



Many of our neighbors of modest incomes are unable to afford a safe and decent place to live.



## BENEFITS OF A STATE HOUSING TRUST FUND

### **New Businesses and Jobs**

Businesses are more likely to locate in areas with adequate housing for workers, so an increase in housing means attracting more business and economic development. Also, more housing means more consumers in the neighborhood. This increases foot traffic and sales in retail and service industries. 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.

### **Sales Tax and Other Revenues**

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.

### **Leveraging**

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 1:7 on average, state and local housing trust funds have proven to be important and lucrative stimuli for leveraging additional housing funds.

### **Healthier Families**

One out of every three people living in severely substandard housing is a child. Children in such housing are more likely to experience violence and hunger and to suffer from injuries, burns, infectious diseases and asthma attacks. They are at increased risk of lead poisoning, which has been shown to lead to learning disorders, reading disabilities, aggression and anti-social behavior. As a result of these negative health effects, children in substandard housing are more likely to fall behind in school and often drop out altogether. By contrast, when children move to stable housing in safer, lower poverty areas their behavior and school performance improves markedly. Therefore we must do more to provide quality housing for children.

### **Banks**

Banks can earn Community Reinvestment Act points when they invest in or finance Trust Fund Developments, as well as generating other development capital from mixed income projects that depend on conventional financing.

### **Developers**

Both for-profit and non-profit developers are eligible to use Housing Trust Fund dollars to develop new housing. In addition, they often gain business as new stores, doctor's offices, and other services locate in these new neighborhoods.

### **Medicaid Costs**

Many illnesses can be acquired as a direct result of substandard living conditions. Healthcare costs decline as children are healthier. Another study showed children with housing problems were more likely to be placed in foster care! Beside the long lasting negative effects on children, the costs to Arkansas are estimated at nearly \$50,000 each year per child.

### **Education Benefits**

Often times many low income Arkansans families are forced to move because of the lack of decent affordable housing. This lack results in tenuous living conditions and a high rate of residential mobility, particularly for poor families with children. As a result, at schools in areas with high rates of poverty as few as 30% of the students enrolled in September remain at the school at the end of the year, a mobility rate of 70%. Our children who move frequently often change school districts, jeopardizing their academic success. It is harder for transient children to form relationships with teachers and peers. Mobile children must change teachers, curricula and schoolmates and are also more likely to have to repeat a grade. Arkansas's General Assembly should create a state housing trust fund that will provide our state's most vulnerable children with the opportunity for a stable address.

### **Disabled and Elderly**

Will benefit from this program as well. The affordability gap for people with disabilities and on fixed incomes continues to worsen, especially in the current economic climate. Trust Fund dollars can be applied to the production, preservation, and retro-fitting of accessible housing.

### **Domestic Violence**

All people with limited economic resources have difficulty affording safe and decent housing. Low income women face increased barriers to housing stability because of wage discrepancies. Approximately 36% of single women headed households live in poverty (U.S. Census, 2005), compared with 6% of all families. Additionally, studies increasingly find that women living in poverty experience higher rates of domestic violence than the general population. A lack of decent and affordable housing can trap women in abusive relationships.

### **Rural Arkansans**

Across the nation, nearly 24% of households outside metro areas, or 5.5 million, pay more than 30% of their monthly income for housing costs. Of those, 2.4 million pay more than half their income for housing. The frequency of inadequate housing is also higher among nonmetro households - 12% of low income households in nonmetro areas live in substandard housing. Rural Arkansans will benefit from the program because special emphasis has been placed on meeting the current and future housing needs of this population.