

Testimony of Leonard Williams
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Financial Services Committee
Housing and Community Opportunity Subcommittee
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My name is Leonard Williams. I am presently in my second term as a resident commissioner on the Buffalo Municipal Housing Authority Board of Commissioners. I am a member of the Resident Advisory Board of Buffalo and, for the last seven years, have been a member of my development's Resident Council. I served as the Council's Vice President for three years and as Treasurer for two years. I have been a resident of public housing for 12 years. I also serve on the Board of Directors for the Bob Lanier Center, an after school drop-out prevention program in my neighborhood.

I am a member of the Board of Directors of the National Low Income Housing Coalition (NLIHC), which I am representing here today. I am also on a National Advisory Panel to Housing and Urban Development Secretary Shaun Donovan.

In these roles, I have had the opportunity to discuss the future of public and assisted housing with residents from across the country. I have spent many hours in the last several months meeting in person and telephonically with my fellow residents. This includes participating in the National Low Income Housing Coalition's conference recently that was attended by over 150 residents and where the full range of these issues was explored in depth. Thus, my testimony today is informed not only by my own experiences, but that of many other recipients of federal housing assistance.

NLIHC is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.

Our members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. We do not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable homes, especially those with the most serious housing problems, including people without homes. NLIHC is funded entirely with private contributions.

We organize our work in service of three specific goals for federal housing policy:

- There will be no further loss of federally assisted affordable housing units or federal resources for affordable housing or access to housing by extremely low income people. Obviously, this goal includes the preservation of public housing.
- The federal government will increase its investment in housing in order to produce, rehabilitate, and/or subsidize at least 3,500,000 units of housing that are affordable and accessible to the lowest income households in the next ten years.
- Housing stability in the neighborhood of one's choice, which is foundational to good health, employment, educational achievement, and child well-being for people with the lowest incomes, will be the desired outcome of federal low income housing programs.

In addition to supporting policy proposals to preserve public housing, NLIHC also supports increased federal appropriations for the public housing operating and capital funds. The public housing operating fund had been underfunded for seven straight years until FY10. We cannot expect PHAs to maintain the nation's investment in public housing without sufficient resources to do so.

Chronic underfunding has led to a more than \$22 billion backlog in public housing capital repair needs. Through the \$4 billion from the American Reinvestment and Recovery Act and the FY10 appropriations bill, Congress has made strides to address this backlog but it is clear that new tools, and new resources, will be needed. The nation's almost 1.2 million units of public housing are a tremendous resource that should be preserved to the greatest extent possible.

Including private capital in the preservation of public housing may be a necessary part of the future of public housing. In 2008, NLIHC developed principles on public housing revitalization and replacement, and on public housing in general. These principles state that there is an intrinsic value in public housing being publicly owned, that full resident participation is critical to successful public housing, that current income targeting is maintained, that rents be affordable to each household, the need to raise private capital should not drive other decisions that may be detrimental to public housing tenants or others in need of affordable housing, that admission criteria be related to an applicant's ability to fulfill lease requirements, and that public housing redevelopment, revitalization, demolition, and replacement plans provide residents opportunities, protections, and rights. These principles are attached to this written testimony.

The bills before the Subcommittee today would help preserve the nation's public housing stock, protect public housing tenants, and help ensure that people can receive the supportive services they need while living in public housing rather than be prematurely institutionalized in nursing homes. The nation's shortage of homes affordable to extremely low income households is evidence of the need to preserve existing affordable housing while we strive to achieve the resources necessary to add to the nation's affordable housing stock.

We would specifically like to thank Chairwoman Maxine Waters and Committee Chair Barney Frank for your consistent and outspoken leadership to preserve public housing, which overwhelmingly serves extremely low income people. According to HUD's March 31 Resident

Characteristics Report, at least 55% of public housing households have incomes below 30% of area median and at least another 17% have incomes below 50% of their area median. The average annual income for a public housing household in the United States is \$13,414, in the city of Los Angeles, it is \$15,810, and in Charleston, West Virginia it is \$10,262. This is precisely the population for which there is a significant shortage of affordable and available rental housing in the private market place.

Need for Units Affordable to Extremely Low Income Households

For every 100 extremely low income households in the United States, there are just 37 rental homes that are affordable and available to them.¹ As a result, these households pay precariously high portions of their income for the homes, leaving little left for other necessities. Nearly three quarters (71%) of ELI renter households spent over half of their incomes for housing in 2007, and the average ELI renter spent 83% of household income on housing.²

According to NLIHC's analysis of the 2008 American Community Survey (ACS), there are 9.2 million extremely low income renter households and only 6.1 million rental units that they can afford, using the standard affordability measure of spending no more than 30% of household income on gross housing costs. The result is an absolute shortage of 3.1 million rental homes for this income population nationwide. This is the only income group for whom there is an absolute shortage. In actuality, the situation is much more dire, because many of the units that are affordable to extremely low income households are in fact rented and occupied by higher income households. So, on a nationwide basis, the shortage of affordable and available rental homes for extremely low income households is 5.8 million.³

Preserving Existing Housing Stock

It is precisely because of the lack of affordable housing for extremely low income households that federal housing policy must focus on preserving the federally subsidized units we currently have while also increasing the number of units affordable to extremely low income households through programs like the National Housing Trust Fund.

In addition to preserving these homes, ensuring that existing tenants have access to the redeveloped homes, are included in the decision-making processes, and are given real choices about where they will live during and after redevelopment brings an underpinning of social justice to the policies that protect the hard units. How current residents fare and the availability of this housing to future tenants should be the focus of any redevelopment of distressed stock. We applaud the bills for addressing both the preservation of these homes and protecting the rights of tenants.

¹ Pelletiere, D. (2009). *Preliminary assessment of American Community Survey data shows housing affordability gap worsened for lowest income households from 2007 to 2008*. Washington, DC: National Low Income Housing Coalition.

² Ibid.

³ Ibid.

NLIHC strongly supported the Chairwoman's H.R. 3524 from the 110th Congress. This bill would have reformed HUD's severely distressed public housing revitalization program, HOPE VI. The serious shortfalls of the HOPE VI program that would have been corrected by that legislation are occurring nationwide, well beyond the boundaries of the relatively small HOPE VI competitive grant program. This is happening as more and more housing agencies exercise their ability to demolish or dispose of their public housing stock.

About five years ago, the Resident Advisory Board in Buffalo was able to work with the housing authority to cancel its plan to demolish more than 180 public housing units. Buffalo's plan was to replace these with about 120 units, 40 of which would have been affordable to public housing residents, 40 of which would have been leased under a rent-to-own plan, and 40 of which would have been homeownership units, likely out of reach to most every current public housing tenant. In the Buffalo area of New York, we have a shortage of almost 40,000 units that are affordable and available to extremely low income households. And, more than 85% of the households in my area paying more than half of their incomes toward rent are extremely low income households. That the Buffalo housing authority could have contributed to this shortage is unconscionable. Unfortunately, many housing agencies have jettisoned their public housing units.

This ability, initially granted in 1983, was made infinitely more damaging in 1995 when Congress began suspending the requirement that housing agencies replace, on a one-for-one basis, any public housing lost through demolition or disposition. In response to inquiries made by Chair Frank and Chairwoman Waters in 2008, HUD released information that it had approved, since 2000, the demolition or disposition of more than 99,000 public housing units and applications for the demolition or disposition of another 16,672 units were pending at that time. More than 60% of the replacement housing for this demolished or sold-off housing, HUD said in 2008, was in the form of tenant-based rental assistance vouchers.

NLIHC strongly supports a significant increase to the number of housing choice vouchers in the United States. We urge Congress to double the size of the voucher program, to serve four million households, over the next 10 years.

However, to increase the housing choice voucher program while we continue to hemorrhage affordable, subsidized hard units is quite counterproductive. The reality is that communities need both hard public housing units and tenant-based rental assistance vouchers, and that one is not an adequate substitute for the other.

Public housing is often able to better serve a lower income population than vouchers because public housing is often more affordable than having a voucher, which can require security and utility deposits that are prohibitively expensive.

Public housing is also home to an older population than exists in the voucher program. Public housing settings can provide the location to provide services, to public housing residents and

others, to allow people to age in place. For a sub-set of people with disabilities, public housing can also be more beneficial than vouchers because it can be difficult to find accessible units in the private market and because people with disabilities may have difficulty searching for a home with a voucher. And, without housing counseling, the costs and processes involved with moving with a voucher can force any household into neighborhoods they might rather avoid or force them to give up their rental assistance altogether. NLIHC supports the reforms put forth by the Committee in the Section 8 Voucher Reform Act, which we believe will strengthen the program significantly, and in increasing the size of the voucher program.

The Public Housing One-for-One Replacement and Tenant Protection Act

NLIHC applauds the applicability of the bill's provisions to not just demolition and disposition applications but also to the mandatory and voluntary conversion of public housing units to tenant-based vouchers. Enactment of this legislation will bring a uniform set of rights and responsibilities for all public housing agencies and tenants, including the right of residents to enforce this Act, which we strongly support.

One-for-One Replacement

NLIHC strongly supports the bill's requirement that each public housing unit demolished or disposed of after January 1, 2005 must be replaced with a newly constructed, rehabilitated, or purchased unit (including through project-based assistance) that is subject to requirements regarding eligibility for occupancy, tenant contribution toward rent, and long-term affordable use restrictions that are comparable to public housing. While we believe it is clearly the intent of the bill, we would urge that it make explicitly clear that all of the one for one replacement housing units must be rental units. The bill clearly mollifies the stress felt by public housing tenants that the future of their affordable housing is in constant jeopardy.

HUD Consideration of Demolition and Disposition Applications

Currently, if a housing agency certifies in its demolition or disposition application to HUD that a variety of requirements are met, the HUD Secretary must approve the application. This bill would give the HUD Secretary considerably more oversight and responsibility for the approval of any demolition or disposition application, which NLIHC supports. It would also allow HUD's approval only after the Secretary has substantial evidence that certain requirements are met, including a new requirement that the housing agency knows the replacement housing reference for each resident.

This section of the bill would also add three new reasons for when HUD must disapprove an application, all of which NLIHC supports: 1) because the application does not provide for active involvement, participation, and consultation with residents, resident advisory boards, and resident councils in the planning and implementation of the demolition, relocation, and replacement of unit; 2) because the demolition, disposition, conversion to vouchers, relocation, or replacement housing will not be carried out in a manner that affirmatively furthers fair housing, or that the actions proposed by the housing agency to mitigate adverse impacts

associated with the application are clearly insufficient or inappropriate; and, 3) the application does not comply with the new one-for-one replacement requirement.

Location of Replacement Units and Right to Return

NLIHC supports the bill's provision that at least one-third of replacement units be built back on site, unless construction would violate a consent decree or the land is unsafe or unsuitable. NLIHC would also support replacement housing being built in the same neighborhood of the original public housing site. These requirements would help ensure that residents have a true right to return.

The bill also requires that residents are asked about their desire to return to the replacement housing units constructed on the original public housing location. NLIHC believes that this provision would be significantly more meaningful if it was linked to the rebuilding requirement. We suggest that the developer be required to rebuild on site (or in the neighborhood as we recommended) at least one-third of the replacement housing units and as many as are required to house all the residents who have expressed a desire to return to the original neighborhood. As mentioned above, we are concerned that there will be instances where more than one-third of residents wish to move back to the original site (or neighborhood) but the housing agency will only be required to replace one-third of the units. For any residents who are unable to access the one-third of the units rebuilt on site, the right to return is meaningless. Thus, we would urge that the replacement requirement on site be increased when more than one-third of residents declare they wish to return to the original site.

NLIHC also supports the bill's provisions that housing agencies or other housing managers of replacement housing would be prohibited from preventing tenants from occupying the replacement housing through the application of any eligibility, screening, occupancy, or other policy or practice. We support the bill's requirement that any tenant on the date of the initial public housing agency plan indicating the intent to apply for a demolition application must be allowed to return to the replacement housing unless their tenancy or right of occupancy has been validly terminated.

Tenant Notification and Involvement Requirements

The bill's requirements for when housing agencies must communicate with public housing tenants about demolition and disposition, what information must be conveyed, what information must be collected from tenants, and the ongoing nature of these communications, will greatly improve the demolition and disposition process. NLIHC agrees that such requirements should be statutory.

Relocation Policies

NLIHC strongly supports the bill's provision to subject all relocation activities resulting from demolition or disposition to the Uniform Relocation and Real Property Acquisition Act (URA). Where existing laws are more protective of tenants, they would continue to apply. Compared to the URA, the current laws governing displacement resulting from demolition and disposition, which are in Section 18 of the United States Housing Act of 1937, are short on guidance and

interpretation. For example, under Section 18, actual and reasonable relocation expenses are determined by each housing agency; under the URA, such expenses are standardized nationwide according to a schedule issued by the Department of Transportation. Another example is that the URA has a differential replacement housing payment to compensate for the increased cost of using a Section 8 voucher as opposed to public housing for the first 42 months; Section 18 has no such differential cost benefit.

NLIHC would also support, for residents who choose to relocate to off-site housing, a move-once policy. That is, HUD should be required to limit the timing of relocation until all off-site relocation units are available for occupancy so that these residents only have to move once.

Rights of Tenants in Replacement Housing

NLIHC strongly supports the provisions of the bill requiring that tenants in the replacement housing units have all the rights of tenants in public housing. We would also like to see that applicants also have all of the rights of applicants in public housing programs, including the right to have an administrative hearing to review a denial of their application.

Affirmatively Furthering Fair Housing

We also recommend including housing mobility counseling as part of the relocation process. The URA will provide some benefits in this area, but specific housing mobility counseling could also help households during the relocation process by assisting with active landlord recruitment, one-on-one housing counseling, the use of exception rents to provide tenants with greater choice, community tours, and credit repair or other training and education sessions.

Public Housing Preservation and Rehabilitation Act

NLIHC is also pleased to support Chairman Frank's draft Public Housing Preservation and Rehabilitation Act. This bill would provide new tools to help preserve public housing, including authorizing a federal loan guarantee for the rehabilitation of public housing units, to be backed by a housing agency's future capital grants, incentives for housing agencies to directly finance energy efficiency improvements, and a clear path for continued public ownership of public housing if public housing is preserved with low income housing tax credits.

NLIHC strongly supports the authorization of appropriations for grants to public housing agencies to convert public housing units to assisted living. More than 300,000 public housing units include someone 62 years old or older. For extremely low income seniors, the ability to age in place is most often a fantasy because of the exorbitant costs of assisted living facilities, or costs of assistance with activities of daily living. HUD's Section 202 Housing for the Elderly program has long had access to an assisted living conversion program. But, housing agencies have lacked a comparable grant program that could assist public housing's older and frailer residents age in place. In addition to conversion to assisted living facilities, NLIHC would also support funds to allow space for the provision of additional services and funds to ensure that all elderly properties could benefit from an on-site service coordinator. The population of seniors

in public housing is the very same population that becomes prematurely institutionalized in nursing homes because of access to a few, often simple, services to help with activities of daily living.

Transforming Rental Assistance

While not a topic of today's hearing, it seems relevant for NLIHC to take the opportunity to comment on HUD's proposed Transforming Rental Assistance (TRA) initiative. HUD's stated goals for TRA are to preserve public and assisted housing, streamline HUD's rental assistance programs, and give residents a choice of where to live by providing them with a voucher. NLIHC has approached this bold proposal to convert 300,000 units of mostly public housing in FY11 with optimism. We can see tremendous benefits of allowing housing agencies the ability to access new capital sources, of regionalizing the administration of voucher programs, of bringing HUD's disparate programs under fewer sets of rules, and of providing a resident choice option to residents who are currently in a use-it-or-lose-it situation with their place-based housing assistance.

We look forward to seeing the details of HUD's TRA proposal. Until then, our optimism is blanketed with questions about potential changes to resident participation and resident rights, public ownership and permanent affordability, and questions around the resident choice option. In these questions, NLIHC stands united with the broad issues raised recently by the Resident Engagement Initiative, in which I participate, that met with HUD Secretary Donovan in January and again on April 14 to specifically discuss resident questions on TRA. It is NLIHC's hope that HUD's proposal, when announced in detail, will meet the many questions raised by the Resident Engagement Initiative.

Thank you for considering our views on these proposals to preserve public housing.

NLIHC Principles on Public Housing Redevelopment

In 2008, NLIHC convened an advisory group to develop principles to guide us toward the future of public housing. **The following principles reflect our views on public housing revitalization and replacement and on public housing in general:**

1. There is an intrinsic value of public housing being **publicly owned**. Public housing has a critical place among a community's array of housing choices. Public housing serves extremely low and very low income households, groups that most state and local housing resources do not reach.
2. **Full resident participation** is critical to successful public housing. Involved tenants share responsibility for maintaining their community, have a vested interest in the future of their homes and have a first-hand understanding of how their housing is managed. There must be regular opportunities for meaningful resident input into the operations of public housing. In order for resident participation to be meaningful, residents must be equipped to organize and participate in decision-making processes.
3. At a minimum, current **income targeting** requirements must be met. At least 40% of new annual admissions must have incomes below 30% of area median income. This is significant because this below 30% AMI population has the nation's most significant housing cost burdens. Nationally, 71% of renters and 64% of owners in this income group pay more than half of their incomes toward housing costs. Public housing serves our nation's most critical housing needs. In 2006, 73% of households in residence had incomes at or below 30% of area median income.
4. Tenant contributions for **rents must be affordable**. Tenant contributions for rents must be tied to individual household incomes and must be affordable to each household.

NLIHC supports the rent simplification proposals in the Section 8 Voucher Reform Act. We oppose, however, efforts for "rent reform," including the provision in the House's Section 8 Voucher Reform Act that would allow public housing agencies to establish alternative rent structures for residents. Brooke rents must be maintained and each household should pay a rent based on a percentage of their unique household. Alternative rent structures, we believe, will pull rents away from the Brooke standard of affordability and are a misguided response to the insufficient federal investment in public housing operating subsidies.

5. The **need to raise private capital should not drive other decisions** that are contrary to the interests of residents and others in need of affordable housing. Where there is private funding of public housing redevelopment, the ongoing federal subsidies must be adequate to ensure that these interests, including the need to serve extremely low income households, the necessity that tenant contributions for rents be affordable to each household and the right of residents and others to participate in the decisions impacting public housing, can be met.

6. **Admission criteria** should be directly related to an applicant's ability to fulfill the obligations of an assisted lease and individual circumstances must be considered for each applicant who is not categorically excluded.

7. **Every revitalization, demolition, and replacement plan** must take into account the extent to which public housing in that housing market area has operated to create and perpetuate racial and economic segregation of low income families. Public housing redevelopment, where units are demolished and replaced, must endorse a policy of expansion of public housing opportunities - sufficient to provide realistic public housing opportunities both throughout non-minority communities within the same or other jurisdictions, while at the same time offering newly developed housing in minority, low income communities. Redevelopment of severely distressed public housing, demolition and disposition must provide for the one-for-one replacement of all hard units lost with waivers for extraordinary circumstances. Residents impacted by redevelopment must have the right to choose to return to a redeveloped on-site unit, or to choose to move to an assisted unit in a low poverty, racially integrated neighborhood. Existing residents should fully benefit from any redevelopment, whether on-site or off-site, and must not be subject to admission screening criteria.

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