled this gap.

Production of affordable housing is at the lowest 10-year production rate on record since 1974.

The **combination of increased demand and lack of production** has helped cause the explosion in our affordable housing crisis.

From 2000 to 2013, the total number of Americans facing extreme housing unaffordability has exploded, from 7 million to 11.2 million, a nearly 60 percent increase.

### **Hurricane Disaster Relief**

While everyone is talking about disaster and helping communities recover, we also need to help families in Baltimore, in Seattle, and across the country recover.

LIHTC is a critically important tool for communities to recover from natural disasters.

In the aftermath of Hurricane Katrina, Congress passed an expansion of the Low Income Housing Tax Credit that cost \$1.1 billion to build 28,000 affordable units on the Gulf Coast.

But more than 275,000 homes were destroyed by Hurricane Katrina.

The Low Income Housing Tax Credit helped to rebuild, but it did not solve the housing crisis in New Orleans.

Market rates in New Orleans are thirty five percent higher after the storm and thirty-seven percent of households in the city are paying half their income for housing.

Now, twelve years later, another disaster has hit and we still need to address the larger crisis of affordable housing.

Texas has 29 affordable apartments for every 100 extremely low income renter household.

Houston is third worst in the country for housing availability for extremely low income households among all major metro areas.

And now many families coming to Florida from Puerto Rico are finding it even more difficult to find affordable housing.

After the devastating hurricanes, families in Texas, Florida, and Puerto Rico face enormous housing needs.

### **Proposal**

We need to address this crisis of natural disasters, but doing nothing to address the larger underlying crisis of affordable housing is wrong.

By expanding the LIHTC credit by 50 percent, it is estimated that Texas, Florida, and Puerto Rico would be able to create almost 16,400 affordable units.

But more than 85,000 homes in Houston alone were damaged by Harvey.

We need systemic investment in affordable housing in these critical areas and across the country.

### **LIHTC**

This crisis demands we take action in Congress. Not some day in the future, but right now.

LIHTC was a bipartisan creation enacted in 1986 that has helped build 3 million affordable rental homes across this country over the last 30 years.

In fact, 90 percent of all affordable housing built in this country is built using these tax credits to help make rents affordable to the neediest Americans.

If you want to make a dent in our affordability crisis, and begin filling the gap, you need to increase this credit.

That is why Senator Hatch and I introduced the Affordable Housing Credit Improvement Act, a bill which will increase the annual allocation of low income housing tax credits by 50 percent, allowing the creation of over 400,000 additional new units over the next 10 years.

But it's not just about the housing this bill will help build. The impact stretches throughout the economy, including right here in Baltimore and across Maryland.

Since the credit was created in 1986, LIHTC has supported 69,700 jobs, created \$6.6 billion in wages and business income, for Maryland.

In total, the Low Income Housing Tax Credit has helped develop or preserve 3 million homes and provided 7 million low income families with affordable housing.

Enacting this additional credit would create an additional 452,000 jobs over the next 10 years.

This is how you get the economy to grow. Housing construction alone supports more than 2.6 million jobs.

And we can also get savings by putting a roof over people's heads.

One study found that placing people in affordable housing lowered federal Medicaid expenditures by an average of 12%.

And a University of Pennsylvania Study found taxpayers could save \$16,200 per homeless person placed in affordable housing.

Housing provides the investment and job creation that has historically contributed to between 2 and 4 percent GDP growth each year since the 1980s.

The housing market is an underpinning of our economy.

We need to make sure the tax code works for people to purchase homes and for people to find affordable housing.

Helping put a roof over the heads of families who need affordable is how we will grow the economy.

Thank you.