

January 14, 2009

Dear Senator,

In 1937, John Maynard Keynes wrote to President Franklin D. Roosevelt that housing is “by far the best aid to recovery... I should advise putting most of your eggs in this basket.”<sup>1</sup>

Today, our country is facing its most serious economic crisis since the Great Depression, a crisis rooted in the failures of the U.S. housing market. Substantial investment in solving our most serious housing problems must be central to the economic recovery plan that Congress and the incoming Administration will soon propose.

A decent and stable home is so fundamental to each person’s well-being that any economic recovery plan without housing would be inadequate. Success at employment and education is not possible in the absence of decent and stable homes. Good health requires a decent and stable home as much as it requires proper nutrition and accessible, affordable health care.

The purpose of this letter is to urge that funds for housing programs be included in the economic recovery package. The undersigned national organizations request a minimum of \$45 billion for housing in the package.

This investment will help achieve at least four objectives.

1. The first is to provide relief to families hit hardest by the recession. Rising unemployment is causing poverty to increase, forcing even more families into the high stakes competition for homes in the already undersupplied low cost rental housing market. It is essential that the recession not be allowed to plunge upwards of an additional million people, including children and seniors, into homelessness. Spending on a package of low income housing programs is required to prevent a surge in homelessness. Not only is preventing people from becoming homeless more humane, it is also less costly in the long run than building up the emergency shelter system.

Some may argue that the foreclosure crisis has caused a surplus of housing, making investment in housing unnecessary. This analysis neglects the mismatch between the existing supply of houses for sale and the more urgent demand for affordable rental homes. Public policy is needed to incentivize, and require, housing solutions that reach the lowest income households. Funds are needed to purchase and retrofit vacant houses to make them suitable and affordable for the neediest families.

2. The second is to stimulate the economy by creating hundreds of thousands of new jobs in the multi-faceted housing industry. Investment in housing is an economic stimulus because housing construction and rehabilitation are labor and material intensive, thus creating jobs, increasing sales of building and home furnishing goods, and generating new state and local tax revenue. A

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<sup>1</sup> Kennedy, D.M. ( 2001). *Freedom from fear: The American people in depression and war, 1929-1945*. New York; Oxford University Press.

conservative estimate is that the construction of each new multi-family rental unit produces 1.16 new jobs and every \$100,000 spent on housing rehabilitation produces 1.11 new jobs.<sup>2</sup>

Housing- related jobs have declined significantly in the last year. There were 120,400 fewer people employed in residential construction in December 2008 than in December 2007, a 13% decline. Residential specialty trade contractors decreased by 246,200 people in the same period, an 11% drop.<sup>3</sup> Clearly, a large number of people could be put back to work quickly with an infusion of capital into the housing sector.

3. The third is to contribute to the “green” agenda. We recommend that as much housing rehabilitation and new construction as possible funded through the economic recovery package be completed using state-of-the-art green technology, with low income housing leading the way in energy efficiency and environmentally friendly building and operation. Not only will this be healthy for the environment, but these homes can be operated at less cost to the tenants and the owners, and ultimately to the taxpayers.<sup>4</sup> Rehabilitation of the existing federally assisted rental housing stock will also preserve it for future generations.
4. Finally, neighborhoods that have experienced high rates of foreclosure will be saved from further deterioration with newly rehabbed properties and newly housed families. Neighborhood preservation is important both to families and to protect the stock of privately provided affordable housing.

Attached is a list of ways to spend the proposed \$45 billion on housing that represents the variety of ideas of the undersigned organizations.

Of course, intervening to stop mortgage foreclosures also is essential to economic recovery. We anticipate that the next iteration of the Troubled Asset Relief Program (TARP) will be the vehicle for foreclosure mitigation, which we support.

As representatives of the broad range of low income housing interests, we pledge to do our part to restore the economic health of the United States and move all Americans to a greater measure of prosperity and well-being. We respectfully request that Congress provide us with the resources necessary to maximize our capacity to make housing central to the recovery.

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<sup>2</sup> Fei Liu, H. and Emrath, P. (2008, October 7). *The Direct Impact of Home Building and Remodeling on the U.S. Economy*. Washington, DC: National Association of Home Builders. <http://www.nahb.org/generic.aspx?genericContentID=103543>.

<sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor. (2009, Jan. 9). *The Employment Situation: December 2008*. Washington, DC: Author. Retrieved January 12, 2009 from <http://www.bls.gov/news.release/pdf/empsit.pdf>.

<sup>4</sup> Global Green. (2007). *Blueprint for greening affordable housing*. Washington, D.C.: Island Press. Also Proscio, T. (2008) *Sustainable, affordable, doable: demystifying the process of green affordable housing*. Columbia, MD: Enterprise Community Partners.

Thank you for your consideration of this request.

Sincerely,

American Association of Homes and Services for the Aging  
Center for Community Change  
Coalition on Human Needs  
Consortium for Citizens with Disabilities Housing Task Force  
Corporation for Supportive Housing  
Council of Large Public Housing Authorities  
Enterprise Community Partners  
Evangelical Lutheran Church in America  
First Focus  
Housing Assistance Council  
Jesuit Conference USA  
Jewish Council for Public Affairs  
Local Initiatives Support Corporation  
Lutheran Services in America  
NAACP  
National AIDS Housing Coalition  
National Alliance on Mental Illness  
National Alliance to End Homelessness  
National Coalition for Asian Pacific American Community Development (CAPACD)  
National Coalition for the Homeless  
National Community Land Trust Network  
National Council of La Raza  
National Council of State Housing Agencies  
National Health Care for the Homeless Council  
National Housing Conference  
National Housing Law Project  
National Housing Trust  
National Law Center on Homelessness and Poverty  
National Leased Housing Association  
National Low Income Housing Coalition  
National Policy and Advocacy Council on Homelessness  
NETWORK, A National Catholic Social Justice Lobby  
Poverty & Race Research Action Council  
Public Housing Authorities Directors Association  
Sierra Club  
The Arc of the United States  
The United Methodist Church – General Board of Church and Society  
Union for Reform Judaism  
United Cerebral Palsy  
United Jewish Communities  
Volunteers of America

**Suggested major uses of funds for housing in economic recovery package**

Emergency Shelter Grant (prevention and rehousing only)	\$2 billion
HOME (for green rehab)	\$7.4 billion
Housing Choice Vouchers	\$3.6 billion
Low Income Housing Tax Credit (fund stalled projects)	\$5 billion
National Community Stabilization Trust	\$1 billion
National Housing Trust Fund	\$10 billion
Neighborhood Stabilization Program	\$5 billion
Project-based Section 8 Green Rehab	\$3 billion
Public Housing Capital Fund	\$5 billion
Rural Housing Programs	\$1.8 billion
<u>Section 202 Elderly Housing and related services</u>	<u>\$1.2 billion</u>
Total	\$45 billion