



The National Housing Trust Fund Campaign
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A home is the
foundation.

HOUSING IS THE FOUNDATION FOR A STRONG ECONOMY

In 1937, economist 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."¹ In 2005, "housing contributed a record 23% of the nation's \$12.5 trillion GDP" and accounted for a full point of the growth in GDP.²

Building and rehabilitating more affordable housing not only meets a demonstrated need, but also has economic benefits in both the long and short term. Housing creates jobs and wages, generates a greater demand for goods and services, increases tax revenues and attracts funding sources to local and state jurisdictions. In addition, providing people with stable and decent housing will likely reduce the costs of other public services. More specifically:

- When states and local jurisdictions invest in the production and rehabilitation of affordable housing, they attract additional resources from financial institutions, equity from developers, foundation funds and federal housing programs. With leverage ratios of 1:8 on average, state and local housing trust funds have proven to be important and lucrative stimuli for leveraging additional housing funds.³
- The National Association of Home Builders (NAHB) estimates that in a typical U.S. metropolitan area, building 100 units generates up to \$16 million in local income and 284 local jobs in the first year alone, with nearly 30% of the new income spent locally.⁴

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

2 Joint Center for Housing Studies of Harvard University. (2006). *State of the nation's housing 2006*. Cambridge, MA: Author.

3 Brooks, M. (2001). *Home sweet home: Why America needs a National Housing Trust Fund*. Washington, D.C.: Center for Community Change; Housing Trust Fund Project. (2007). *Housing Trust Fund Progress Report*. Frazier Park, CA: Author.

4 National Association of Home Builders. (2005). *The local impact of home building in a typical metropolitan area: income, jobs, and taxes generated*. Washington, D.C.: Author. Retrieved on June 13, 2007 from http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=35601&subContentID=28002.

- The initial impact of the National Housing Trust Fund would be to create more than 180,000 jobs and generate \$5 billion in wages across the nation, which would have a leveraged impact of 1.7 million jobs and \$44.5 billion.⁵
- The purchase of goods and services that accompanies the construction, furnishing and decoration of affordable housing also has an economic effect. The NAHB reports that home buyers and renters spend a significant amount of money on furnishing and improvements after moving into their new homes. In the first 12 months after buying new homes, owners spend \$8,642 on furnishing and improvements. Buyers of existing homes spend \$3,408 more than non-moving households in the 12 months after purchase.⁶
- For governments, housing production means increased revenue through income taxes from increased wages through the jobs that construction creates, sales taxes from items purchased for construction as well as for furnishing and renovation and property taxes from the improvements made on a property and the revitalization of neighborhoods. The NAHB estimates, for example, that at the federal, state and local levels combined in 2005, building the average multifamily unit generated \$30,807 in tax and other government revenue.⁷
- On the cost side for local governments, recent research shows that providing homeless people who have a severe mental illness with a stable living environment and social service supports saved a net of \$16,300 a year per housing unit in New York City, as individuals' shelter use, hospitalization and incarceration rates declined.⁸

The impact of housing on the job market has been significant in recent years. In 2004 and 2005, housing and related industries produced nearly one in six new jobs. The residential trades added 529,100 jobs between 2001 and 2005, with an additional 180,000 in home construction.⁹ At the beginning of 2007, however, the slowdown in the housing market was clearly translating into significant losses of jobs, primarily in the areas of housing finance and construction. Residential construction alone lost 28,000 jobs between September 2006 and March 2007.¹⁰ Investment in low income housing has always been wise policy, but it is likely to be most welcome during periods of uncertainty such as the one the housing sector is currently experiencing.

⁵ Center for Community Change (2001).

⁶ Emrath, P. (2005). *Home building's direct impact on the U.S. economy*. Washington, DC: National Association of Home Builders. Retrieved May 7, 2007 from www.nahb.org/generic.aspx?sectionID=784&genericContentID=44096.

⁷ Emrath (2005).

⁸ Culhane, D. P., Metraux, S., & Hadley, T. (2002). Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*, 13 (1).

⁹ Miller, M. (2006). *A visual essay: post-recessionary employment growth related to the housing market*. Washington, DC: Bureau of Labor Statistics. Retrieved May 7, 2007 from www.bls.gov/opub/mlr/2006/10/ressum.pdf.

¹⁰ Bureau of Labor Statistics. (2007). *Current employment statistics highlights*. Washington, DC: Author. Retrieved May 7, 2007 from www.bls.gov/web/ceshighlights.pdf.