fahe 40 Years of Service
Building the American Dream.

Rebuild Our Prosperity by Making Owner-Occupied Homes Livable and Efficient

Big cities and small towns in America can be more prosperous with the jobs that come from necessary investments in making homes well-repaired, safe, and energy efficient. Stable, quality jobs and long-lasting skills will grow from our people performing this necessary work, as will savings bills and in energy, leading to increased American energy independence. Now COVID-19 has made home a central focus for work, school, and social life during the crisis. Investments that help every American participate better during any crisis that has us spending more time at home are critical, helping us to be safe as we live and age in place. We can rebuild our economy while making these important investments, building on already existing policies.

Fahe supports investment to create construction jobs through needed energy efficiency and home repair upgrades addressing substandard housing.

Jobs. Fahe's plan creates jobs and improves quality of life through a new policy and program expanding on central tenets of existing policies wisely enacted in the past: United States Dept. of Energy Weatherization Assistance Program, Dept. of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP), and Dept. of Ag Single Family Repairs (known as Section 504). At least 591,542 jobs created then sustained over 10 years through a national investment of $29.1 billion/year to repair for health, safety, and energy efficiency the owner-occupied homes of lower income people in the United States. Our estimate is based on American Council for an Energy Efficient Economy (ACEEE) estimates that every $1M spent on construction yields 20.3 jobs.

There were 116.9 million occupied housing units per the 2015 Census. So, 15,197,000 units >100% FPL, 19,873,000 at 100-200%, 35,070,000 at 200-400%.

- 19.3% of housing units are in rural areas, 81.8% of those units are owner-occupied, and we extrapolate to all rural areas our data showing 50% of homes in Appalachia will need major repairs over the next 10-20 years.
- 80.7% of housing units are in urban areas, 59.8% of units are owner-occupied, and approximately 35.8% will need repairs.

Investment. Fahe Member experience in the field leads us to estimate $15,000 and $20,000 for the average urban and rural repair, respectively. We cap repairs at $40,000 for this program. $40,000 is necessary to address not only homes with deferred maintenance, but also to cover the additional costs of repairing pre-1978 homes with lead abatement issues.

Poverty Level	Housing Units	% Urban	% Urban Ownership	% Urban Repair	Average Repair	Estimated Investment
<100%	15,197,000	x .807	x .598	x .358	x $15,000	= $39.4 B
100-200%	19,873,000	x .807	x .598	x .358	x $15,000	= $51.5 B
200-400%	31,462,400	x .807	x .598	x .358	x $15,000	= $90.8 B

Poverty Level	Housing Units	% Rural	% Rural Ownership	% Rural Repair	Average Repair	Estimated Investment
<100%	15,197,000	x .193	x .811	x .5	x $20,000	= $23.8 B
100-200%	19,873,000	x .193	x .811	x .5	x $20,000	= $31.1 B
200-400%	31,462,400	x .193	x .811	x .5	x $20,000	= $54.8 B

The total investment from this proposal going into communities is $291 billion over ten years via both loans and grants, creating nearly 6 million jobs nationwide and repairing more than 41 million homes.

Repairs funded under this proposed investment will meet the allowable repairs definitions for the USDA Section 504 program (7 C.F.R. §3550.102) and/or the DOE Weatherization program (10 C.F.R. §440). The repairs will address weatherization, and health and safety, repairs and improvements while maintaining the modest nature of the property.

Following existing USDA guidance, to be eligible "the property must be owner occupied and the applicant's sole and primary residence. The property must be considered typical and modest for the area and must not be used for rental or other income producing purposes."

Comparison to Federal Reserve Bank of Philadelphia/PolicyMap 2019 Estimate. This 2019 modeling estimate of $25.3 billion to repair all low-income households (defined as "just at or below" 100% FPL) versus our estimate for that low-income segment of $63.2 billion. That 2019 model relied on an average owner-occupied repair cost of $3,142 for a home in need of repair, with repairs of above $10,000 needed in only 2.3% of homes. It found a low incidence of homes needing more than one repair and average repairs to repair leaks and mold (roof) at $1,562 or heating repairs at $885. Those numbers were based on assumptions including that heating units that broke once or twice could be repaired rather than replaced; our experience on the ground suggests differently. We also note that the decennial census, despite publicity and effort to reach all residents, has well-documented undercounting for populations associated with factors such as poverty, lower education levels, language barriers. We query whether the American Housing Survey, not supported by such efforts, may undercount populations with among the highest repair costs.

Continuing Repairs. We recognize that while this proposed investment would be sufficient to create millions of jobs and bring more than 41 million homes into good repair over ten years, without an ongoing investment the pattern of low-income homes accruing deferred maintenance costs will reassert itself within decades. We are not prepared to address the decades following our proposed ten-year investment in terms of home repair investments. Instead, we encourage improvements in the economy that will allow families to provide for their own home repair needs and in the future will release ideas on these topics.

Comparison with Existing Investment. We understand that besides the federal investments our policy expands, there exist state, local and charitable investments in repair and weatherization. However, existing federal policy invests less than $1 billion each year, and while state, local, and charitable investments are meaningful, they are inconsistent to address sufficiently the potential for recovery and jobs as well as the quality of life improvements Fahe has identified above.

To create these jobs, investments have to solve lead-based paint challenges

Lead-based paint poses a hazard to the health and safety of residents and workers in homes constructed prior to 1978 – more than 50% of homes in America. Although US EPA and HUD regulations require certification for workers and inspectors, the market is failing to provide the labor supply. We propose:

- $1 million to increase the supply of small businesses offering inspection services through a loan program within the U.S. Small Business Administration for counties without a lead inspection business. The program would utilize SBA's existing 7(a) loan ability for financing, and SBA's existing Small Business Development Centers for counseling, and create a TA program to assist businesses with receiving certifications.
- $400,000 to expand the supply of non-profit housing organizations certified for Lead Safe repair work through a technical assistance program at EPA.

Fahe believes in creating these jobs from necessary repair and upgrades in a way that is financially sustainable for our country and our neighbors.

The loan component of the investment ensures that recipients participate fully and contribute an affordable amount to the repairs of their homes, but also significantly lowers the total cost of this investment to the federal government through repayment and interest payments. Fahe Members have found that repair projects are more successful, both from an adoption standpoint and from a long-term stability standpoint, when recipients contribute towards the repairs financially, even in small monthly amounts. Taking our cues from the grant/loan model of the existing USDA 504 program, we propose that the amount of grant per-household be determined by income limits. The following table outlines the percentage of the total cost of the repairs to be financed via grant and loan for different income brackets, based on percentages of the Federal Poverty Level.

Income Limits (Federal Poverty Level)	**Real income dollars, family of four in 2020**	**Financing model proposed investment**	**Grant/ Loan mix for example project, total cost $20,000**
0-100% FPL	Up to $26,200	90% Grant/ 10% Loan	$18,000/ $2,000
101-200% FPL	Up to $52,400	75% Grant/ 25% Loan	$15,000/ $5,000
201-300% FPL	Up to $78,600	50% Grant/ 50% Loan	$10,000/ $10,000
301-400% FPL	Up to $104,800	25% Grant/ 75% Loan	$5,000/ $15,000

While the total investment seen in communities will be $291 billion, the estimated granted portion would be $173.43 billion, while the remainder of the investment would be delivered through repayable, fixed rate, and low-interest loans totaling $117.97 billion. While the projection of real costs to government agencies that deploy subsidized loans is a complex calculation beyond our purposes here, if we take the subsidy rate for the USDA 504 program in 2020 as a rough metric, we estimate the cost to the government of the loans proposed here as $20 billion.

Fahe believes that job creation depends upon adoption that requires investment in marketing and outreach tools.

- Fahe supports $150 million for direct marketing and community outreach programs, through a mixture of a national postcard campaign, state-level marketing, and direct marketing by community nonprofits.
- Grants to local community housing non-profits are particularly important, as effectiveness is higher and costs are lower when they operate through their local networks.

Fahe believes in ensuring the speedy, widespread creation of jobs through this investment by avoiding pitfalls of existing programs

- Including a per-project developer's fee in the proposed investment, even a modest one, will allow it to compete with the demand extant in the private market – ensuring growth of companies and therefore the creation of jobs.

- Creating a streamlined and easy-to-navigate payment structure for businesses will ensure full adoption by the private market of this new federal funding source.