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Communities of Opportunity: Pursuing a Housing Policy Agenda to Achieve Equity and Opportunity in the Face of Post-Recession Challenges

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Introduction

Where we live directly impacts our ability to achieve our full potential. Access to good schools, quality jobs, reliable transportation, and healthy food is fundamental to achieving communities of opportunity. Unfortunately, communities of color, and urban black communities in particular, are disproportionately residing in neighborhoods locked out of opportunity, or disproportionately burdened by housing costs —spending over half of their income on housing. In 2015, PolicyLink undertook a research project to understand the changing post-recession housing landscape, to characterize the forces that were undermining housing security for communities of color, and to characterize the policy opportunities that could address the challenges from a core value of equity – the just and fair inclusion of all – to ensure that a child's zip code does not determine her destiny.

Housing is not only the single greatest expense for most families, it is also a key determinant in whether or not household members have the resources to live healthy lives and achieve their full potential. Bringing an equity lens to housing is about much more than affordability; equitable housing must also connect workers, residents, and communities of color to the jobs, schools, services, and community assets that will enable them to thrive and be healthy.

This article reviews current housing trends and proposes an integrated equity framework to create communities of opportunity for all - where everyone can thrive.

2016 Housing Trends

The following section characterizes the current impacts of nationwide housing trends on low-income and communities of color; on renters and the housing market; and on the economy.

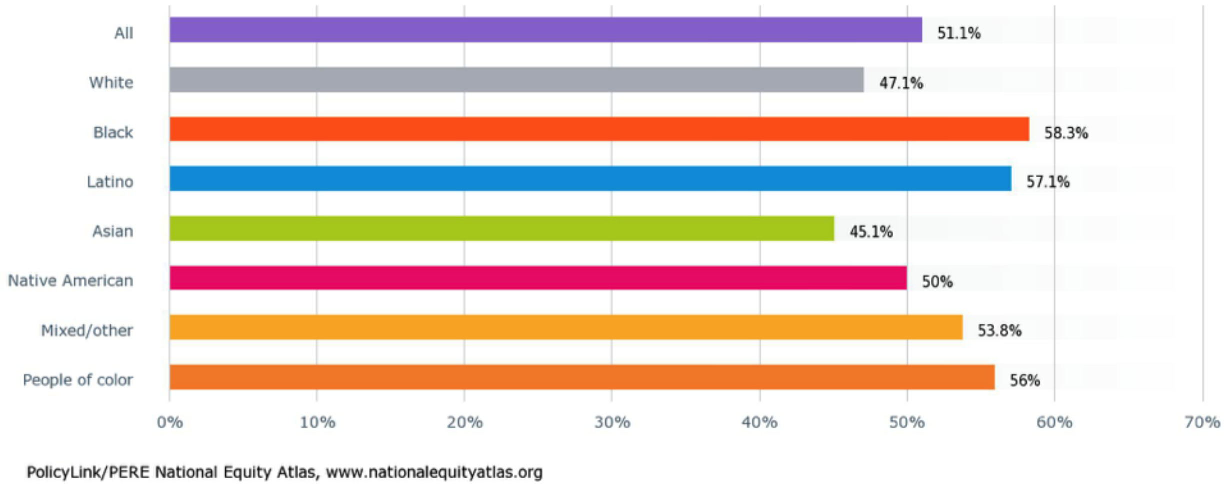
Impacts on Low-income Communities and Communities of Color

Though racial disparities in housing security have a long history, these disparities accelerated during the Great Recession of 2008 and continue to worsen. The recession's aftermath altered the housing landscape and left behind an uneven recovery that continues to have health and economic consequences. Fueled by the subprime lending that targeted people of color and their neighborhoods, Hispanics lost 66 percent of household wealth through foreclosure, African Americans lost 53 percent, and Whites lost 16 percent (Kochar, Fry, and Taylor, 2011). Job losses and the public sector budget deficits that followed the collapse of the housing bubble further compounded housing challenges. by. The significant recession-era cuts to federal, state, and local investments in affordable housing that followed have not been restored. A resulting growth in renter households, a new corporate strategy of investing in and maximizing rents from single-family rental homes, and the loss of family-supporting wages as the economy produces mostly low-paying service jobs all constitute the current landscape.

While stable, affordable housing supports better intellectual development outcomes for children (Rosen, 2014), 43 percent of families with children report that they are struggling to afford housing (Meadows, Sell, Blinkoff, and Repcheck, 2014). People of color are especially affected: half of all African American and Hispanic children live in households that spend more than 30 percent of their income on rent, and almost a third of White children face such challenges (Meadows et al., 2014). Families facing housing cost burdens move more frequently, bringing great instability to children's lives. Low-income families are particularly susceptible to relocating: in any two-year period, 43 percent of extremely low-income families with children move homes (Meadows et al., 2014).

Figure 1

Housing-Cost Burdened Households (>30% income) by Race, 2012



Gentrification is undermining the social and economic fabric of communities of color nationwide. The affordable housing crisis is leading to more and more low-income families and individuals being evicted to make room for higher paying renters or condominium purchasers (Gudrais, 2014). Rapidly gentrifying urban centers are leading low-income households to relocate to suburbs where they are further removed from essential supports and services, such as public transportation and job centers (Shaw, 2013). One study estimated that 16 percent of people-of-color urban neighborhoods experienced gentrification from 2000 to 2009 (Owens, 2012). *Governing* magazine found that 8 percent of neighborhoods in the nation's 50 largest cities gentrified between 2000 and 2013, with between 20 and 58 percent of census tracts gentrifying in the top 15 cities (Maciag, 2015). Strong-market cities like Portland, Oregon (58.1 percent), Washington, DC (51.9 percent), Minneapolis (50.6 percent), and the San Francisco Bay Area witnessed concurrent job and development growth, and saw significant displacement of communities of color—such as the loss of 72,000 African Americans from San Francisco and Oakland over the last two decades, or the displacement of 8,000 Latino residents from their cultural enclave in the San Francisco Mission District over the last decade and a half. In several high-cost cities, an additional stressor has been the conversion of lower cost rentals and foreclosed homes into more profitable high-cost rentals or short-term rentals facilitated by online brokering companies such as Airbnb. A study commissioned by the San Francisco Board of

Supervisors found that 15 percent of the rental housing stock in that city was removed from the market by such arrangements (Brousseau, 2015). This increased shortage of available units drives market rents higher for all renters.

The 4,161 racially and ethnically concentrated areas of poverty (RECAPs) across the United States, where over 14 million people live, include over 4 million children (Mast, personal communication, September 2, 2015). RECAPs are census tracts where the family poverty rate is over 40 percent and a majority of the residents are people of color. According to the Census Bureau, in 2014 the overall poverty rate nationwide for African Americans was 26.2 percent, with 10.8 million people in poverty; for Latinos 23.6 percent, with 13.1 million in poverty; for Asians, 12 percent, with 2.1 million people in poverty; for Whites, 10.1 percent, representing 20 million people (DeNavas-Walt and Proctor, 2015). While poverty in itself contributes to health disparities and compromised life expectancy, the stresses of life in disinvested RECAPs exacerbate these disparities. People with disabilities have an exceedingly high poverty rate, with 28.5 percent of adults with a disability experiencing poverty (DeNavas-Walt and Proctor, 2015).

The disproportionate arrest and incarceration rates of people of color in the United States limits their subsequent access to safe and affordable housing and work opportunities. The racial disparities in arrest and incarceration rates have strong implications for individuals with a criminal record seeking stable housing. African Americans are incarcerated at nearly six times the rate of Whites (NAACP, 2015), and Latinos are incarcerated at four times the rate of Whites (Bishop, 2008), with incarceration rates over the past two decades increasing fourfold (Fontaine and Biess, 2012). Low-income individuals with arrest records and the formerly incarcerated and their families face denials in accessing subsidized housing, due to criminal background checks by public housing authorities (PHAs) and owners of federally assisted housing, often in violation of state law. Studies show that individuals released from prison without access to permanent housing are much more likely to commit crimes again and to be reincarcerated, with public costs to an overburdened criminal justice system, not to mention the financial and emotional toll on crime victims, far exceeding the costs of providing housing.

Land use policies and “not in my backyard” denials of proposed projects continue to exclude lower-income renters and people of color from higher opportunity neighborhoods. Local zoning and land use practices continue to exclude apartment buildings, modest size homes, and rental housing vouchers, preventing low- and moderate-income housing from being developed ("Exclusionary Housing Policies," 2015). Exclusionary zoning in suburban areas prevents low-income people from living in high-opportunity neighborhoods, increases transportation and other costs for families who are already struggling to make ends meet, and reinforces residential racial segregation (Squires and Kubrin, 2006). Other factors include disinvestment in urban areas in favor of suburban investment and land use patterns (Hirsh, 1983), the legacy of redlining, and other exclusionary practices (Levy, McDade, and Bertumen, 2011).

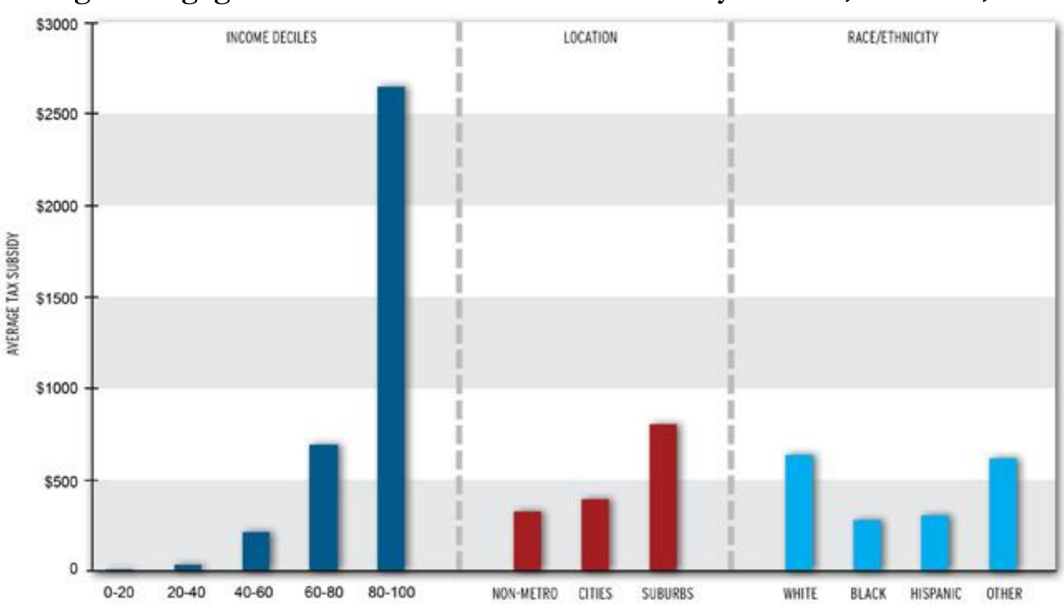
Though poverty has historically been perceived as an urban and rural issue, the number of poor people living in the suburbs has grown rapidly in recent years, and in 2012 there were 3 million more poor people living in the suburbs than in American cities (Kneebone and Berube, 2013). Unlike urban areas where a range of services and amenities are typically concentrated and accessible, car-centric suburbs have challenges in meeting the complex needs of a growing number of low-wage households with varying transit needs (Pendell, Weir, and Narducci, 2013). Transportation costs strongly impact lower-income households that are pushed to suburbs with fewer transit options. Low-income people tend to own older, less fuel-efficient cars, if they own cars at all, causing increased emissions levels when these residents who do own cars are pushed out to suburbs further from job centers. Nearly 14 percent of Latino and Native American households and 20 percent of African American households lack access to automobiles (Bell, Cohen and Malekafzali, 2009).

Impacts on Rental and Subsidized Housing

The rental population is growing dramatically, with nine out of the 11 largest cities in the United States experiencing double-digit percentage growth in the number of renters from 2006-2013 (Ellen, 2015). In the eight years leading up to 2013, more than 1 million new renters were added each year nationally, the strongest growth in 50 years (Fernhald, 2014). According to Zillow's chief economist, Stan Humphries, "renting has never been less affordable in this country" (Stephens, 2015). While renting instead of owning in itself is not a problem, an increase in renters that is driven by families losing their homes, in a time when little affordable rental housing is being produced and wages are stagnating or losing ground, means increasing housing cost burdens, particularly for low-income households. The enormous increase in demand for rental housing has led to plummeting vacancy rates in all but two of the 11 largest cities in the United States (Ellen, 2015). Extremely low-income renters are particularly vulnerable to the shifting market, with over 75 percent paying more than half of their incomes on rent and utilities (Bolton, 2015). Nationwide, there are just 31 affordable and available units for every 100 extremely low-income renter households (Bolton, 2015).

Federal housing subsidies fall short of their stated goal of broadening homeownership and shortchange renters. Most of the funds from the Home Mortgage Tax Deduction (HMTD) program go to high-income homeowners, who use it to purchase larger and more expensive homes (Fischer and Huang, 2013). Over 77 percent of the deductions go to homeowners with incomes upwards of $100,000 (Fischer and Huang, 2013). Most low-and middle-income families, who are disproportionately of color, receive no benefit at all from the deduction (Fischer and Huang, 2013). Conservative estimates of the annual subsidy to homeowners via the HMTD range from $70 billion to $195 billion per year (Hanson et al., 2014). By comparison, federal subsidies for affordable rental housing amount to $46 billion per year (Florida, 2015).

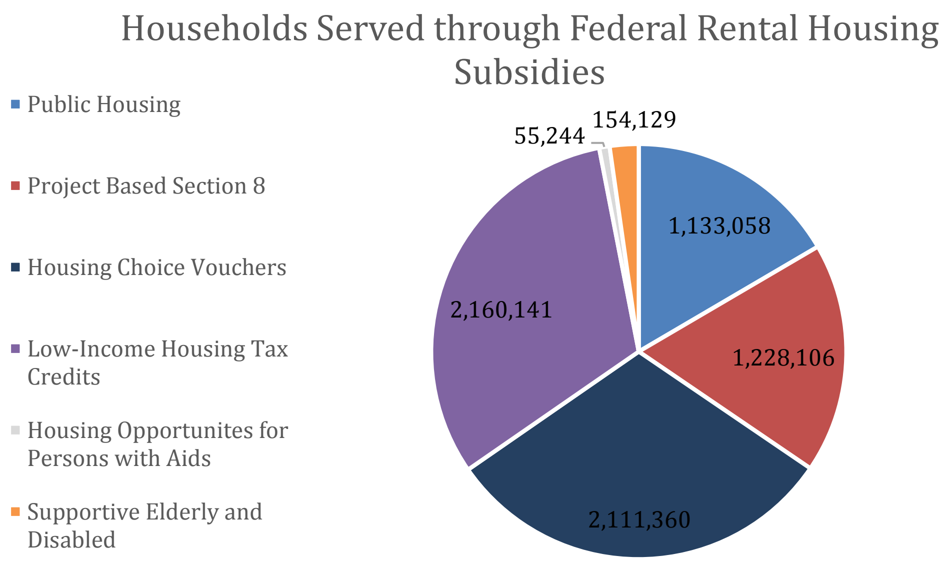
Figure 2
Average Mortgage Interest Tax Deduction Benefits by Income, Location, and Race



Loss of affordable housing stock is significantly contributing to the household affordability crisis. Hundreds of thousands of affordable housing units are lost each year as affordability requirements expire, with nowhere near the added affordable housing construction to offset these losses (Fernhald, 2014). By 2020, up to 1 million Low Income Housing Tax Credit-subsidized units may no longer be required to provide low-cost rents (Khadduri, Climaco, and Burnett, 2012). More than 190,000 voucher-assisted units are shedding their affordability restrictions each year (Fernhald, 2014). Looking forward, out of the 4.8 million total subsidized units across the nation, more than 2 million are set to expire from affordability restrictions over the next decade (Fernhald, 2014).

Demolition and loss of rental housing has further decreased the supply of such units and contributed to increased rents. Nearly 2 million rental units, including 650,000 low-cost housing units, almost 13 percent of the low-income units renting for less than $400 a month, were demolished between 2001 and 2011 (Fernhald, 2014). Additionally, HOPE VI and Choice Neighborhoods redevelopment of public housing has meant close to 20 percent of the public housing stock nationwide have been lost or approved for demolition (Goetz, 2014). Deferred maintenance is also taking a toll, with the U.S. Department of Housing and Urban Development (HUD) estimating that the total cost of meeting basic health and safety standards for public housing to be in excess of $26 billion (HUD, 2015). As public housing developments continue to face federal austerity cuts and delays to normal maintenance, the share of inadequate public housing units will continue to grow.

Figure 3



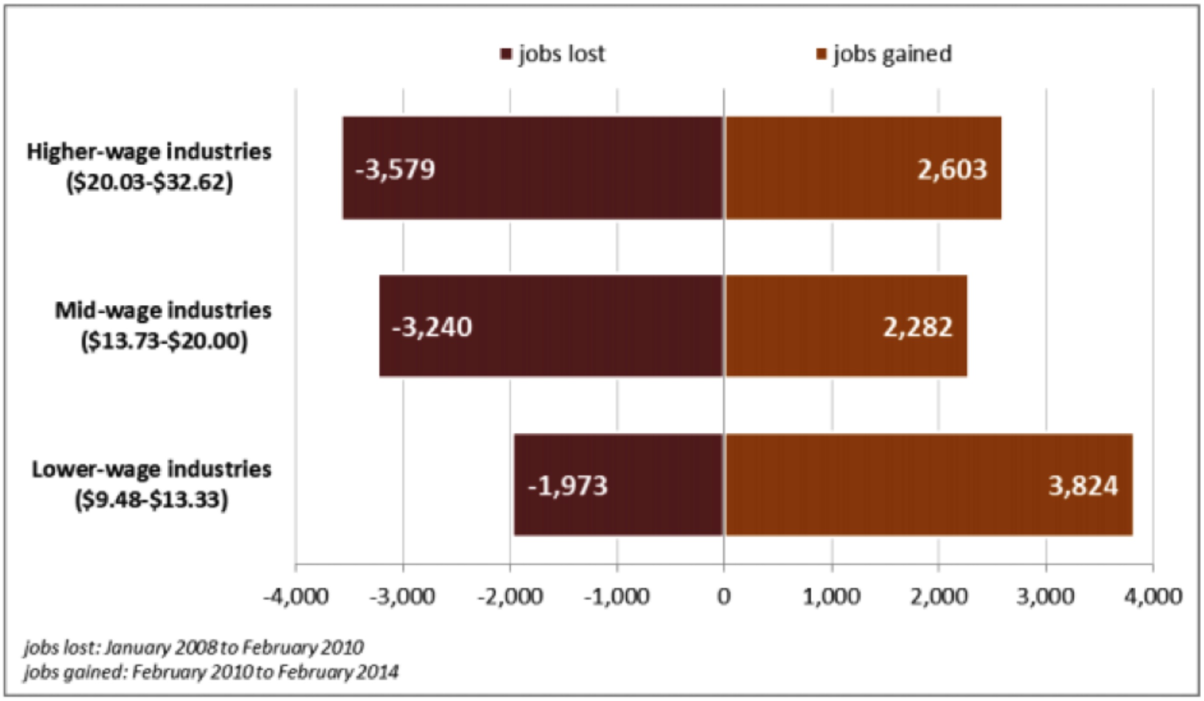
Sources: Center for Budget and Policy Priorities "United States Fact Sheet: Federal Rental Assistance", "HOPWA Performance Profile – National Program"; HUD "Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012"

Only one in four low-income households that qualify for rental subsidies receive them. Housing assistance is not guaranteed for all who qualify, currently leaving 11.5 million extremely low-income renters to compete for a shrinking stock of 3.3 million affordable and available units (Fernhald, 2014). Housing vouchers are in short supply, with under a quarter of the 19.3 million households eligible for rental subsidies receiving assistance (McCue, 2015). Due to across-the-board spending cuts implemented under sequestration in 2012, HUD's voucher program was slashed by billions of dollars, resulting in an estimated 42,000 fewer households receiving housing assistance, according to the Government Accountability Office (GAO, 2015). Additionally, the increasing gap between rising rents and stagnant incomes has resulted in increased federal spending per housing voucher. While voucher subsidies have increased to an average of $705 per month, the average rent has increased 13 percent to $1,041 per, meaning fewer eligible households can be served (Fernhald, 2014).

Figure 5

Economic Impacts

Net Change in Private Sector Employment (in thousands)



Source: NELP analysis of Bureau of Labor Statistics data, see Appendix A for details.
Note: Wage ranges are updated from earlier reports to adjust for inflation and are in 2013 dollars. At the time of publication, employment data for disaggregated industries was only available through February 2014.

Housing costs are rising faster than wages, with 14.3 million households across America facing growing housing instability with increased housing costs, low wages, and diminishing affordable housing stock (Johnston, 2015). Housing is considered unaffordable when the median rent prices exceed 30 percent of median pre-tax income (“Affordable Housing,” 2015). Nationwide, by this measure, fully 53 percent of renters are considered housing cost-burdened (Arnold et al., 2014). An increasing percentage of U.S. households are renters, who pay a growing portion of their income for housing. Those most adversely cost- burdened include the three-quarters of extremely-low and low-income households who pay more than 50 percent of their incomes on housing expenses (Viveirio and Sturtevant, 2014). Rental rates rose 6 percent between 2000 and 2012, while renter incomes fell 13 percent in the same time period. The National Bureau of Economic Research estimates that this unbalanced housing market has deprived the United States of 9.5 percent of gross domestic product growth, mostly due to tight housing markets making more productive work inaccessible to American workers (Hsieh and Moretti, 2015).

Unaffordable housing increases the risk of eviction, housing instability, food insecurity, and economic losses. When housing costs increase, low-income households are forced to seek other housing options, often in low-opportunity neighborhoods with higher concentrations of lower-cost, substandard housing units. Even if longtime residents manage to stay in place, rising rent brings about challenging tradeoffs—the most severely cost-burdened households spend 39 percent less on food and 65 percent less on health care than otherwise similar households who live in affordable housing (Fernhald, 2014). For every $500 increase in annual rent costs, a rent-burdened family experiences a 3 percent increase in food insecurity (Charette, Jakabovics, and Spotts, 2014). These health impacts due to housing-cost burdens have strong implications for the U.S. economy. Despite the U.S. spending $3 trillion on health costs annually—more than any other nation per capita—life expectancy is lowest among the wealthiest nations (Woolf and Aron, 2013), with health disparities resulting in over $1 trillion in lost economic gains each year in the United States (LaVeist, Gaskin, Richard, 2011).

Declining wages have taken an intense toll on people being securely housed. While over 9 million new jobs have been created since the 2008 economic crisis, the majority of them have been low-wage service sector jobs ("The low-wage recovery," 2014). On average, the hourly wage for each job lost was $29.63, while the wage for the new jobs was $22.68, an average annual net loss of $14,466 ("U.S. Metro Economics," 2014). At a time when an average full-time worker in the United States must earn $18.92 an hour to afford a decent two-bedroom rental home, over 58 percent of the new jobs in the post-recession recovery period pay less than $13.84 an hour (Arnold, 2014). It is now impossible in any state for a full-time minimum wage worker to afford a one-bedroom or two-bedroom rental unit at fair market price (Arnold, 2014).

Homelessness has grown to include more working families who cannot afford rising costs of housing. Despite substantial efforts to address homelessness, it remains a persistent challenge nationwide. On any given night in America, almost 600,000 people experience homelessness, including over 200,000 people in families ("Snapshot of homelessness," 2015). The public image of chronically homeless people living on the streets represents only about 15 percent of the entire population. The number of people in poor households living doubled up with family and friends grew to 7.7 million people, a rise of 67 percent from 2007 ("The state of homelessness in America," 2015). Provision of wraparound supportive housing has decreased chronic homelessness 21 percent since 2010 and veterans' homelessness by 33 percent. Connecticut (Daly, 2015), New Orleans (Swan, 2015), and Salt Lake City (Wogan, 2013) all managed to effectively eliminate chronic veteran homelessness in 2014, demonstrating health care savings greater than the cost of providing housing.

Housing Justice and Anti-Displacement Campaigns

In the face of the housing affordability, access and quality trends faced by almost 60 percent of African American, Latino, and Native American households, "Development without displacement!" has become the rallying call for local advocates nationwide seeking to insert housing equity as a key success measure as neighborhoods undergo change. A baseline set of strategies for combating displacement in gentrifying neighborhoods, infusing new rental subsidies and neighborhood amenities into the most distressed populations, and expanding access to affordable homes in high opportunity places is key to achieving the goal of communities of opportunity for all.

Tenant protection initiatives. Anti-displacement policy is being advanced by formal local and regional coalitions, comprehensive municipal housing plans, and national anti-displacement networks across hot market areas where job growth and real estate speculation are most severe ("Development without displacement," 2014). With a focus on the public health impacts of rising rents, displacement, and loss of cultural communities, tenants' rights organizations and their allies in over 30 cities are addressing a broad inventory of reforms to mitigate gentrification. Documented by the national affiliate network, Right to the City, campaigns include strengthening tenant protections, taxing corporate landlords on excessive profits, moratoria on evictions or new luxury development, and expansion of off-market housing in land trusts or under nonprofit management (Samara, 2014). To protect tenants from the threat of being displaced due to landlords who want to turn over their property for a profit, jurisdictions have developed just cause evictions policies to ensure that they follow certain guidelines and limit profit-driven evictions. San Francisco recently expanded policies that limit the reasons landlords can evict tenants and disallow rent increases after no fault evictions. To properly enforce such policies, campaigns focus on strong tenant counseling with stable funding sources to ensure that tenants know their rights and have help when faced with pressures from landlords.

To combat unscrupulous landlords who use more subtle means of evicting by not maintaining their properties or harassing their tenants, jurisdictions have adopted tenant anti-harassment policies and have taken more proactive approaches to **code** enforcement. New York City recently strengthened its anti-harassment policy that prohibits landlords from interrupting utilities and other tactics used to push tenants out. In 2014, the city went one step further and began requiring the Department of Housing to post on their website a list of landlords found to have harassed tenants (Navarro, 2015). To give tenants a chance to stay in their units even if a landlord wants to cease being the owner, a number of places have developed policies to give the tenants the first right of refusal for purchasing the property. Perhaps the best known and successful of these is Washington, DC's Tenant Opportunity to Purchase Act, which has been the catalyst of preserving thousands of affordable homes in the rapidly gentrifying city (Diamond, 2006). Rental assistance programs can also help residents stay in their units even as rent goes up or other life circumstances prevent them from paying their rent.

Planning for development without displacement. Hot market cities tend to overlap with expanding knowledge sector and technology industries that bring in large influxes of new workers into largely static housing markets. To an unprecedented degree, public agency leaders and community stakeholders are working in concert to address the pressures. The cities of Oakland (Rose and Lin, 2015), New York, Denver, and Seattle are advancing comprehensive plans to increase housing supply, prevent displacement, reduce inequities in accessing opportunity housing, and address substandard housing conditions. They have all moved or are working to strengthen existing complementary tools in their toolboxes, such as inclusionary housing policies, impact fees, housing trust funds, code enforcement, housing production goals, and housing preservation strategies—all with an eye toward achieving housing equity.

Inclusionary housing policies can be found today in nearly 500 local jurisdictions across 27 states and Washington, DC (Hickey, Sturtevant, and Thaden, 2014). As opposed to requiring affordable units (either directly or through in-lieu fees), some cities choose to incentivize them through density bonuses, which allow developers to build at higher density in exchange for affordable units ("Model Affordable Housing Density Bonus," 2006). For built out areas that may lack sufficient developable land for new units, jurisdictions may consider allowing homeowners to create secondary or accessory dwelling units on their property.

Affordable housing impact fees that charge per square foot of market-rate housing development harness funds that can be used to build affordable homes, as demonstrated in the recently adopted fees in San Jose, California ("Housing Impact Fee," 2015). The fees are based on the idea that every person who moves into a market-rate home will generate a need for services typically provided by employees paid less than the median income. Similarly, jobs-housing balance or commercial impact fees charge per square footage of commercial or retail space developed, with the logic that these developments create low- wage jobs for people who need affordable housing. Affordable housing and commercial impact fees are proliferating in high-cost, low-vacancy cities as affordable housing advocates seek out other sources of funding (Faber and Cohen, 2014).

A number of cities have developed comprehensive housing blueprints or "roadmaps" that set target goals for affordable housing preservation and production. New York set a goal of building or preserving 200,000 units in the next decade (Glen, 2014). Seattle is aiming for 50,000 in 10 years (Murray, 2015). San Francisco hopes to build or rehabilitate 10,000 units by 2020 (Green, 2015). And Oakland looks to preserve or build new 37,000 units over the same timeframe. (Rose and Lin, 2015). These comprehensive plans reflect the urgency that city leaders are placing on addressing the housing affordability crisis, and provide a locally tailored blueprint for cross-agency alignment to effectively channel resources toward housing.

Applying new investment tools to increase housing affordability: National Housing Trust Fund, cap and trade, acquisition funds, mortgage interest reform. New revenue and investment tools are coming on line to reverse austerity trends, including the National Housing Trust Fund; state housing trusts, bonds, and tax credit programs; new cap and trade revenues generated from greenhouse gas emission reduction goals; and local governments adopting such tested tools such impact fees, inclusionary housing, and others. The advancement of the National Housing Trust Fund promises a modest new infusion of dedicated funding to extremely low-income households, with an estimated $250—500 million (National Low Income Housing Coalition, 2015a) in annual funding slated to start in 2016, derived from Fannie Mae and Freddie Mac profits (National Low Income Housing Coalition, 2015b).

New state level affordable housing funds, such as those generated by the cap and trade initiative in California, offer vital new tools that have a role to play in tying investment in health and housing to climate change goals.

There is a renewed focus on off-market preservation of affordable homes—those with expiring subsidies and efforts to purchase market-rate apartments and move them into permanent affordability. Private sector investors have partnered with 12 of the nation's largest community development nonprofits to form the Housing Partnership Equity Trust, a social-purpose real estate investment fund investing in multifamily properties (MacArthur Foundation, 2013). The partnership is capitalized with a $100 million fund to enable competitive acquisition of lower-rent, market-rate properties to preserve affordability in off-market nonprofit management.

Cities and regions that have capitalized transit-oriented development funds—through partnerships with financial institutions' Community Reinvestment Act obligations, philanthropic program-related investments, and layered public funding—are now considering expansion into more off-market acquisition of multifamily housing. These two efforts—place-based funds and nonprofit-based funds—promise to expand permanent affordability into a new sector of the market with potential significant affordability and health benefits.

Efforts to demonstrate co-investment in health and housing are demonstrated in another $100 million philanthropic-community development fund, the Healthy Futures Fund, focused on building 500 new healthy homes and 75 community-based health clinics serving 75,000 low-income people—together generating 1,400 new jobs in higher-poverty neighborhoods.

Finally, while it is not currently an "investment" in the literal sense, the federal home mortgage tax deduction remains the largest *de facto* housing policy in the federal budget, one which privileges wealthier homeowners. Proposals on the table to reform the mortgage interest deduction would cap deductions on mortgages above $500,000, and utilize savings to support low- and moderate-income homeowners and new investments in below-market affordable rental housing.

These promising innovations deserve expansion to scale, with focused targeting of cost-burdened and neighborhood-impacted households.

Leveraging the New Affirmatively Furthering Fair Housing Rule. HUD's new Affirmatively Furthering Fair Housing (AFFH) rule is now requiring states, municipalities, and housing authorities to utilize equity measures and fair housing assessments to inform housing strategy and deliver environmental health outcomes by driving infrastructure investment, addressing racially concentrated poverty, and enhancing housing choice and opportunity. Together with the Supreme Court decision on disparate impact, which upheld that any policy that segregates minorities into poor neighborhoods is a violation of the Fair Housing Act, the rule presents a ripe, and rare, opportunity to advance health and housing outcomes in communities nationwide.

In July, 2015 HUD released the AFFH rule[1]—a long-awaited clarification of fair housing law that will support local leaders in correcting longstanding patterns of discrimination and in investing in strategies that will build opportunity for all residents. Developed with significant input from local-level innovators and experimenters, the release of this rule equips local leaders and advocates with resources and guidance to build stronger, more vibrant communities, where all residents can reach their full potential.

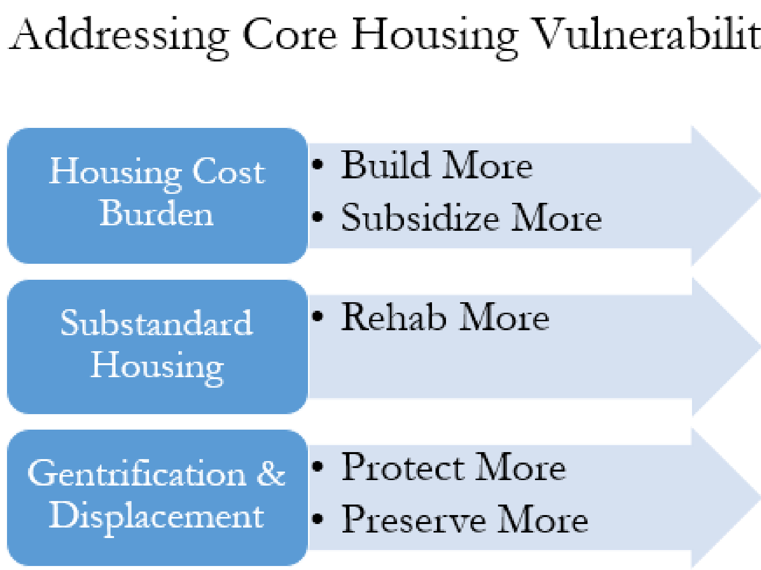
Under AFFH, communities that receive HUD grants will examine, publicly report, and develop strategies to address not only discrimination in housing, but also disparities in neighborhood conditions that have negative health, education, and economic impacts. HUD will provide communities with extensive geographic data covering such areas as racial demographics, poverty levels, access to transit, jobs, exposure to toxics, and school quality. In addition, HUD will provide communities with guidance and technical assistance to support the local planning of fair housing opportunity-focused investments. This information and guidance allows communities to better track where poverty and segregation overlap, which neighborhoods have limited job opportunities, and where affordable housing is located relative to reliable transportation. Armed with this knowledge, local leaders can then develop and implement tailored planning and investment solutions in order to comprehensively address the needs of their residents.

The AFFH methodology was piloted to powerful effect in 74 metro regions with Sustainable Communities projects. It helped expand housing mobility pilots from Chicago into 10 other metropolitan areas, better aligned transit service between low income neighborhoods and job centers, and advanced affordable housing development near transit. In 2016, 23 local jurisdictions or regions will be the first implementers. In 2017, almost a hundred jurisdictions will comply. And over the next five years, over 1,400 cities, counties, states, and housing authorities will comply with the rule’s provisions. As HUD rolls out its rule and planning tool on AFFH, its partners in the Department of Transportation and the Environmental Protection Agency will identify areas of alignment with transit connectivity and environmental justice efforts.

In tandem with AFFH, cities and states can prioritize Low Income Housing Tax Credits (LIHTC), state housing resources, and HUD investments strategically to create access to high-opportunity neighborhoods, to stabilize households in gentrifying neighborhoods, and to rehabilitate health-compromised communities. Civil rights coalitions are calling on the Treasury Department to also issue guidance to align its tax credit administration with fair housing goals, ensuring ties to opportunity in all communities that receive LIHTC support.

Figure 6

RECOMMENDED POLICY FRAMEWORK TO ADVANCE EQUITY & OPPORTUNITY IN HOUSING



The following recommendations draw from the promising movements in the field, and provide a response to the challenging housing and neighborhood circumstances documented in this paper that contribute to limited opportunities faced by people in communities across America. The challenges we face are immense. To rise to the occasion, it is necessary to harness and align the collective resources at every level of government, and in the private and nonprofit sectors, to achieve population-level change.

The key to aligning public policy tools to advance equity in these areas is to focus on the intersection of race and place on opportunity and housing. The following policy opportunities hold promise for addressing housing challenges at all levels over the coming decade.

Ten key equity housing policy priorities that can address racial equity, health, climate, and economic opportunity outcomes:

Launch national and state campaigns to reduce the housing-cost burdens of 14.5 million low- and extremely low-income households experiencing homelessness or paying over 30 percent of their income on housing.

Addressing the housing affordability crisis for the most vulnerable households should be a top priority to prevent the devastating vulnerabilities of homelessness or housing-cost burdens and their cascading individual, family, public health, and social costs. At the top level, the federal government should adopt new housing goals to halve the number of severely cost-burdened households over the next five years, aligning federal funding resources and incentives for states to achieve these goals, and attach incentives to non-housing investments to strengthen equitable neighborhood opportunity outcomes. If every city, county, region, and state additionally set five-year targets and collaborated to address each jurisdiction's share of the population, educational achievement and economic opportunities could be significantly advanced.

Invest in equity-focused organizations' engagement in the first Affirmatively Furthering Fair Housing jurisdictions to ensure strong goal setting and consolidated plans to address healthy homes, cost burdens, infrastructure investment, and anti-displacement. The rollout of the long-awaited fair housing rule from HUD presents a ripe opportunity to showcase best practice partnerships between local jurisdictions and their partners in lowering barriers to fair housing and a more inclusive economy. In 2016, the first 20 jurisdictions will conduct Assessments of Fair Housing and set forth investments in their consolidated plans. In 2017, about 40 more will do so. In 2018, hundreds of jurisdictions will utilize the new tool and process. Success in the early adopters will be critical to advancing housing equity.

Launch campaigns in up to 10 states that have expanded Medicaid to apply prevention funds under the Affordable Care Act (ACA) to healthy housing rehabilitation, housing protections for those facing displacement, and rehousing for those facing loss of shelter. Nevada, Arizona, Colorado, California, New York, Illinois, Washington, Pennsylvania, Michigan, and Kentucky are ripe for building on the most promising practices of leveraging health-care funding and enhancing overall opportunity by investing in healthy housing in transit accessible neighborhoods. Build on demonstrations in these states to broadly inform all national Medicaid and ACA practice.

Invest in tenant protection organizations to advance local and state policies that address neighborhood stability and housing security. There are currently approximately 100 active housing justice campaigns taking place across the United States, advancing renter protections, alternative housing models, and anti-displacement work in a variety of jurisdictions. Their advocacy is critical to building the political will for action. Philanthropic, fair housing, community development, and housing trust fund resources can ensure their effective engagement and counseling support.

Expand housing mobility programs across every metropolitan region with a focus on families with young children and access to good schools, transit, job centers, and healthy environments. Invest in the creation of regional consortia of housing authorities with nonprofit and for-profit developer partners to restructure voucher use in high-opportunity areas, as Chicago has done. In places where gentrification is pushing voucher holders out, use the promise of vouchers to capitalize new affordable development in the improving and high-opportunity neighborhoods of the city.

Tie priority funding of infrastructure investments to address overburdened communities. Set aside and target 25 percent of all capital improvement funds to invest in disinvested, people-of-color communities with higher health disparities, and establish priority scoring for the remaining 75-percent funds that target these communities. Define housing as infrastructure, as Washington state has done, to allow infrastructure bond financing to invest in housing; and ensure targeted infrastructure capital investment in overburdened communities with school facilities, parks, active transportation, transit, water, waste water, broadband, and energy efficiency sectors.

Encourage housing equity roadmaps and new housing production in all major cities and 10-year state housing plans to establish a comprehensive policy framework that identifies resources and policies to robustly address opportunity enhancing amenities, cost burdens, and anti-displacement. Jurisdictions at all levels should tailor and build off the forward looking plans recently released by the cities of New York, Oakland, Seattle, and Denver. States and cities should focus on expediting new affordable multifamily housing to align demand with supply.

Reform land use and zoning regulations to promote high-opportunity housing and affordable transit-oriented development locations, and tie transit investments to progress in this arena. Land use and zoning regulations need to be modernized to encourage high-density, inclusionary, transit-oriented development. The era of single-family, residential zoning dependent on unsustainable car-based transit harms low-income residents, the climate, and our future prosperity. A new model aligned with current population trends will include a balanced spectrum of housing units from micro-apartments to family friendly three-to-four bedroom units. Simple steps like encouraging affordable housing with reduced parking minimums paired with transit access to advance the "triple-bottom-line" can result in better health, equitable development, and in addressing the existential threat of climate change.

Expand financing and focus on acquisition of market-rate multifamily housing for below- market operation by nonprofits. Streamlining the financing, regulatory hurdles, and coordination for acquiring affordable housing can help deliver more affordable housing with greater efficiency. Affordable housing preservation and dedicating 30 percent of market-rate housing to affordability can be more cost effective than building brand new units, and can improve health for those living in older, under-maintained housing, and enable resource-limited jurisdictions to serve more eligible households. Creating capital acquisition funds through philanthropic, federally mandated investment to underserved customers' neighborhoods required under the Community Reinvestment Act, and public contributions can enable the growth of off-market affordable housing.

Link climate, opportunity, and housing outcomes in diverse federal and state agencies to advance equity outcomes in all three arenas. Expand the HUD and U.S. Department of Transportation (USDOT) focus on communities of racially concentrated poverty within federal and state climate plans and regulatory goals. Utilize climate goals to expand housing opportunity for extremely low to low-income households. Building upon HUD's Sustainable Communities' experience, its current Resilience competition, and the recently released AFFH rule as well as the USDOT's pilot Transit Oriented Development Planning Program in 21 cities, the executive branch is poised to align federal spending to maximize opportunity outcomes through every policy intervention. From the departments of Housing and Urban Development, Health and Human Services, Education, Transportation, and

Treasury, and the Consumer Financial Protection Bureau, all arms of the federal government should coordinate efforts to maximize housing affordability and resiliency planning to build opportunity-rich communities for all.

In addition to the above strategies, the 2016 presidential campaign should be leveraged to raise housing challenges into national debates and platforms for action. The extended U.S. presidential primary and general election season is a critical time to encourage candidates to commit to specific policies to address the ongoing housing crisis.

Conclusion

Our nation's future prosperity hinges on how much we prioritize new housing investments in low-income communities and communities of color, creating ladders of opportunity to achieve our highest shared potential.

Despite facing challenging circumstances, there is reason for hope. Advocates won a crucial victory when the Supreme Court preserved the use of disparate impact to challenge exclusionary housing policies. From the recently released Affirmatively Furthering Fair Housing rule; the rise of robust tenants' rights networks; the growing attention to sustainability and resilience; to new philanthropic and community development investment pools—together these provide a strong platform for integrated planning across housing, transportation, education, and economic sectors.

Absent comprehensive and bold investment in our nation's housing infrastructure, the inequities in access to opportunity housing will continue to grow. As policymakers turn their attention to this rising national crisis, it is imperative that plans and strategies mirror the scale of the challenge and are anchored in equity: just and fair inclusion for all.

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