

**Statement for the Record
Council of Large Public Housing Authorities**

House Financial Services Committee
Subcommittee on Housing and Insurance
Hearing on “Housing Affordability: Governmental Barriers and Market-Based Solutions”
December 6, 2023

The Council of Large Public Housing Authorities (CLPHA) is pleased to submit the following statement for the record to the United States House of Representatives Committee on Financial Services for the congressional hearing on “Housing Affordability: Governmental Barriers and Market-Based Solutions” on December 6, 2023. We are grateful to Chairman Warren Davidson, Ranking Member Emmanuel Cleaver, and the Subcommittee on Housing and Insurance for holding this important hearing to examine governmental barriers on housing affordability. We appreciate the opportunity to offer CLPHA’s views regarding the regulatory obstacles to affordable housing that impact public housing authorities and their residents, as well as possible market-based solutions to help alleviate these issues.

CLPHA is a non-profit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis, and public education. Our membership includes over 80 of the largest and most innovative public housing authorities across the country. The CLPHA membership collectively owns and manages nearly 40 percent of the nation’s public housing stock and administers more than a quarter of housing vouchers under the Housing Choice Voucher program. CLPHA members also assist with the provision of vital services to the low-income households they serve in federally assisted housing.

As one of the nation’s largest sources of affordable housing, public housing plays a central role in the nation’s infrastructure. Since the creation of the public housing program more than eighty years ago, public housing authorities (PHAs) have grown into our nation’s most effective tool for preventing housing instability, homelessness, and poverty particularly for the lowest income and most vulnerable populations. Every year PHAs serve more than one million households in the public housing program, including over 600,000 children, nationwide. PHAs also serve 2.2 million low-income households through the Housing Choice Voucher (HCV) program. PHAs rose to their greatest challenge in a century with their efforts to continue to ensure the safety of their residents and staff during the COVID-19 pandemic.

Despite the successes achieved by PHAs, they face many barriers at the federal level. Public housing has faced decades of chronic federal underfunding and disinvestment. PHAs are also grappling with rising rents and housing supply deficits resulting from the national housing crisis.

Barriers And Opportunities

Public Housing Capital Fund

The Public Housing Capital Fund is the dedicated source of annual funding available to housing authorities to make rehabilitation and modernization improvements to public housing. Over the last several decades, capital fund appropriations have dwindled, while ongoing accrual needs have increased dramatically. The recent federal legislative Build Back Better proposal that included \$70 billion for public housing investments to address the

backlog did not prevail. Unfortunately, there have been no meaningful proposals to address the backlog before or since Build Back Better. In 2010, the Department of Housing and Urban Development's (HUD) last estimate of the capital need backlog was \$26 billion. While Congress allocated \$3.2 billion for the capital fund in their FY23 appropriations bill, CLPHA estimates that the capital needs backlog is now closer to \$100 billion and growing.

CLPHA continues to urge Congress to provide increased funding to meet annual accrual needs and funding to address the backlog for the Public Housing Capital Fund.

Public Housing Sustainability Ten-Year Roadmap

CLPHA calls for the development and implementation of a Public Housing Sustainability Ten-Year Roadmap that addresses the necessary policies, resources, services, and political support to recapitalize, improve and revitalize the aging public housing portfolio. The 10-year roadmap would utilize current appropriated funding and potentially new funding streams including the expansion of housing tax credits; climate and infrastructure upgrades; greening and sustainability investments; and increased opportunities to leverage private capital investment. The tools, methods and mechanisms needed to bring leveraged public and private investments to public housing have developed over the years. We need a strategic framework for committing resources and developing policies to scale in order to make buildings and neighborhoods sustainable platforms for improving life outcomes for residents. CLPHA calls on Congress to serve as a strategic partner and work with key stakeholders to help develop this ten-year roadmap for public housing sustainability. The Subcommittee on Housing and Insurance would be a logical and important place to begin.

Housing Choice Voucher Program

The Housing Choice Voucher Program (HCV) continues to be one of the most important rental assistance programs serving our country's lowest-income residents and continues to be an effective market-based solution for providing affordable housing. The HCV program allows families the opportunity to choose where they want to live in the private market. Additionally, HCV administrative fees are critical funds that enable PHAs to effectively continue administering the program. However, the demand for HCVs far exceeds the supply of available vouchers.

To help meet the need and demand for HCVs, CLPHA urges Congress to be bold and commit to an annual increase of incremental housing vouchers, fully fund HCV renewal fees, provide dedicated funding for supportive service fees for voucher holders, and provide robust funding for tenant protection vouchers (TPVS). Increasing the federal commitment to housing vouchers will have a corresponding effect of increasing private sector participation and investment. Additionally, CLPHA supports establishing and funding landlord incentives to support recruitment and retention of participating landlords, especially in high-cost areas.

Rental Assistance Demonstration Program

The Rental Assistance Demonstration (RAD) is a preservation program that allows public housing units to move to a section 8 subsidy platform. RAD allows public housing authorities to leverage private capital through a variety of proven financing tools as a key solution in tackling the unmet capital backlog needs and the critical redevelopment of properties needed in the public housing program. However, the expansion of the RAD program is prevented by an unnecessary cap on the number of units that can participate in the program.

CLPHA urges the Committee to support eliminating the unit cap and sunset date for the RAD program to support long-term portfolio planning. CLPHA urges the Committee to support additional funding for RAD so that project conversions that are not feasible at existing public housing funding levels will work. Additionally, the "Faircloth Amendment" is a statutory barrier that limits the amount of public housing units that can be developed by housing authorities. In this period of a national affordable housing shortage and crisis, artificially limiting public

housing units that can be developed is short-sighted and counterproductive. CLPHA also recommends streamlining the conversion of “Faircloth to RAD” units to allow for more direct conversion to project-based vouchers (PBVs) or project-based rental assistance (PBRA).

Low-income Housing Tax Credit

The Low-Income Housing Tax Credit (LIHTC) is another critical tool for leveraging the public and private capital required to develop new affordable housing and help redevelop aging public housing infrastructure. LIHTC is also a primary financing tool for RAD, which enables public-private partnerships to preserve at-risk public housing.

Without an incentive like the housing credit, it is simply not financially feasible for public-private partnerships to build affordable homes for our most underserved communities. Many public housing authorities seeking to recapitalize their properties would benefit from 9 percent tax credits. However, the competition for the credits makes them difficult to acquire and there simply are not enough 9 percent tax credits available.

CLPHA urges Congress to enact H.R. 3238/S. 1557, the Affordable Housing Credit Improvement Act, to make changes to strengthen the Low-Income Housing Tax Credit program. CLPHA also urges Congress to expand the LIHTC allocation authority by 50 percent and allow targeted housing tax credits for public housing recapitalization.

Private Activity Bonds

Together with the 4% Low-Income Housing Tax Credits, private activity bonds (PABS) have been a critical tool for housing production and rehabilitation, especially for multifamily rental housing. However, the demand for PABS exceeds supply in certain states. With increased competition for bonds throughout the country, affordable housing providers will not have access to this type of important funding stream.

Congress looks forward to the reintroduction of the Support Allowing Volume Exception for (SAVE) Federally Assisted Housing Act. If enacted, the SAVE Act would create an exemption to the volume caps on PABS for public and federally assisted housing. Exempting public and federally assisted housing from annual competition over PABS with other bond issuers would allow more PABS to be applied to affordable housing projects. If enacted, housing providers receiving an allocation of PABS would also be entitled to an allocation of 4% low-income housing tax credits, allowing them to raise private equity for redevelopment activities.

Thank you for the opportunity to submit our views for the record, and we ask that you give them your full consideration.