



Council of Large Public Housing Authorities

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April 29, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters:

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 hearing of April 30, 2019, and appreciates the opportunity to offer our views on the important topic of, "Housing in America: Assessing the Infrastructure Needs of America's Housing Stock."

CLPHA is a non-profit organization committed to preserving, improving, and expanding the availability of housing opportunities for low-income, elderly, and disabled individuals and families. CLPHA's members comprise more than 70 of the largest housing authorities, in most major metropolitan areas in the United States. These agencies act as both housing providers and community developers, effectively serving over one million households, managing almost half of the nation's multi-billion dollar public housing stock, and administering over one-quarter of the Section 8 Housing Choice Voucher program.

We are grateful to the Committee for calling attention to the deteriorating physical condition of much of our nation's public housing stock due to years of disinvestment in its infrastructure. Coupled with an historically inadequate supply of decent, affordable housing, this set of circumstances has contributed to an affordable housing crisis across the American landscape. We applaud Financial Services Committee Chairwoman Maxine Waters for her leadership in championing the "Housing is Infrastructure Act of 2019," legislation designed to address the untenable shortage of stable housing for low-income households.

As one of the nation's largest sources of affordable housing, public housing plays a central role in the nation's infrastructure. Similar to roads, bridges, and waterways, affordable housing is a long-term infrastructure asset that helps communities and families thrive. Public housing represents a significant investment on the part of the federal government. However, like roads, bridges, and waterways that lack adequate resources to be properly maintained, HUD estimates over 300,000 units of affordable public housing were lost since 1990 due to chronic underfunding.

Capital Fund

Public housing authorities are good stewards of Public Housing Capital Funds. Under previously enacted infrastructure investment legislation, specifically the "American Recovery and Reinvestment Act of 2009,"

housing authorities were efficient, effective and innovative in using Public Housing Capital Funds by quickly spending their funding on ready-to-go projects that bolstered economic growth, created jobs and improved opportunity and quality of life for residents. A subsequent U.S. Government Accountability Office analysis also confirmed that housing authorities were timely and efficient in using infrastructure funds.

The Administration and Congress have signaled that restoration of the nation's infrastructure is critical to the nation's economic vitality, health and safety. A significant federal investment in affordable housing infrastructure should be a top priority, and CLPHA urges Congress to provide the \$70 billion in funding proposed for the Capital Fund in the Housing is Infrastructure Act. This investment is critical to further prevent the deterioration of our crumbling public housing inventory.

Rental Assistance Demonstration Program

An additional tool that Congress can expand to address the deteriorating condition and supply of public housing is the Rental Assistance Demonstration (RAD) program. RAD is a preservation program focused on protecting and improving the nation's at-risk public housing stock by moving the rental assistance 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 in the public housing program. Since its start, RAD has already spurred \$6.6 billion in construction financing and successfully converted more than 110,000 units.

Expansion of the RAD program is presently restrained by an unnecessary and arbitrary cap on the number of units that can participate in the program. The cap creates artificial limits on unit conversions; interferes with long-term portfolio planning; impedes the alignment of timeframes for additional funding sources; and hinders full portfolio conversion over multiple years.

CLPHA urges the Committee to support completely eliminating the unit cap. Additionally, we urge the Committee to support the Department of Housing and Urban Development (HUD), CLPHA and other stakeholders' initial request for incremental funding to enable housing authorities with high-cost, high-needs properties the opportunity to more fully participate in RAD in order to address their infrastructure needs.

Low-Income Housing Tax Credit

The Low-Income Housing Tax Credit (LIHTC), which serves as the primary financing tool for public housing recapitalization and redevelopment strategies including RAD, enables public-private partnerships to preserve at-risk public housing. As an example, utilizing LIHTC, RAD has leveraged over \$5.2 billion in private financing to help convert over 47,000 public housing units, more than any other single source of financing for the RAD program.

Without an incentive like the housing credit, it is simply not financially feasible for public-private partnerships to build affordable homes for the families that need them most. Nearly 72 percent of residents living in federal public housing are extremely low-income, meaning their incomes are at or below 30 percent of area median income. Given the significant unmet needs, many public housing authorities seeking to recapitalize their properties would benefit from 9 percent tax credits, but the competition for the credits makes them difficult to acquire and there simply are not enough 9 percent tax credits for the high need.

CLPHA urges Congress to expand the LIHTC allocation authority by 50 percent, and allow targeted housing tax credits for public housing recapitalization. These targeted tax credits would be designated through a national set-aside, separate from the state allocation and distribution pool of housing tax credits, thereby eliminating the need for competition from state agencies.

Other Benefits

There are also significant ancillary benefits from investing in public housing infrastructure. Public housing creates jobs and acts as an economic generator by leveraging public and private resources to increase resident earnings, contribute to local tax revenue, and support job creation and retention. An independent study confirmed that for every \$1 spent on capital funding, an additional \$2.12 is generated in regional economic activity. Under the last infrastructure bill, \$4 billion in Capital Funds generated over \$12.5 billion in economic activity. Per \$1 million spent, public housing outpaces other sectors when it comes to job creation and generating economic activity.

However, a lack of affordable housing has been shown to negatively impact economies. Researchers estimate that the growth in GDP from 1964-2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a \$1.7 trillion increase in total income, or \$8,775 in additional wages per worker. Overall, the shortage of affordable housing in major metropolitan areas costs the American economy about \$2 trillion a year in lower wages and productivity. High housing costs constrain opportunities for families to increase their earnings, causing slower GDP growth; and since 2000, rental costs have risen more quickly than renter's incomes.

In addition to economic benefits, healthy and stable housing also improves important markers of family and child well-being. HUD healthy home programs have improved physical housing quality and controlled for hazards that contribute to poor health in over 370,000 units. As a result, researchers estimate that 265,000 fewer children under five have contracted blood poisoning from in-home toxin exposure.

Since 1999, HUD has invested over \$40 million in asthma control initiatives, resulting in at least \$212 million in health care cost savings. Stable, affordable housing can also support family stability that is essential for healthy child development. A recent study offering housing vouchers to homeless families found that voucher receipt improved adult and child mental health and reduced the risk of future homelessness episodes.

CLPHA Members

There are numerous instances among CLPHA members where infrastructure investments have made a positive impact on the people, communities and physical facilities where they live and work. A snapshot of examples include Seattle, WA where the housing authority partnered with a national non-profit to create a Wi-Fi infrastructure with access for over 2,000 units; Houston, TX where the housing authority initiated a portfolio-wide conservation initiative to reduce energy consumption by 20%, resulting in \$1 million in annual savings; Baltimore City, MD where public-private redevelopment financing for 26 public housing properties resulted in preservation of 4,000 units; Boston, MA where the housing authority created a 10,000 sq. ft. health center to help seniors & individuals with disabilities age in place; and Yonkers, NY where the housing authority built a deep well geo-thermal system at a senior site, increasing energy efficiency by 30%. An investment in infrastructure for public housing not only improves the stock of hard-built facilities but is an investment in individuals, local communities, and the economy.

CLPHA applauds the leadership the Financial Services Committee has shown in supporting housing is infrastructure and urges the Committee to consider and favorably report the “Housing is Infrastructure Act of 2019” to the full Congress for enactment.

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

Sincerely,

A handwritten signature in cursive script that reads "Sunia Zatterman". The signature is written in black ink and has a fluid, connected style.

Sunia Zatterman
Executive Director