

# POLICY DIGEST

A monthly snapshot of housing-related policy research



## THE STATE OF THE NATION'S HOUSING 2021

June 16, 2021 | Joint Center for Housing Studies - Harvard

**In 2020, the country endured the COVID-19 pandemic, social unrest sparked by longstanding racial injustice, and the devastating impacts of climate change.** With historically low interest rates, strength in the for-sale market and in homebuilding could lead to US economic recovery. The combination of worsening affordability for renters and rental market uncertainty has impacted both renters and homeowners. Renters have been more likely to lose income during the pandemic while households of color and those with lower incomes have taken a disproportionate hit.

### Racial Disparities Persist in Homeownership

Across income groups, homeowners of color are more likely than white homeowners to have fallen behind on housing payments during the pandemic. With millions of people forced to work remotely, employers and employees may find single-family housing an attractive option even after the pandemic ends. If so, demand would likely increase for homes large enough to provide office space, as well as easy access to outdoor spaces to exercise and socialize. And if long commutes are no longer everyday requirements, many households may move to lower-density areas where housing is less expensive, leading to major shifts in residential development patterns.

## FEATURED IN THIS ISSUE

1. The State of the Nation's Housing 2021
2. Rebuilding for a Resilient Recovery
3. Nine U.S. Localities Offer Human-Centered Approaches to Unsheltered Homelessness
4. Misdirected Housing Supports
5. COVID-19 Resources



### Housing Need

The need for more housing of all types, locations, and price points will persist. Presently, the outlook for housing markets is fueled by very low interest rates as well as demand from more affluent households. If the pandemic persists, it will take a negative toll on the labor market, wage growth, and on household formations.

### Housing Cost Burdens Climb the Income Ladder

In early 2020, low unemployment and rapidly increasing incomes supported steady household growth, the main driver of housing demand. Factors such as slowdowns in native population growth, immigration, and residential mobility were only exacerbated when COVID-19 hit, bringing major loss of life that highlighted the devastating impacts of widening income inequality.

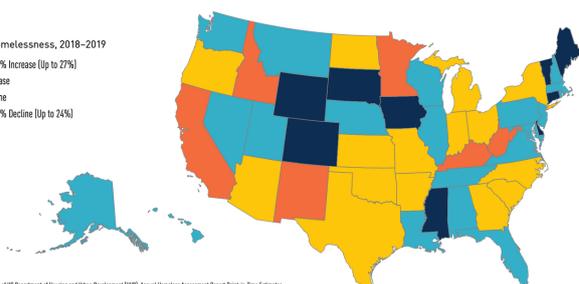
### The Renter and Buyer Market

Rental demand is likely to continue while job losses will prevent younger adults from forming independent households. Historically low mortgage rates will encourage higher-income renters to buy homes. Lower-income renters who have seen reduced or lost wages will likely see little relief from rising rents and limited housing choices. However, the downward filtering of higher-end apartments could help to expand the affordable stock.

Homelessness Increased in Both High- and Low-Cost Housing Markets in 2019

Change in Homelessness, 2018-2019

- More than 10% Increase (Up to 27%)
- 0-10% Increase
- 0-10% Decline
- More than 10% Decline (Up to 24%)



Source: JCRC subsidiary of US Department of Housing and Urban Development (HUD), Annual Homeless Assessment Report Part I: Area Estimates.

payments. Many of these households had housing cost burdens even before the crisis hit, and are now facing the potential loss of their homes.

### Policymakers Need to Keep Those At-Risk from Falling Further Behind

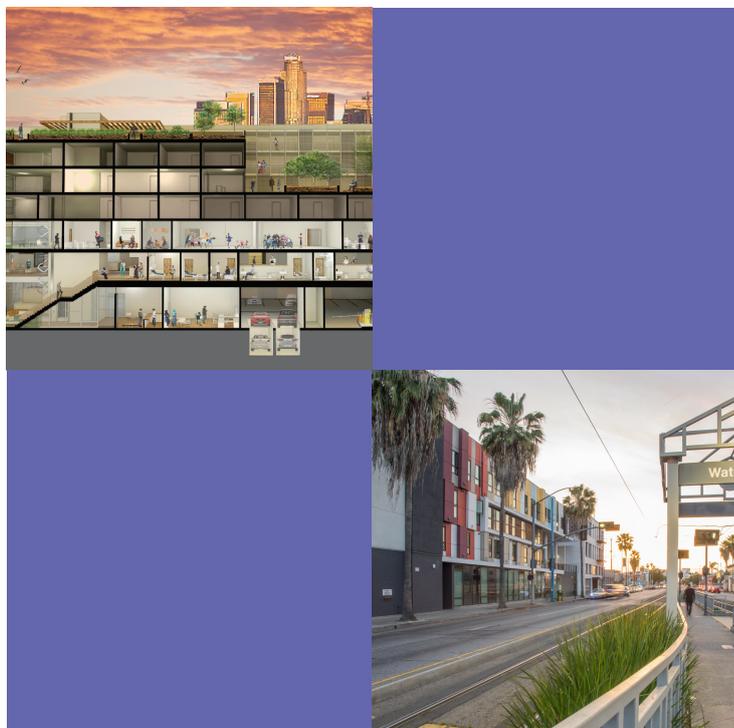
The COVID-19 pandemic has shown the differences between financially secure households and those living paycheck to paycheck. Millions of low-income households have lost their jobs and fallen behind on their rent or mortgage

### Takeaways

A disproportionate share of those at risk of losing stable housing are households of color. The wide racial and income disparities between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy. The events of this past year have shown that access to affordable housing is an essential right which can be resolved through comprehensive housing strategy that will reduce inequalities and advance the longstanding goal of a dignified and affordable housing for all.

# REBUILDING FOR A RESILIENT RECOVERY

June 10, 2021 | UC Berkeley Center for Community Innovation & Next 10



## PLANNING IN CALIFORNIA'S WILDLAND URBAN INTERFACE

California dramatically underestimates costs from future wildfires as housing shortages and existing policies incentivize rebuilding in high risk zones. The state of California must comprehensively reshape how we rebuild after wildfires. Without these assessments, the state will face an unthinkable surge in costs and major setbacks to housing supply amidst a record housing crisis.

Researchers studied three communities recently affected by wildfires and found that state and local land use policies, and state's housing shortage, are ratcheting up the economic and human cost of wildfire by incentivizing rebuilding in the high risk-wildland urban interface (WUI), instead of redirecting development away from fire-prone areas. This is intensifying untenable safety, economic, and climate risks as the state prepares for another harrowing wildfire season in the midst of record drought.

Rather than directing development away from high-fire risk areas in the WUI, state and local policies primarily emphasize strategies that maintain development in risky areas but minimize fire damage, including updating building codes, retrofitting existing homes, and developing emergency management plans.

The report finds that pursuing either the "Managed Retreat" or "Resilience Nodes" pathways can reduce fire risk and household costs for residents, when compared with the "rebuilding as usual" scenario, while also helping to meet housing and climate goals.

### Policy Recommendations

1. Identify new revenue sources and financing mechanisms to facilitate adaptation and resilience in the WUI
2. Prevent displacement
3. Incentivize lower-risk development
4. Improve local capacity

[Read the entire report.](#) **PAGE 3**

# NINE U.S. LOCALITIES OFFER HUMAN-CENTERED APPROACHES TO UNSHELTERED HOMELESSNESS

March 5, 2021 | Barbara Poppe, Stephen Metraux and Arnold Ventures



## EVIDENCE-BASED GUIDANCE AND BEST PRACTICES ADDRESS THE HARM OF PUNITIVE POLICIES, MANAGEMENT OF PUBLIC SPACES, AND LOW-BARRIER SOLUTIONS

This report examined how nine communities across America are addressing homelessness and what tactics have proved helpful or harmful when grappling with housing shortages. When cities remove barriers between governments and geographic locations to bridge together the public and private sectors, they can begin to develop efforts to build human-centered solutions to homelessness.

### Key findings point out how punitive policies disrupt the path to housing causing more damage than good.

Management of public spaces should aim to serve everyone harmoniously and not over-penalize those reliant on support structures within encampments. By adopting housing-first approaches, more cities help residents experiencing unsheltered homelessness by accelerating the way our nation thinks about housing.

### The report recommends seven key strategies to address homelessness:

1. Foster collaboration across sectors with a full range of partners
2. Use data to inform policy and practices
3. Provide training on engaging with those living unsheltered
4. Increase services capacity and have sufficient housing available using a Housing First approach
5. Promote non-punitive, low-barrier practices within the homeless assistance system
6. Communicate about what is working and adapt evidence base and promising practices
7. Maintain strong outreach services

[Read the entire report.](#) **PAGE 4**

# MISDIRECTED HOUSING SUPPORTS

May, 2021 | National Low Income Housing Coalition & The Heller School for Social Policy and Management



## WHY THE MORTGAGE INTEREST DEDUCTION UNJUSTLY SUBSIDIZES HIGH-INCOME HOUSEHOLDS AND EXPANDS RACIAL DISPARITIES

**This report examines who is most likely to benefit from the \$25 billion annual tax expenditure on the mortgage interest deduction (MID).** The report finds that most benefits flow to higher-income, disproportionately white homeowners. MID resources could instead be used to support low-income renters and homeowners through rental assistance expansion, greater investment in affordable rental housing production, increased support of small-dollar mortgage lending and the creation of stabilization programs to keep low-income families housed.

**The report explains why 90% of benefits of the MID go to taxpayers with annual incomes over \$100,000.** Since the 2017 tax law went into effect, most modest and low-income households opt for standard tax deduction rather than itemizing deductions and claiming the MID. The report also examines the racial and ethnic disparities among those who benefit from the MID. Since white households are more

likely to become homeowners with mortgages than Black and Latino households, white households are more likely to opt for the deduction. White households comprise 66% of the U.S. population but received 71% of the estimated MID benefit in 2018.

**Even when the economy is in better shape, 70% of the lowest-income renters will spend more than half their income on housing.** Eliminating the mortgage interest deduction and redirecting resources to households with greater need would better support the lowest-income renters. By creating more opportunities for homeownership among low-income households and households of color, families face better odds to remain housed during financial crises.

[Read the entire report.](#) **PAGE 5**

# TOGETHER WE CAN END THE PANDEMIC

SCANPH IS PROUD TO PARTICIPATE IN A STATEWIDE CAMPAIGN TO EDUCATE LOW-INCOME RESIDENTS ABOUT THE COVID-19 VACCINE AND PREVENTATIVE HEALTH MEASURES

Vaccines are our most powerful tool to end the COVID-19 pandemic. All Californians ages 12 and older can now schedule an appointment to receive a COVID-19 vaccine.

Vaccines are safe, effective and free for ALL Californians. To learn more about vaccines, call (833) 422-4255 or visit [VaccinateALL58.com](https://www.vaccinateall58.com).

## FIND YOUR COVID-19 VACCINATION APPOINTMENT

- Visit [MyTurn.ca.gov](https://www.MyTurn.ca.gov) or call (833) 422-4255
- Contact your doctor or health care provider
- Check with your neighborhood pharmacy



SCANPH



## CA COVID-19 RENT RELIEF

### PROGRAM SUPPORTS HOUSING STABILITY FOR MOST VULNERABLE

- CA COVID-19 Rent Relief provides financial assistance to income-qualified tenants experiencing housing instability. The program provides rent reimbursement to landlords for unpaid rent accrued between April 1, 2020 and March 31, 2021.
- Landlords are eligible to receive 80% of unpaid rent, as long as they agree to waive the remaining 20% of unpaid rent.

### HOW TO APPLY:

- Tenants and landlords can determine eligibility and apply for funds directly at [HousingIsKey.com](https://www.HousingIsKey.com).
- If you don't have access to the internet, you can call the CA COVID-19 Rent Relief Call Center, 1-833-430-2122 for information on the help center nearest to you to help you access an application.