

# Introduction to the United for Homes Campaign

Housing Action Illinois  
National Low Income Housing Coalition  
September 10, 2013



**UNITED FOR HOMES**  
CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

# About Our Organizations

- The National Low Income Housing Coalition, developer and leader of the United for Homes Campaign, is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.
- Housing Action Illinois is a statewide coalition formed to protect and expand the availability of quality, affordable housing throughout Illinois. Housing Action's more than 160 organizational members include housing counseling agencies, homeless service providers, and nonprofit developers of affordable housing.



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# Key Agenda Items

- The Gap of in Affordable and Available Rental Housing Nationally and in Illinois
- Filling the Gap: The National Housing Trust Fund
- Paying to Fill the Gap: The United for Homes Campaign
- National and Illinois Advocacy Updates
- Opportunities to Support the Campaign

# The Gap: Rental Housing Nationally

- There are 10.1 million extremely low-income renter households.
- There are only 3 million rental homes that they can afford and that are available to them.
- The national shortage is 7.1 million rental homes.

# The Gap: Illinois Rental Housing

- In Illinois, for FY2013 a family of four is considered by the federal government to be extremely low-income if their annual household income is at or below **\$20,850**. For a single person, the amount is **\$14,600**.
- There are only **28** rental homes affordable and available for every **100** extremely low-income renters in Illinois.
- Illinois is one of **11** eleven states with less than the national level of **30** affordable and available units per **100** extremely low-income renter households.
- The total shortage of units is **306,064**.

# Filling the Gap:

## The National Housing Trust Fund

- The National Housing Trust Fund was authorized by Congress in 2008 but remains unfunded.
- Can build, preserve, rehabilitate, operate rental housing that is affordable for extremely low-income renter households.
- A block grant to states that prioritize how to use their funds, e.g., to create supportive housing to end homelessness, create community-based housing for people with disabilities, rehab vacant/foreclosed properties and/or expand housing opportunities in opportunity areas.

# More on the Trust Fund

- Established as a provision of the Housing and Economic Recovery Act of 2008, which was signed into law by President George W. Bush.
- It is a permanent program, and will have dedicated source of funding not subject to the annual appropriations process.
- At least **90%** of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to **10%** can be used for the following home ownership activities for first-time home buyers: production, preservation, and rehabilitation; down payment assistance, closing cost assistance, and assistance for interest rate buy-downs.
- At least **75%** of the funds for rental housing must benefit **extremely low-income households** and **100%** must benefit very low-income households.

# Paying to Fill the Gap: United for Homes

- Mortgage interest deduction reform over 5 years.
- Lower eligible mortgage to \$500,000.
- Nationally, only **4%** of mortgages between 2007 and 2011 were more than \$500,000. (Only **3%** in Illinois.)
- Convert deduction to 15% non-refundable credit.
- This will save almost **\$200 billion** over 10 years.
- Devote savings to the National Housing Trust Fund for affordable rental housing.



# More on MID Reform

- **Current Law:** Homeowners who itemize on their tax returns can deduct the interest paid on mortgages on first and second homes up to a total of \$1 million, and the interest on up to an additional \$100,000 in home equity loans.
- **Our Proposal:** Reduce the size of a mortgage eligible for a tax break to \$500,000, and to convert the deduction to a 15% non-refundable tax credit. The revenue generated from these savings would be used to fund the National Housing Trust Fund.
- **Understanding a Tax Deduction vs. Tax Credit:** Tax deductions are subtracted from a taxpayer's total income in order to calculate taxable income. Tax credits, on the other hand, are subtracted directly from a taxpayer's tax bill. Tax credits result in a dollar-for-dollar reduction in the amount of tax a taxpayer owes. Tax credits can be more beneficial to taxpayers than tax deductions, especially to those who do not itemize on tax returns.
- **The Results:** 16 million more homeowners would get a tax break. By converting to a credit, all homeowners with mortgages would get a tax break, not just those who have enough income to file itemized tax returns and the number of homeowners with mortgages who would get a tax break would increase from 39 to 55 million. 99% of the homeowners newly eligible for a tax break would be households with incomes less than \$100,000 a year.
- **Public Support:** Americans want a fairer tax code and to end homelessness. According to a national poll, 60% of Americans favor the United for Homes housing tax reform proposal. Seventy-six percent of Americans favor building more affordable housing in their states to help end homelessness.
- **New Revenue for Affordable Housing:** The cost of the MID in 2014 will be \$80 billion. But with our housing tax reform proposal, there will be almost \$200 billion over ten years in new revenue that can be used to address our most important housing problems by funding the National Housing Trust Fund.

# Estimated New Resources for Illinois

**\$196 billion** for National Housing Trust Fund Over Ten Years

**\$9.36 billion** for Illinois Over Ten Years (4.8%)

**\$936 million** for Illinois Each Year

(Note: Estimate by Housing Action Illinois based on all savings from MID reform proposal being invested in Trust Fund and Illinois share being constant over 10 years.)

2012 actual spending on affordable rental housing with all federal, state and local resources:

**\$289 million** City of Chicago

**\$392 million** State of Illinois

**\$681 million** Total

# National and Illinois Advocacy

- Campaign Has 1,200+ national, state and local endorsing organizations, including 70+ in Illinois
- Comprehensive Tax Reform
- H.R. 1213, Common Sense Housing Investment Act of 2013 sponsored by Rep. Keith Ellison (D-MN)
- Additional Funding Possibilities: Fannie Mae and Freddie Mac, GSE Reform
- Illinois is one of several key states actively trying to get Senate and House support

# Opportunities to Support

- Endorse!  
<http://nlihc.org/unitedforhomes/support>
- Let Us Know What You Need to Get Your Organization's Support
- Participate in a House District Roundtable
- Participate in Organizing Strategy for Senators Durbin, Senator Kirk and/or Your House Member

# If We Are United for Homes...

- It is possible to close the gap without costing the federal government any more money.
- The federal government just needs to use its housing subsidies better with less going to higher income people and more going the very poorest people.
- We will reduce cost of mortgage interest deduction and put the savings into the National Housing Trust Fund.

# For More Information

- More information at [www.unitedforhomes.org](http://www.unitedforhomes.org)
- Tax Reform Calculator,  
<http://nlihc.org/unitedforhomes/proposal/calculator>
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