



UNITED FOR HOMES

CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

National Housing Trust Fund (NHTF) – Housing Tax Reform (HTR) Proposal in 3 Easy Steps

Updated November 2014

Step 1: The Gap

- There are 10.1 million extremely low income (ELI) renter households in U.S; in New Jersey 26% of renters (286,468) are extremely low income meaning they earn less than \$25,500 for a family of four.
- There are only 3 million rental homes that they can afford and that are available to them.
- Thus, the national shortage is 7.1 million rental homes.
- In NJ, the gap is 201,286. The result is 76% of ELI renters pay over half their income for housing.



NATIONAL LOW INCOME HOUSING COALITION
2014 State Housing Profile

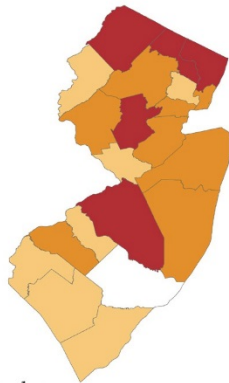
NEW JERSEY

Senators **Cory A. Booker** and **Robert Menendez**

Many renters in New Jersey are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 4/18/14

AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS

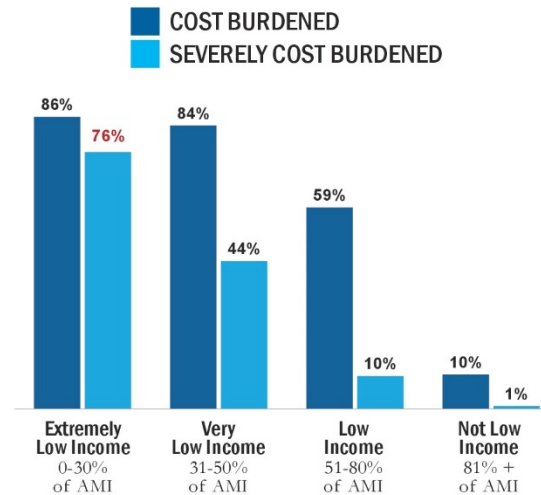


- Insufficient data
- Less than 25** units per 100 ELI households
- Between 25 - 34** units per 100 ELI households
- More than 34** units per 100 ELI households

Source: NLIHC tabulations of 2006-2010 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

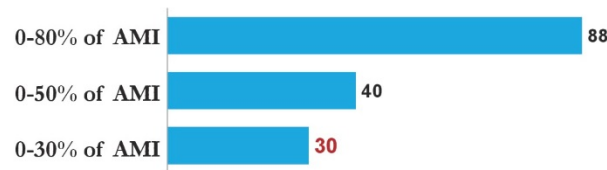
Renter households spending more than 30% of their income on housing costs and utilities are **cost burdened**; those spending more than half of their income are considered **severely cost burdened**.



Source: NLIHC tabulations of 2012 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2012 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

35%

Households in this state that are renters

286,468

OR

26%

Renter households that are extremely low income

\$25,505

Maximum state level income for an ELI household

201,286

Shortage of units affordable and available for extremely low income renters

\$24.92

State Housing Wage

The hourly amount a household must earn to afford a two-bedroom rental unit at HUD's Fair Market Rent

Step 2: How to Fill the Gap

- Fund the National Housing Trust Fund.
- NHTF can build, preserve, rehabilitate, maintain rental housing that is affordable for extremely low income renter households.
- NHTF is a block grant to states that prioritizes how to use their funds, i.e. end homelessness, assure housing for every ELI person with a disability, etc.
- If NHTF had \$5 billion a year, New Jersey would get \$168.6 million



WWW.UNITEDFORHOMES



National Housing Trust Fund

- Established in the Housing and Economic Recovery Act of 2008. Signed into law by President George W. Bush.
- Was supposed to be funded by profits of Fannie Mae and Freddie Mac, before both went into receivership.
- At least 75% of NHTF funds must benefit ELI households; at least 90% must be used for rental housing.
- Funds can be used in several ways: build, preserve, rehab, operate rental housing.
- Block grant to states who will then distribute to eligible developers and non-profit organizations.



WWW.UNITEDFORHOMES.ORG



Step 3: How to Fund the NHTF

- Through modifying the mortgage interest deduction (MID).
- Lower eligible mortgage to \$500,000. The percent of mortgages over \$500,000 between 2007 and 2011 was 4%; in NJ it was 6.2%
- Convert MID to 15% non-refundable tax credit.



WWW.UNITEDFORHOMES



Step 3, continued

- These two changes to MID benefit homeowners because:
- The number of homeowners with mortgages who get a tax break expands from 39 million to 55 million.
- Of the 16 million homeowners to get new tax cuts, 99% have incomes of \$100,000 or less.
- These two changes, phased-in over 5 years, will raise \$200 billion over 10 years.
- This revenue is directed to the NHTF.



WWW.UNITEDFORHOM



Basics on Mortgage Interest Deduction

- **Expensive:** In 2014, will cost \$71.1 billion (JCT, 2013) to \$101.5 billion (OMB, 2013); second largest federal tax expenditure.
- **Exclusive:** Claimed by 24% of taxpayers and 51% of people who pay mortgage interest (TPC, 2013).
- **Regressive:** Taxpayers with incomes of \$200,000 or more are 14% of all taxpayers and receive 34% of MID benefit. Taxpayers with incomes of \$100,000 or more are 55% of all taxpayers and receive 77% of MID benefit (JCT, 2013).
- **Beloved:** 79% of Americans think MID is a good idea (BRS poll, Feb. 2013).



The Messages

- It is possible to close the gap (end homelessness) 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 through MID and more going the very poorest people through NHTF.
- Modify the of MID and put the revenue raised into the NHTF.



WWW.UNITEDFORHOMES.ORG



What You Can Do:

- Join United for Homes Campaign and endorse proposal for reform: www.unitedforhomes.org/support
- Seek endorsements from state and local elected officials. http://nlihc.org/sites/default/files/U4H_Endorser_Form_EO.pdf
- Urge Representatives to Cosponsor H.R.1213: www.unitedforhomes.org/legislation
- Encourage Senators to support Mortgage Interest Deduction reform and use of revenue that is raised for NHTF.
- Include United for Homes and H.R. 1213 as potential solutions during awareness events on homelessness issues.



WWW.UNITEDFORHOM



What You Can Do 2:

Add to State and local elected officials who have endorsed:

- **Mayors:**
 - Vic DeLuca, Township of Maplewood
 - Steven Fullop, City of Jersey City
 - Albert Kelly, Bridgeton
- **State Representatives:**
 - Assemblyman Greenwald
 - Assemblyman Garcia
 - Senator Rice
- **Other Elected and Former Elected Officials:**
 - Governor McGreevey
 - Bergen County Freeholder O'Brian
 - Oakland Borough Councilman Biale
 - Franklin Township Councilwoman Francois
 - Township of Edison Committeewoman Glaser



WWW.UNITEDFORHOMES.ORG



What You Can Do 3:

Seek support from organizations that represent :

- the elderly
- environmentalists
- labor
- for profit housing groups
- health care and
- educational organizations



WWW.UNITEDFORHOM



For More Information:

www.UnitedforHomes.org

www.hcdnnj.org

www.monarchhousing.org

Contact Arnold Cohen at acohen@hcdnnj.org or
609-393-3752, Ext. 1600

Contact Richard Brown at rbrown@monarchhousing.org
908-272-5363 Ext. 225



WWW.UNITEDFORHOM





WWW.UNITEDFORHOMES.ORG