

# HOUSING AFFORDABILITY IN IDAHO

A Chartbook by the Idaho Asset Building Network

NOVEMBER 2018



**Idaho Asset  
Building Network**

*In partnership with Idaho Voices for Children*



## Idaho Asset Building Network

### **Idaho Asset Building Network**

The Idaho Asset Building Network connects leaders, service providers, businesses, and consumers statewide to advance policies that support all Idahoans in achieving long-term financial security.



### **Idaho Voices for Children**

Idaho Voices for Children champions policies that help kids and families thrive. They serve as a voice for children in policymaking conversations and drive change in the areas of health, child safety and well-being, education, school readiness, and family economic security.

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# I.

## Why Housing Matters

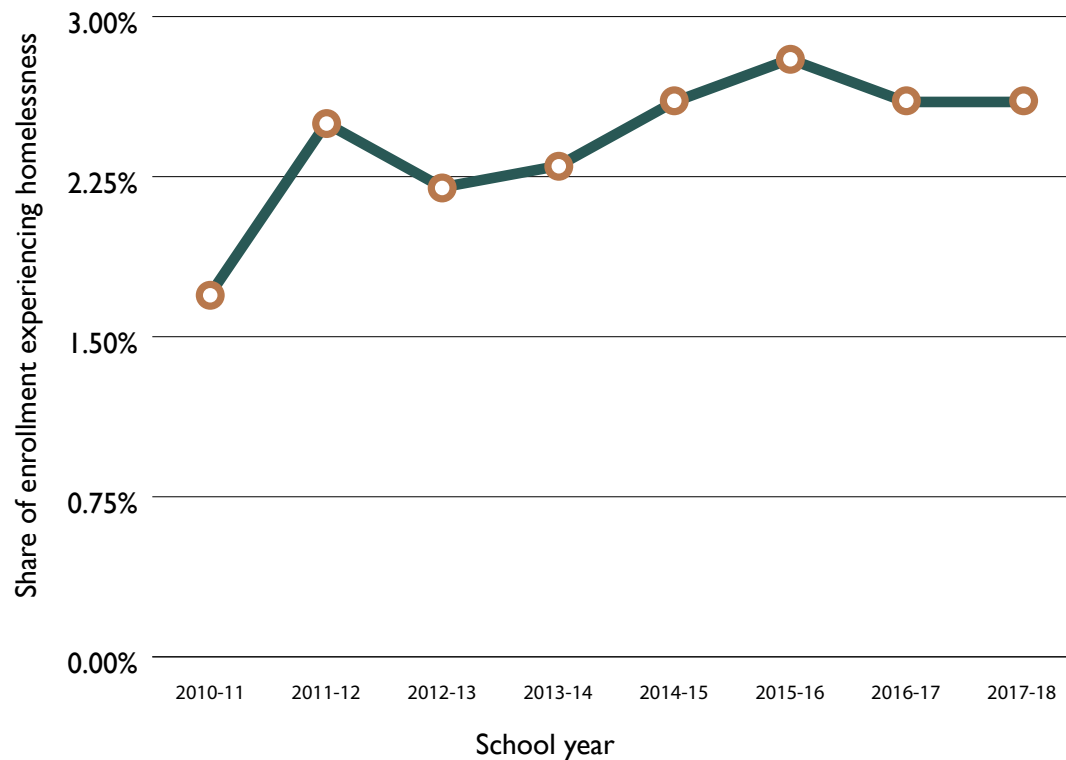


Children who live in a safe, quality, affordable homes enjoy better health and educational outcomes and better mental and physical well-being. Affordable homes contribute to broad, positive impacts on families, seniors, people with disabilities, and our communities.

A number of factors make affordable homes very scarce, making it hard for our neighbors to afford a home and other household needs such as medications, food, and gasoline. Increasing and preserving the supply of affordable homes in areas with good schools, well-paying jobs, health care, and transportation helps families overcome obstacles and leads to greater community and economic development.

# Stable Homes Support Education Gains

As Affordable Homes Become Scarcer Homelessness Among Idaho Schoolchildren Has Increased



Source: Idaho State Board of Education..

Affordable homes ensure kids do better in school. Children in modest households in an affordable home score better on cognitive development tests than their peers in unaffordable homes.

The gap between rents and wages force families to move more frequently, increasing social and academic challenges. In Idaho, climbing rents mean families of modest means are nearly twice as likely to move in a given year. Rising rents have also contributed to increased homelessness among K-12 students.

Sources: Newman S and Holupka C. "Housing Affordability and Investments in Children." *Journal of Housing Economics*, 24: 89-100, 2014; American Community Survey 5-Year Estimates. US Census Bureau, 2016; Center on Budget and Policy Priorities; Idaho State Board of Education.

# Quality Affordable Homes Critical to Good Health

When rents are high, families prioritize rent and utilities over food and health care, even when serious health conditions are part of the picture. Ensuring enough affordable homes are available can lead to healthier families and communities.

In homes made affordable through rental vouchers, children are less likely to be hungry, less likely to be seriously underweight, and more likely to be in good health when compared to their peers in unaffordable homes.

In communities with enough affordable homes, primary care visits go up by 20 percent, emergency room visits go down by 18 percent, and accumulated medical expenses go down by 12 percent.

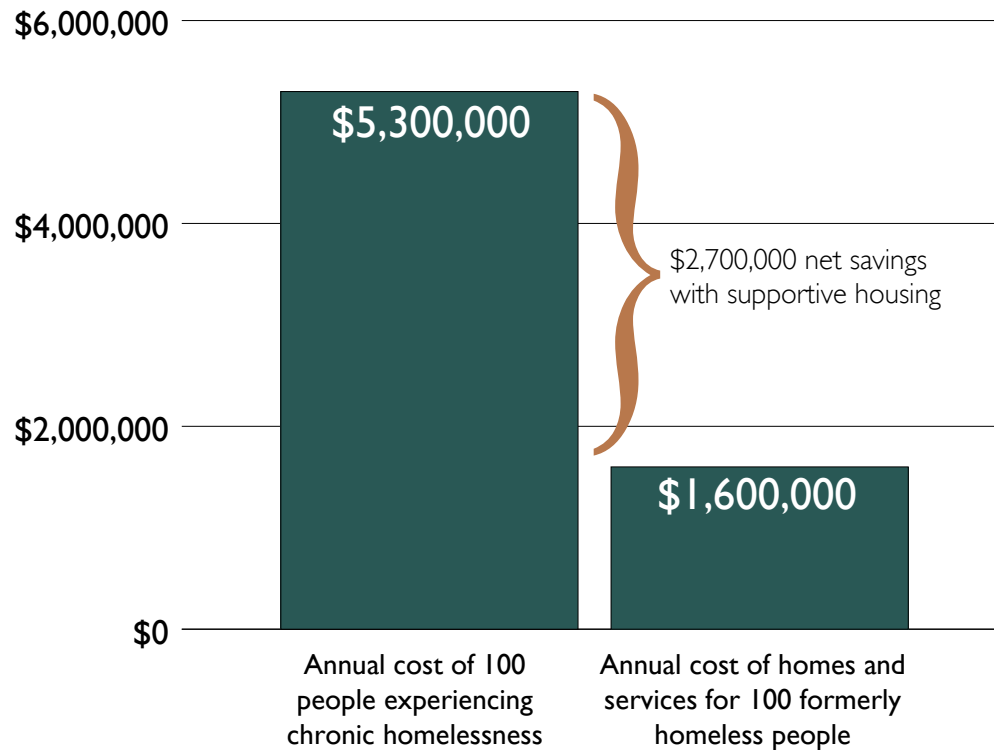
Sources: Sandel M, Cook J, Poblacion A, Sheward R, Coleman S, Viveiros J, and Strutevant L. *Housing as a Health Care Investment: Affordable Housing Supports Children's Health*. Children's HealthWatch, 2016; *In Short Supply: American Families Struggle to Secure Everyday Essentials*. Feeding America; *Rx for Hunger*. Children's HealthWatch, 2009; Wright B, Grace L, Vartanian K, and Weller M. *Health in Housing: Exploring the Intersection Between Housing and Health Care*. The Center for Outcomes Research and Education, 2016.



Source: Children's HealthWatch, Center for Research Outcomes and Education.

# Access to Affordable Homes Helps Avert Homelessness

## Affordable Homes Reduce Homelessness and Costs



Source: City of Boise.

Studies have found that families leaving homeless shelters for subsidized housing live in safer and higher quality communities and are less likely to return to a shelter than families who did not receive housing assistance.

An analysis of homelessness in Ada County found that stably housing 100 chronically homeless people would save \$2.7 million in costs to area hospitals and local government.

Just as many Idahoans who experience homelessness live throughout the state as live in Ada County. We can avert homelessness in Idaho by making more affordable homes available.

Sources: Crossgrove Fry V. *Reducing Chronic Homelessness via Pay for Success: A Feasibility Report for Ada County, Idaho*. City of Boise, 2016; Fischer W., *Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children*. Center on Budget and Policy Priorities, 2015; HUD 2017 *Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations*. U.S. Housing and Urban Development, 2017.

# Affordable Homes Provide Broad Economic Benefits

Investments in affordable homes yield a positive economic impact for communities, creating many jobs.

The federal government invested \$92.5 million in 2015 to make homes in Idaho more affordable. That in turn created 1,212 direct and indirect jobs in Idaho.

Affordable homes also benefit rural communities that are seeing young workers leave. If rural areas take steps to sync rents and mortgages with incomes, young workers would find it easier to live and work in rural communities.



**\$92.5 million**

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That in turn created

**1,212**

direct and indirect jobs in Idaho

*Source: A Place to Call Home: The Case for Increased Federal Investments in Affordable Housing. National Low Income Housing Coalition, 2017; The Future of Rural Idaho. Idaho Department of Labor, 2016.*



# II.

## Facing Our Housing Challenges Head On

Right now, our policies cause homes to go up in cost even while wages for Idahoans haven't kept up. Each year, the growing distance between wages and climbing rents mean that fewer affordable homes are available.

Modest families and communities of color are affected the most by these dynamics. But if we continue down this path, our zip codes will determine the path of our lives. Families and workers will continue to be priced out of communities and our economy will suffer.

To ensure fairness, we need to make sure that affordable homes are available in all communities: large and small, rural, urban, and suburban.



# Idaho Wages Haven't Kept Pace with Rents and Mortgages

Idaho rents have grown three times faster than renters' household incomes, making it hard for many families to keep up.

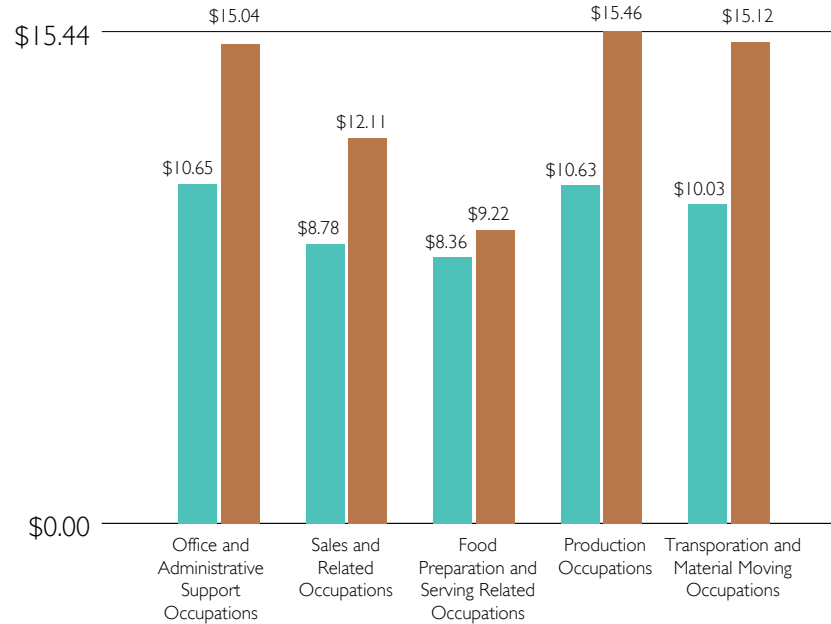
The shift to more expensive homes has caused median rent in Idaho to increase more than 30 percent since 1990 while Idaho median renter household income has increased by only 11 percent.

Today, only one out of the top five Idaho occupations has a median wage that is above what is needed to afford rent in a typical 2 bedroom home in the state. None of the most common occupations have entry wages sufficient enough to afford rent for a 2 bedroom.

We need to increase investments in rental assistance to bridge the gap between income and rents.

Sources: American Community Survey 1-Year Estimates. US Census Bureau, 2016; Decennial Census Estimates. US Census Bureau, 1990; Occupational Employment and Wages Survey. Idaho Department of Labor, 2017. Out of Reach: 2018 National Low Income Housing Coalition, 2018.

## Only One of Top Five Idaho Occupations Support an Affordable Home



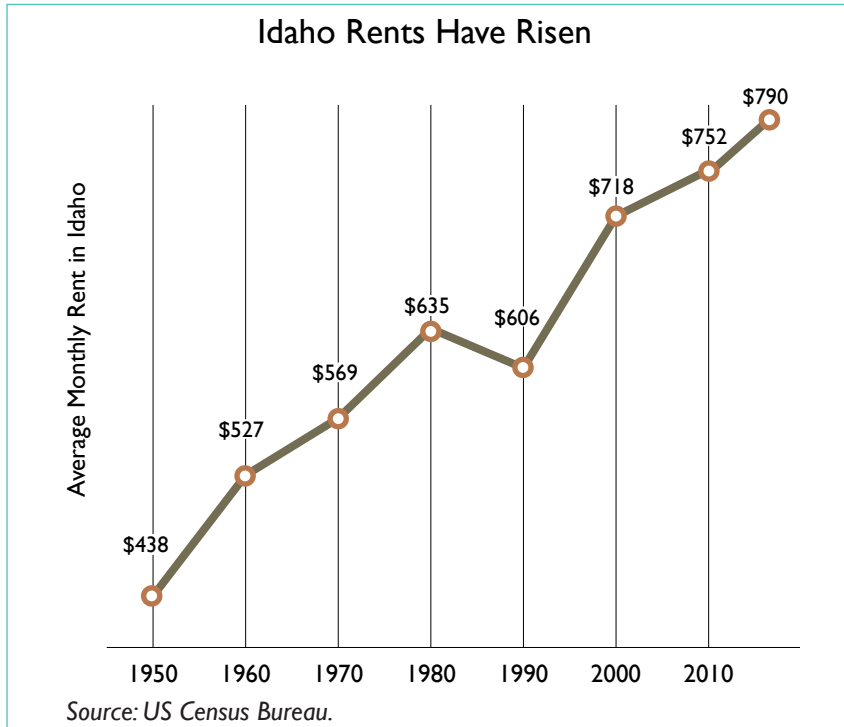
Sources: National Low Income Housing Coalition and Idaho Department of Labor.

## Percentage change in median renter income and median gross rent over time



Source: US Census Bureau.

# There Aren't Enough Affordable Homes for All Idahoans

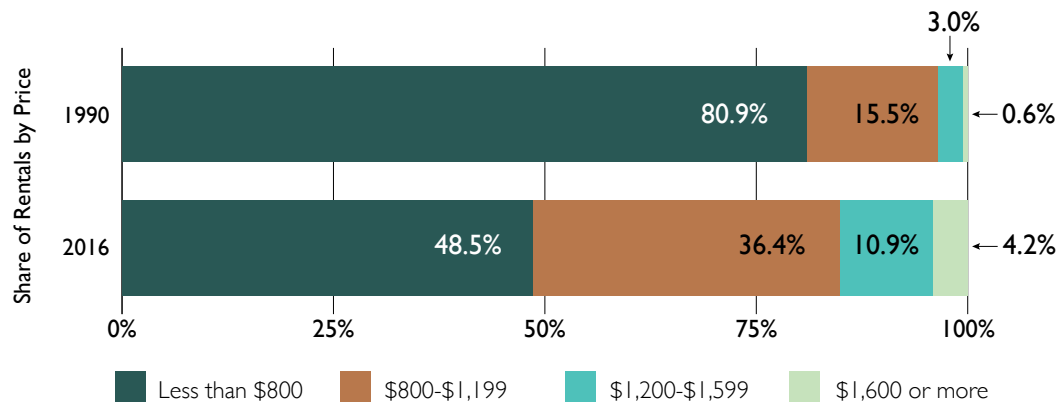


Today, Idaho has far fewer homes available to meet the needs of all renters. Overall, rents have been rising steadily in Idaho, even when accounting for inflation, leaving fewer affordable homes.

While Idaho gained nearly 56,000 low or modest-income households since 1990, the state added less than 7,000 affordable rental homes.

The number of higher-priced rental homes has increased dramatically. Rental assistance can help create more affordable homes with the current housing stock. Tax credits can help developers build homes that will ensure all Idahoans have access to affordable homes.

## Idaho Rental Market Added Pricier Homes, Lost Affordable Homes



Source: Joint Center for Housing Studies of Harvard University.

Sources: American Community Survey 1-Year Estimates. US Census Bureau, 2016; Decennial Census Estimates. US Census Bureau, 1990; The State of the Nation's Housing 2018. Joint Center for Housing Studies of Harvard University, 2018.

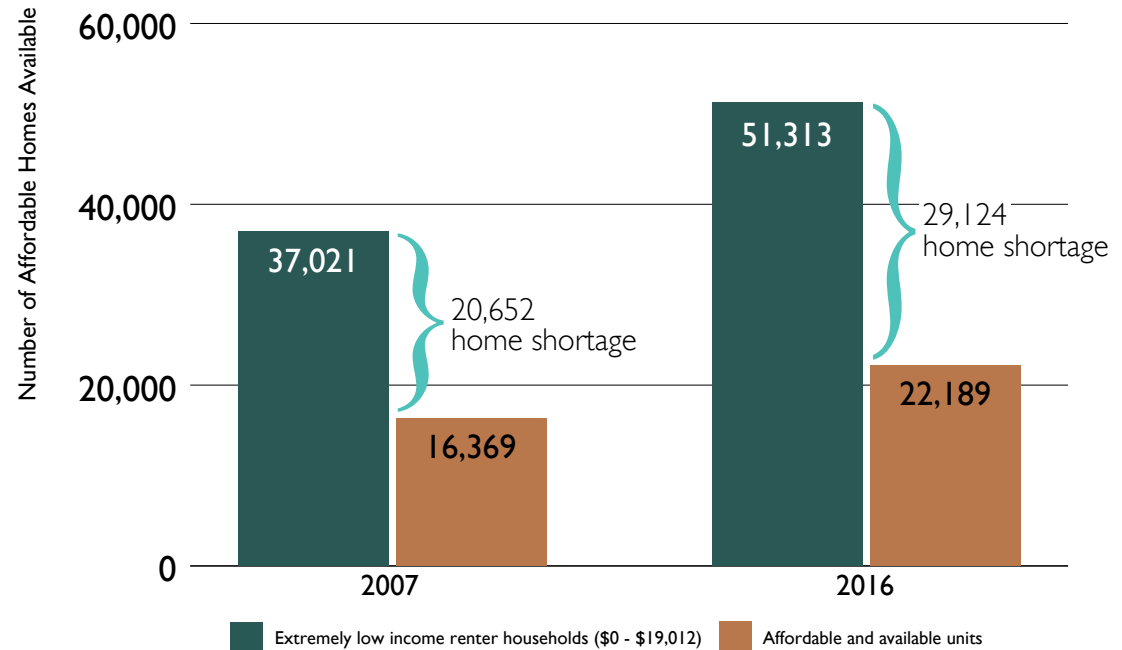
# Idaho Lacks Affordable Homes for Modest Households

A shortage of affordable homes combined with stagnant wages makes it more difficult for Idahoans to find an affordable home. For 51,000 renter households who earn less than \$19,012 annually, there are just 22,189 rental homes in Idaho that are available and affordable.

The shortage in affordable homes has grown from 20,652 in 2007 to 29,124 in 2016, a 41 percent increase.

The share of Idaho renters paying more than a third of family income has soared from 39 percent in 2007 to 46 percent in 2016.

### Shortage of Affordable and Available Rental Units Over Time in Idaho

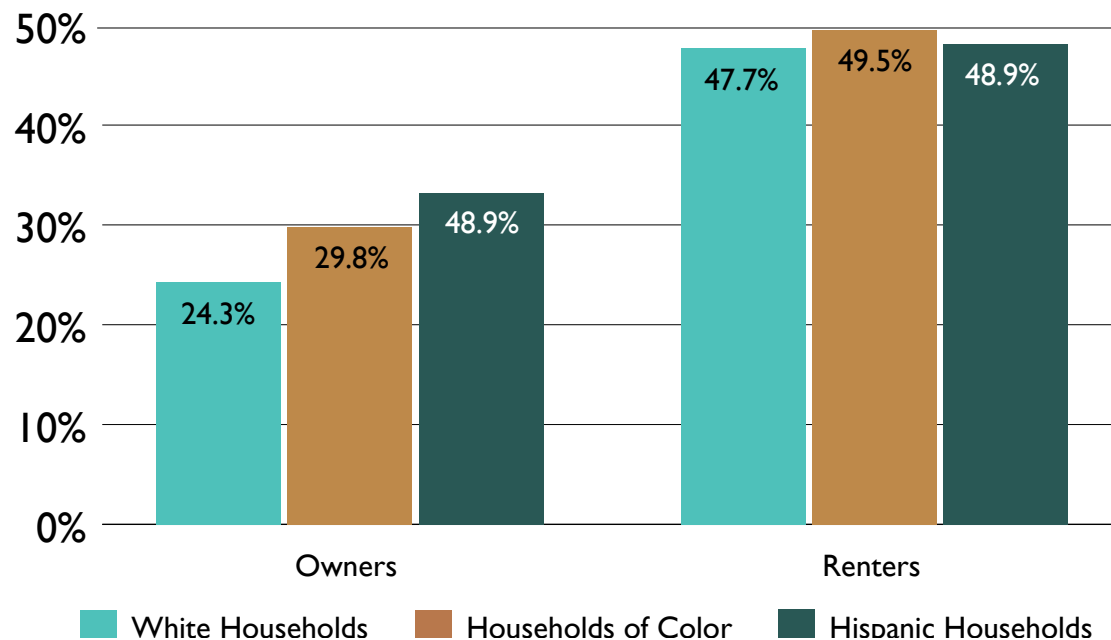


Source: National Low Income Housing Coalition

Source: 2018 Scorecard. Prosperity Now, 2018; Gap Report: Idaho. National Low Income Housing Coalition, 2018.

# Our Current Policies Hurt Communities of Color

Share of Idaho Households Who are Cost Burdened, by Race and Ethnicity



Source: Prosperity Now.

Discrimination faced by people of color make defaulting on loans and foreclosure more likely and lead to higher rates of cost-burdened families in these communities.

Long-standing segregation means people of color live in less desirable areas and are more likely to receive subprime loans than whites, even if they have the same financial situation. With higher interest rates and bigger payments, subprime loans make it harder for borrowers to pay down and build up savings.

Everyone's wealth is reduced when communities have a large number of foreclosed homes. We must find ways to ensure that housing policies are fair.

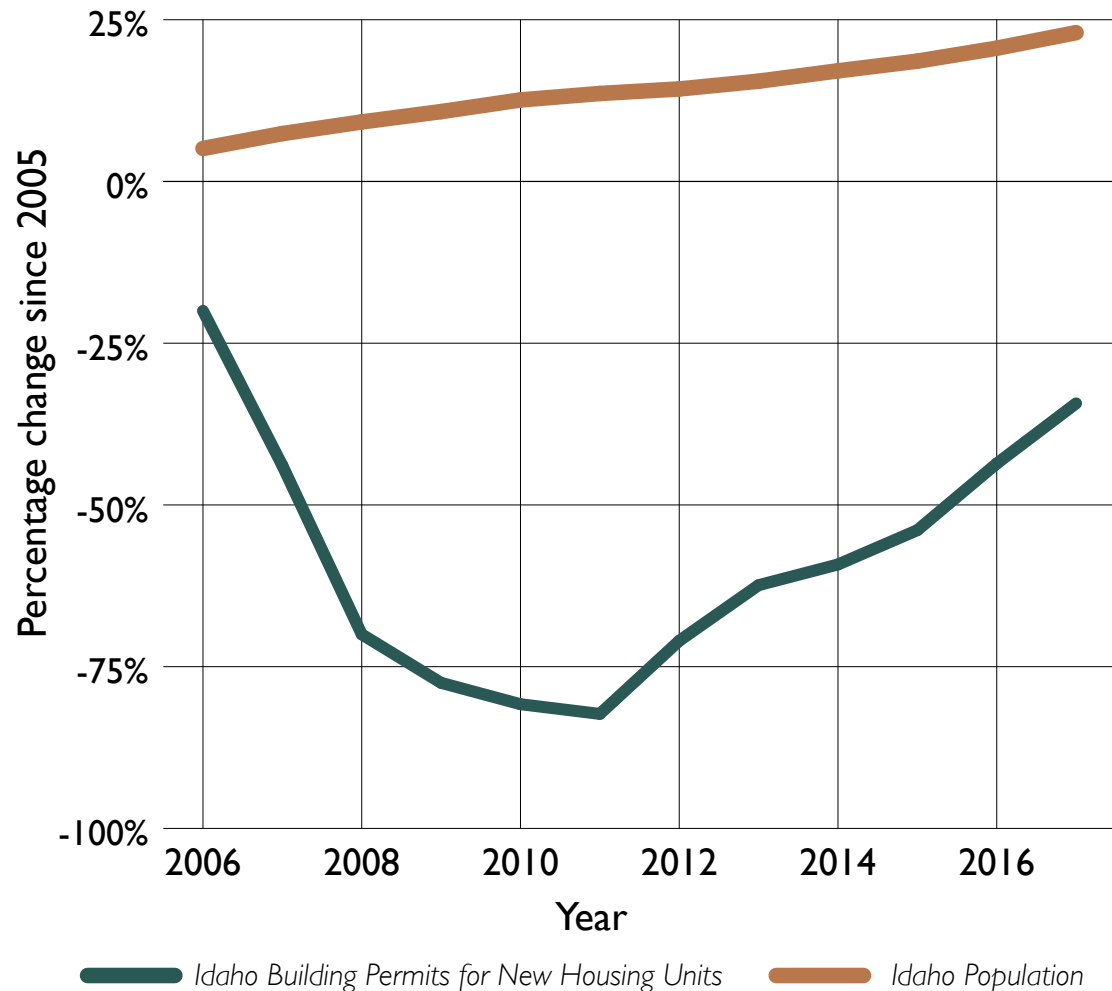
Source: 2018 Scorecard. Prosperity Now, 2018.

# Idaho Can't Grow Without More Affordable Homes

The cost of building homes is rising, making building affordable units a challenge for developers. In Idaho, permits for new home construction plummeted after the recession while Idaho's population grew steadily.

Home building still lags behind 2005 levels. The most important tool Idaho uses to combat this challenge is federal assistance via the Low Income Housing Tax Credit (LIHTC). The credit provides a federal subsidy for developers to build and rehabilitate affordable homes which would otherwise not be financially feasible. Expansion of this credit would be an important step towards building more affordable homes.

## While Idaho Gains Households, Home-building Lags



Source: US Census Bureau.

Source: Lahart J. *Big Builders are Remodeling the Housing Market*. *Wall Street Journal*, 2018; *American Community Survey 1-Year Estimates*. US Census Bureau, 2016; *Building Permits Survey*. US Census Bureau, 2018.

# III.

## Proven Solutions Exist

Our federal budget includes funds to help Idahoans buy or rent homes, including tax breaks, loans, and assistance programs. Right now, less than a quarter of these resources go to households earning less than \$40,000 a year. This policy choice means that people with less money must spend more of their income on a home, putting them at a disadvantage, as they are able to spend less on education and health. As home costs rise more quickly than incomes, this approach will continue to give the least help to those who need it.

But if policymakers and communities are guided by a commitment to fairness across places, we can develop solutions that we all want to live with.



# Housing Assistance Keeps Communities Strong By Ensuring a Place for Everyone

When black, brown, and white families of all income levels can afford a home, everyone can contribute effectively to the economy. An affordable home is essential to building the self-sufficiency and stability of Idaho communities and housing assistance contributes to this goal by making sure that Idahoans who participate pay no more than 30 percent of their income toward housing.

Housing assistance through the Department of Agriculture and the Department of Housing and Urban Development helps thousands of Idahoans with disabilities, fixed income seniors, and working families afford a place to live each year.

## **Snapshot of Idahoans Receiving Rental Assistance through U.S. Housing & Urban Development**

35% of households have children

30% of households have a person living with a disability

33% have a head of household who is elderly

72% have a head of household who is female

*Source: US Department of Housing and Urban Development.*

## **Snapshot of Idahoans Receiving Rental Assistance through United States Department of Agriculture**

52% of participants are children

9% of participants are living with a disability

32% of participants are elderly

68% have a head of household who is female

*Source: US Department of Agriculture.*



# Appendix

## Rental Assistance and Public Housing

### PROJECT-BASED

#### HUD Project Based Section 8

The Section 8 Project Based program helps low-income families afford quality apartments by contracting with private owners. To be eligible, a household cannot exceed 80 percent of the area median income. Additionally, at least 40 percent of the assisted units must go to families with incomes not exceeding 30 percent of area median income. Seniors or people with disabilities make up two-thirds of households in this program.

FY 2017 Idaho Households Assisted: 3,779  
FY 2017 Idaho Funding: \$22,197,003

#### HUD Section 811 Supportive Disabled

The Section 811 program allows persons with disabilities to live as independently as possible in the community by subsidizing rental housing opportunities that provide access to appropriate supportive services.

FY 2017 Idaho Households Assisted: 103  
FY 2017 Idaho Funding: \$323,600

#### HUD Section 202 Supportive Elderly

The Section 202 program is currently the only federal program expressly aimed to meet the affordable housing needs of elderly people by helping to pay the difference between 30 percent of their income and their monthly rent. To be eligible, a household must have at least one person who is 62 years or older earn less than 50 percent of area medium income. Most residents have income far below that threshold.

FY 2017 Idaho Households Assisted: 440  
FY 2017 Idaho Funding: \$910,109

#### USDA Section 521

Section 521 Rural Rental Assistance helps Idaho families pay the difference between 30 percent of their income and their monthly rent. Idahoans who earn less than 80 percent of area medium income, the elderly, and people with disabilities are eligible.

FY 2017 Idaho Households Assisted: 3,654  
FY 2017 Idaho Funding: \$19,111,530

### VOUCHER-BASED

#### HUD Housing Choice Voucher Program

The Housing Choice Voucher Program is one of the predominant tools used to help Idahoans afford housing in the private market. In order to be eligible for a voucher, households must not exceed a certain income limit, usually 80 percent of area medium income. Each year, 75 percent of new vouchers must be targeted to extremely low income households, or incomes not exceeding 30 percent of area median income. A family with a voucher must pay the higher of 30 percent of their income or a "minimum rent" of up to 50 dollars for rent and utilities.

FY 2017 Idaho Households Assisted: 7,261  
FY 2017 Idaho Funding: \$44,995,354

### PUBLIC HOUSING

#### HUD Public Housing

Public housing is one of the main tools available for rental assistance programs. In order to be eligible for public housing, a household must have income not exceeding 80 percent of the area median income. Each year, 40 percent of new families admitted must be with incomes not exceeding 30 percent of area median income. In 2016, 90 percent of public housing households were elderly, had disabilities, worked, or were subject to work requirements. Households must contribute at least 50 dollars towards rent and utilities.

FY 2017 Idaho Households Assisted: 763  
FY 2017 Idaho Funding: \$2,036,624\*

\*In addition to rental assistance through public housing, Idaho also received \$35,519,850 in funding for the public housing authority operating and capital fund in FY 2017.

Community Assessment Reporting Tool. US Department of Housing and Urban Development, 2017.

2017 Rural Development Multi-Family Housing (MFH) Annual Occupancy Report. US Department of Agriculture, 2018.

2017 USDA Rural Development Housing Activity: Fiscal Year 2017. Housing Assistance Council, 2018.

# Appendix

## Community Planning and Development

### Community Development Block Grants

The Community Development Block Grant provides flexible funds for both rural and urban areas. They are often used to ensure decent affordable housing, address urgent community needs, and also benefit low to moderate income individuals within the community.

FY 2017 Idaho Funding: \$11,471,420

### Emergency Solutions Grants

The Emergency Solution Grant provides states with funding to aid families in regaining stable, permanent housing after experiencing a housing crisis or homelessness.

FY 2017 Idaho Funding: \$1,555,887

### Home Investment Partnership

The HOME Investment Partnership provides states with block grants to use to fund a wide range of housing activities, most notably building new affordable housing. These activities are often done in collaboration with local nonprofit groups.

FY 2017 New Affordable Rental Units 43  
FY 2017 Idaho Funding: \$4,147,210

### Continuum of Care

The Continuum of Care Program exists to help end homelessness in each state by coordinating housing and services funding for homeless individuals. The program funds efforts by non-profits and also funds efforts by state and local governments to help families and unaccompanied minors transition into supportive and permanent housing, helping promote stability.

FY 2017 Idahoans Experiencing Homelessness: 2,037  
(as determined by January Point-In-Time count)  
FY 2017 Idaho Funding: \$3,717,376

### Low Income Housing Tax Credits

The Low Income Housing Tax Credit is one of the most critical tools available to build and maintain affordable housing. The program gives state and local governments across the country resources to provide tax incentives for developers (both non-and for-profit) to build or rehabilitate affordable housing.

FY 2017 New Affordable Rental Units: 267  
FY 2017 Idaho Funding: \$3,953,013

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Continuum of Care Program Funding Awards. US Department of Housing and Urban Development, 2017.

2017 Low Income Housing Tax Credit Allocations. Idaho Housing and Finance Association, 2017.

# Definitions

**AMI:** Area Median Income as determined by US Department of Housing and Urban Development.

**Low Income:** Families earning less than 80 percent of AMI.

**Affordable Rent:** Rent that is 30 percent or less of household income.

