

Guest Commentary: Housing Costs Hurt Families

Housing | America facing crisis providing country's citizens with affordable housing.

By NMHC President Doug Bibby

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America's housing crisis is making it impossible for millions of families nationwide, including thousands in New Hampshire, to find quality, affordable housing. For many families, the shortage of affordable rental housing creates significant hurdles that make it even more difficult to pay for basic necessities like food and transportation. Ultimately, this also impacts their future financial success.

According to a recently released report by Harvard's Joint Center for Housing Studies, in 2013 more than one in four renter households – approximately, 11.2 million – paid more than half of their income for rental housing.

In addition, a 2015 New Hampshire Housing Finance Authority study on residential costs illustrates that “renter household incomes are not keeping pace with the steady increase in rents” in the state. “A renter would have to earn 124 percent of the median income, or more than \$46,000 a year, to be able to afford the statewide median cost of a typical two-bedroom apartment with utilities.” This is unacceptable.

Setting aside that real incomes in the U.S. have not risen in over three decades – a key factor driving the affordability crisis – housing industry leaders agree that promoting construction is a vital way to meet the surging demand for apartment homes.

Today, 38 million Americans call an apartment home. Over the next decade, there could be as many as four to six million additional renter households. It takes between 300,000 and 400,000 newly constructed apartments each year to keep up with demand, yet just 255,600 apartments were delivered in 2014. While this is up 37 percent from 2013, it remains a far cry from the number of apartments needed to meet a growing and serious shortage of rental housing across the country.

Building more apartment homes will help improve the supply-demand imbalance that drives these affordability challenges, but developers and localities must work together to remove obstacles to development. Even if local officials and planning boards agree that new, affordable apartments must be built, land costs, entitlement expenditures, labor expenses and property taxes all contribute to making their construction extremely costly.

There are also too many instances where communities acknowledge that they have an affordability problem, but then hide behind “Not in My Back Yard” rhetoric to prevent the development of much-needed apartment homes.

States and local communities can work together with the private sector to identify and quantify the costs associated with building affordable rental housing. Then, local officials and developers can help reduce the barriers and encourage new construction.

For example, localities could provide developers with a combination of density bonuses, tax abatements, expedited land entitlements or other incentives. This could greatly increase the number of new apartment homes developed to meet the growing need.

Congress can also play an important role. In the short term, lawmakers can pass tax extenders legislation that would renew several key provisions to support affordable housing. This includes making the development of affordable rental housing more possible by modifying and enhancing the Low-Income Housing Tax Credit (LIHTC) program.

Since 1986, the LIHTC program has leveraged federal dollars with private investment to produce nearly 2.8 million affordable units. It remains the most successful federal program for creating affordable housing. Beyond tax extenders, Congress should look to further enhance the program by increasing program resources so that additional affordable rental housing can be built. Additionally, lawmakers should modify LIHTC rules to help enable more households that earn less than the area median income to qualify for the program.

Again, developers are itching to be part of the solution, but they need some assistance to help make a difference when it comes to meeting the need for more affordable rental homes.

America is facing a crisis when it comes to providing our citizens with affordable housing. Although there might be no magic bullet that will help solve the problem by itself, a combination of strategies designed to drive the construction of new units could make a significant dent. The apartment industry has pledged to be at the forefront of driving solutions and we invite all stakeholders and policymakers to work together with us to provide much-needed affordable rental housing nationwide.

Doug Bibby serves as the president of the National Multifamily Housing Council (NMHC) based in Washington, DC. He is a panelist at Friday's New Hampshire Housing Summit at the N.H. Institute of Politics.