

STRONG FOUNDATIONS: HOUSING SECURITY SOLUTIONS FRAMEWORK

EXECUTIVE SUMMARY | JANUARY 2021

This brief summarizes the “Strong Foundations: Housing Security Framework,” available at www.aspeninstitute.org/fsp.

HOUSING SECURITY IS THE FOUNDATION OF FINANCIAL SECURITY—and the underpinning of the national economy. Rent or mortgage is the largest monthly expense for most people across the US, and home equity is the largest source of household wealth. Housing plays a central role in both the quality of our daily lives and our sense of security and opportunity; it connects us to schools and jobs, social organizations and civic institutions, and life’s necessities, from groceries to healthcare. Affordable, stable housing is the platform upon which a family can build financial security and pursue the life they want today and in the future.

Before the COVID-19 pandemic, 1 in 3 US households were struggling with housing costs that jeopardize their financial security.¹ Now the global pandemic—and inadequate governmental responses to the public health threat—have created an unprecedented labor crisis and left millions unable to pay their rent or mortgage.

Overcrowding and homelessness are both rising in response and contributing to increasing infection rates.² By the end of 2020, we estimate that 30 million renters will be at risk of eviction, particularly as the CDC’s eviction moratorium expires on December 31.³ By then, renters will owe their landlords \$7.2 billion in back rent.⁴



This brief, and the accompanying report, *Strong Foundations: Housing Security Solutions Framework* build upon Aspen EPIC’s January 2020 research primer *Strong Foundations: Financial Security Starts with Affordable, Stable Housing*. The primer diagnosed the roots of America’s dual crises of housing unaffordability and instability. The four key underlying problems we identified are:

- 1) There is not enough housing to meet growing demand;
- 2) Many families cannot afford the housing available to them;
- 3) Discrimination continues to harm people of color; and
- 4) Current policy disadvantages renters.

COVID-19 has intensified all these challenges and made housing instability a more widespread challenge.

Achieving a more stable and prosperous future for all requires that we make solving for housing security a top priority. The full Housing Security Solutions Framework points the way with a clear goal: people need to be able to pay for safe, stable housing and

reliably have enough remaining income to build savings and cover the necessities of food, healthcare, transportation, and childcare. We provide an analytical framework that housing stakeholders can use to learn about the set of solutions they can pursue, as well as principles and a process to guide leaders through tailoring the most appropriate solutions to best meet their communities’ needs.

Everyone is a housing stakeholder

For all households in America to be able to pay for safe, stable housing a wide variety of stakeholders must come together. Because housing is intertwined in so many areas of people’s lives and is such a significant part of the economy, nearly everyone is a housing stakeholder. Likewise, everyone will benefit when families have stable housing they can afford, and everyone has a role to play in achieving that goal. **Everyone can do something to expand housing security in their own communities. Find the robust set of solutions for effective, equitable, and sustainable housing in the full solutions framework.**

EVERYONE BENEFITS WHEN FAMILIES HAVE STABLE, AFFORDABLE HOUSING

EDUCATION

- Improve academic performance
- Improve attendance
- Reduce need for school-based social services



HEALTHCARE

- Fewer chronic illnesses in community
- Reduce need for unfunded acute care
- Meet Affordable Care Act community health and charity care requirements



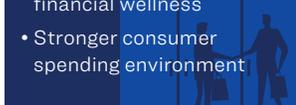
GOVERNMENT

- Serve the public interest
- Reduce reliance on food and utilities assistance programs
- Stronger tax base



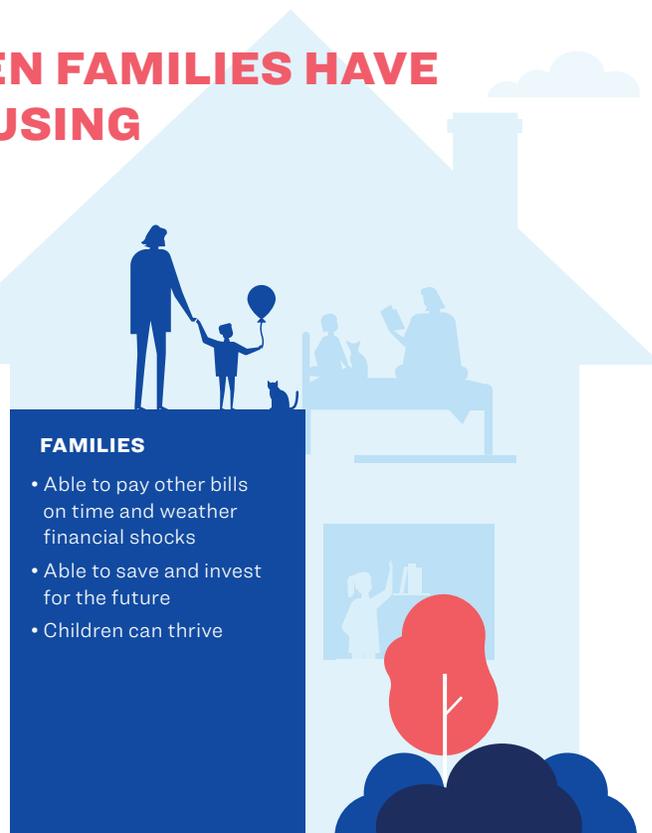
BUSINESS

- Able to recruit and retain talent
- Improve employee financial wellness
- Stronger consumer spending environment



FAMILIES

- Able to pay other bills on time and weather financial shocks
- Able to save and invest for the future
- Children can thrive



Universal design principles, local solutions

There is no universal, silver bullet solution to America's housing crisis. Most communities experience more than one type of housing problem and, therefore, need a set of related housing solutions. Moreover, different strategies will work better in different places than others. For example, the primary driver of unaffordability in some communities is lack of supply, while low household income is the primary driver in others.

We developed the Housing Security Solutions Framework to provide housing stakeholders working across sectors—at different levels of communities, business, and government—with a toolkit of strategies they can use to help solve for housing security. In it, we provide a set of design principles to guide them in the process of identifying and tailoring effective and equitable solutions to their communities' specific housing challenges and the specific levers of control and influence available to each stakeholder. Those design principles are to:

- 1. Affirmatively address racial and ethnic inequality—and other forms of discrimination—in housing and promote neighborhood integration,**
- 2. Make it easier to build all types of housing,**
- 3. Preserve the availability and physical quality of lower-cost, private-market housing and subsidized affordable housing,**
- 4. Support households directly to close the gap between their resources and the cost of securing and maintaining stable, adequate, and affordable housing, and**
- 5. Support renters' wellbeing and access to resources to resolve housing challenges.**

Furthermore, we recommend that housing stakeholders facilitate community leadership in the process of tailoring these universal principles to fit local circumstances and needs.

EPIC engaged with and developed the Housing Security Solutions Framework for a wide variety of housing stakeholders, including:



Organizations working to improve housing security in specific communities, including advocates and community leaders;



Policymakers working at the federal, state, and local levels across the United States;



Secondary market institutions: investors, Fannie Mae, Freddie Mac, and Federal Home Loan Banks;



Public Housing Authorities and housing finance agencies;



Housing finance professionals working in the for-profit, nonprofit, and public spheres;



Housing developers working in the for-profit, nonprofit, and public spheres;



Home mortgage and chattel lenders of all sizes and footprints;



Landlords and property managers;



Front-line service providers serving housing insecure people and communities;



Philanthropic institutions;



Employers; and



Real estate industry professionals.

The full Housing Security Solutions Framework includes solutions that each of these stakeholders can pursue.

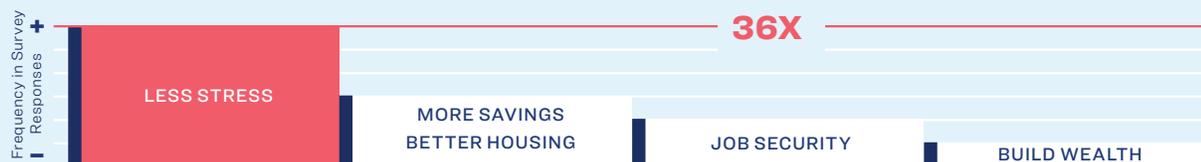
SURVEY REVEALS HOUSING SECURITY IS CRITICAL FOR WELL-BEING

In October 2020, Aspen FSP partnered with SaverLife, a nonprofit that helps people build financial security, to conduct a survey on housing affordable and stability. The survey garnered 499 responses from a geographically, racially, and economically diverse set of SaverLife members, allowing us to better understand the housing challenges facing a variety of people. More information on the survey’s methodology can be found in Appendix 1 of the full report.

The survey results confirmed that housing affordability and stability are deeply connected to financial security in multiple ways. Over half of the respondents—both renters and homeowners—believed that their housing situation was a barrier to their financial security. These respondents were more likely to be cost-burdened than those who did not see their housing situation as a barrier. Renters were twice as likely as homeowners to report experiencing a housing challenge.

When asked about solutions to housing challenges, respondents overwhelmingly believe that direct cash assistance would be more beneficial than housing assistance programs. When asked which stakeholder is most trusted to solve housing challenges, respondents chose local nonprofit organizations and community-based organizations. Perhaps the greatest insight was revealed when respondents were asked, “How would your life be different if your housing security problems were solved?” The most profound impact that people would experience is less mental and physical stress, especially in the wake of the COVID-19 pandemic. Households say they’d be able to pay for other basic needs, pay down debts, save for emergencies, and use more disposable income to buy better housing, make home repairs, vacation, and invest in retirement and education. From retirement to job stability to health care, housing greatly intersects with nearly every aspect of financial security, and more. ▲

In October 2020, we asked people to tell us, in their own words, how their lives would change if their housing challenges were solved.*



WHAT PEOPLE SAID:

“I would have less fear and anxiety of getting evicted.”

“Since we are currently behind on rent, I would feel less stressed if that were paid off and I would be caught up on rent. Once that financial obligation is out of the way, I could work on lowering other debt.”

“I would be able to really put a dent in my college loan debt. I feel like we’d be able to purchase a home if I can get my balance down significantly.”

“It will improve drastically! I will no longer be scared to leave an abusing job and look for better because I wouldn’t have to worry about rent. I would be able to save for emergencies, I would be able to eat properly and not count every penny. It will not fix my financial life, but it would help so much.”

* In October 2020, Aspen Institute Financial Security Program asked 499 SaverLife members how their lives would change if their housing challenges were solved. View full survey findings here: <https://www.aspeninstitute.org/blog-posts/we-choose-between-housing-and-thriving/>

Advancing housing security today, tomorrow, and in the future

The COVID-19 pandemic has made clear that allowing long-standing problems to persist leads to crisis in the face of an unexpected shock. **To set our country on an inclusive path to growth, resilience, and well-being, housing security must be at the core of economic and pandemic recovery efforts.** Housing recovery policies must first address acute needs, keeping people in their homes during the public health crisis. Although a patchwork of policy responses implemented nationwide, statewide, and locally have been somewhat effective, they have not provided comprehensive protections nor been funded at a level commensurate with the scale of the problem. While implementing effective solutions at scale will be expensive, the costs of inaction will be significantly greater over the long term.

Addressing people's acute and immediate housing security needs is only the first step; policymakers and other housing leaders also must ensure that people will

be able to continue to access housing that meets their basic needs in the future. Without both direct support for households and investment in housing preservation, millions will suffer long-term financial insecurity, with effects that reach far beyond their housing outcomes.

Leaders should also bridge housing-related COVID-19 recovery efforts to longer-term efforts to address the four core problems that have created the conditions for widespread housing insecurity. Low-income households need direct financial support. Black people, other people of color, and millions of others covered by fair housing laws need effective protections from and remedies to discrimination. Communities need more housing of all types to facilitate residents' economic opportunities and well-being; they also need to preserve every lower-cost home and apartment they can. A menu of specific actions that leaders in different sectors can take to advance these goals is available in the full report.

FOUR STEPS TO SOLVE HOUSING SECURITY CHALLENGES IN YOUR COMMUNITY

Regardless of which type of stakeholder initiates efforts to solve the housing security challenges in their community, we recommend including each of the following steps in the process:

1 Build partnerships with other stakeholders and coordinate with them from the beginning.



2 Diagnose your community's problems. Of the four key problems, which are most prevalent in your community? Which have the greatest role in creating housing insecurity? All stakeholders must be involved in this process, and the perspectives of housing insecure residents must be valued equally.



3 Identify solutions that address your community's specific problems and prioritize. Every community is likely to face multiple problems, and assessing their relative importance is key to prioritizing among solutions to pursue. This report is designed to be a starting point for identifying solutions. Using the five guiding principles can be a useful framework for determining which solutions ought to take priority.

4 Tailor the solutions. Every community is unique and every area's housing markets are different. Solutions should not be taken off the shelf and implemented; they should be adjusted as needed—in consultation with housing insecure residents—to ensure that they will be effective, increase access to housing security, and support housing as the foundation of residents' financial security.

Aspen EPIC's Blueprint for Change

This Solutions Framework is a call to action by leaders in all sectors to pursue high-impact solutions to ensure that our housing future supports everyone's financial security, to the benefit of all. As the full report makes clear, all actors in all sectors have a role to play, which means there is something that each one of us can do.

The Housing Security Solutions Framework is not the end of Aspen EPIC's work on housing security. It is our blueprint for helping housing stakeholders across sectors advance those solutions. Our next steps will include:

- Encouraging those leading COVID-19 recovery efforts to implement systemic solutions to housing that can address the acute, immediate housing needs of those suffering due to the pandemic while building toward a future in which widespread housing security is the norm;
- Equipping housing stakeholders working across the nation with simple, interactive tools that provide a detailed diagnosis of their local area's housing insecurity challenges and matches their problems to appropriate solutions they can consider in their community; and
- Building the capacity of emerging leaders and organizations to solve their communities' housing problems using strategies that expand access to housing security and, in turn, ensure that people's housing is a source of stability and opportunity that supports their well-being.

We invite readers to join us as we work toward those goals. ▲

¹ Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing." 2018. <https://www.jchs.harvard.edu/state-nations-housing-2018>.

² Gray, Nolan. "Problem: Overcrowding." City Journal, September 17, 2020. <https://www.city-journal.org/overcrowding-is-a-factor-in-covid-infection>.

³ Gilman, Sam, Katherine Lucas McKay, and Zach Neumann. "National Eviction Risk Projections." Aspen Institute, August 2020. https://assets.aspeninstitute.org/content/uploads/2020/08/Evictions-Data-Update-August.pdf?_ga=2.163621567.1843253297.1605197346-1938655401.1570806114.

⁴ Reed, Davin and Eileen Divringi. "Household Rental Debt During COVID-19." Federal Reserve Bank of Philadelphia, October 2020. <https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/household-rental-debt-during-covid-19.pdf>.

⁵ Holt, Steve, Katherine Lucas McKay, and Genevieve Melford. "Strong Foundations: Financial Security Starts with Affordable, Stable Housing." Aspen Institute, January 2020. https://assets.aspeninstitute.org/content/uploads/2020/01/Financial-Security-Starts-with-Affordable-Stable-Housing_2020.pdf?_ga=2.147876791.1005546767.1606249615-1938655401.1570806114.

ACKNOWLEDGEMENTS

EPIC would like to thank Katherine Lucas McKay, Dyvonne Body, and Steve Holt of HoltSolutions for authoring this report, and FSP's Genevieve Melford for her leadership and contributions. Additional thanks to our Aspen FSP colleagues: Karen Biddle Andres, Sheida Elmi, Sohrab Kohli, Meghan Poljak, Ida Rademacher, Tim Shaw, Joanna Smith-Ramani, Emy Urban, and Elizabeth Vivirito, for their assistance, comments, and insights. We are grateful to our Advisory Group members for their guidance: Luke Apicella, George Carter III, Robert Dietz, Stacey Epperson, Ingrid Gould Ellen, Mike Loftin, Jeff Lubell, Alanna McCargo, Jud Murchie, Danushka Nanayakkara-Skillington, Milton Pratt Jr., Vincent Reina, Sherry Riva, Shamus Roller, Jenny Schuetz, Kristin Siglin, Celia Smoot, Cindy Waldron, and Barry Zigas.

This Solutions Framework would not be possible without the generous contributions of our advisors, the nearly 100 additional experts who participated in an interview or expert convening over the past two years (See Appendix 2 of the full report), or responded to one of two expert surveys (See Appendix 1 of the full report). We are also extremely grateful to the 499 individuals who participated in a survey or focus group on their experiences of housing insecurity before and during the COVID-19 pandemic. Finally, EPIC thanks our funders, MetLife Foundation, The Prudential Foundation, and the W.K. Kellogg Foundation, for their generous support.

The findings, analysis, and conclusions expressed in this report—as well as any errors—are EPIC's alone and do not necessarily represent the views of EPIC's Advisory Group members, their employers, our funders, or other participants in our research process.

ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's (Aspen FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org or follow @AspenFSP on Twitter. To stay up to date with our work, join our mailing list at <http://bit.ly/fspnewsletter>.

ABOUT EPIC

Aspen FSP's Expanding Prosperity Impact Collaborative (EPIC) is a first-of-its-kind initiative in the field of consumer finance, designed to harness the knowledge of a wide cross-section of experts working in applied, academic, government, and industry settings toward the goal of illuminating and solving critical dimensions of household financial insecurity. EPIC deeply explores one issue at a time, focusing on challenges that are critical to Americans' financial security but are under-recognized or poorly understood. EPIC uses an interdisciplinary approach designed to uncover new, unconventional ways of understanding the issue and build consensus among decisionmakers and influencers representing a wide variety of sectors and industries. The ultimate goal of EPIC is to generate deeply informed analyses and build diverse expert networks that help stakeholders (1) understand and prioritize critical financial security issues, and (2) forge consensus and broad support to implement solutions that can improve the financial lives of millions of people.

**FINANCIAL
SECURITY
PROGRAM**
 **aspen institute**

 **epic** EXPANDING
PROSPERITY
IMPACT
COLLABORATIVE
 **aspen institute**