

**The United States House of Representatives  
Committee on Financial Services  
Subcommittee on Housing and Community Opportunity**

**Testimony of Bill Faith  
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Chair, Board of Directors, National Low Income Housing Coalition**

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Chairman Roukema, Ranking Member Frank, and members of the Subcommittee, I am Bill Faith and I chair the Board of Directors of the National Low Income Housing Coalition. I am from Columbus, Ohio, where I serve as the Executive Director of COHHIO, the Coalition on Housing and Homelessness in Ohio, a state-wide housing coalition with goals similar to that of the National Low Income Housing Coalition.

I am honored to be here today to represent the National Low Income Housing Coalition whose members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, housing researchers, private property owners and developers, state and local government agencies, faith-based organizations, residents of public and assisted housing, and other people concerned about low income housing.

The National Low Income Housing Coalition is dedicated solely to ending the affordable housing crisis in America. We believe that this is an achievable objective, a problem well within the capacity of Americans to solve. While we are concerned about the housing circumstances of all low income people, we focus our attention on

the lowest income people who by all accounts have the most acute housing problems.

Before beginning my testimony on proposals to advance the production and preservation of affordable housing, I would like to take this opportunity to express our gratitude to both Mrs. Roukema and Mr. Frank, and your staff on the subcommittee, as well the members of the Ohio delegation, Mr. Tiberi, Mr. Ney, Mr. Oxley, and Ms. Tubbs-Jones for your ongoing intervention with HUD to assure payment to the OTAG and ITAG grantees. Were it not for your help and your colleagues in the Senate, many tenant and other non-profit organizations working to preserve valuable affordable housing stock and prevent displacement of thousands of low income residents would have had to close down or declare bankruptcy because of HUD's decision to hold up payments on already existing contracts. Although we have not yet negotiated complete payment for work already performed or resumption of work for all grantees, with your help, we are a lot closer to resolving this situation.

I also want to commend you, Mrs. Roukema, for convening this hearing to discuss HR 3995, the Housing Affordability for America Act of 2002, and HR 2349, the National Affordable Housing Trust Fund Act of 2001. This hearing builds on the important work the subcommittee did last year to study the extent and depth of the affordable housing crisis. Those hearings were widely regarded as thorough, balanced, and an advancement in Congressional insight about low income housing issues.

I would like to update the record of last year's hearings with the latest NLIHC analysis of the disparity between housing costs and income in every jurisdiction in the country. Attached are materials from the 2001 edition of Out of Reach, which reports, for example, that the wage that one must earn to afford a typical two-bedroom rental unit in Columbus, OH is \$12.04 an hour. In 33 states, two full time minimum wage jobs per household are insufficient to afford modest rental housing, and in three states, including New Jersey, three minimum wage jobs are not enough. The national aggregate housing wage is \$13.87 an hour, well above what most service workers and former welfare recipients earn per hour.

My remarks today are about the proposal for a new component of the HOME program and the campaign to establish a national housing trust fund. Next week, my colleague Telissa Dowling, an NLIHC board member from New Jersey, will testify about the public housing and Section 8 provisions of HR 3995. I want to express our support for the thrifty production voucher proposal that is included in HR 3995 and associate myself with the testimony of Barbara Sard, also a member of the NLIHC board, who will address that section of HR 3995 specifically. This proposal germinated from the National Housing Trust Fund Campaign in order to address the operating costs of rental housing produced through the trust fund. Thrifty production vouchers hold great promise for addressing the longstanding dilemma of finding a cost effective way of bridging the gap between what it costs to operate modest rental housing and the earnings of extremely low income people.

I am also very pleased that you will hear testimony from Mary Brooks, the mother of the housing trust fund movement and the nation's foremost expert on this

important source of affordable housing funding. In Ohio, we are fortunate to have a state housing trust fund and local housing trust funds in Columbus, Dayton, and Akron. What Mary's research validates is that as important as state and local housing trust funds are to the overall inventory of housing production and preservation resources, collectively they do not add up to the scope of investment that is required to alter the decline in the quantity and quality of housing stock that the lowest income households can afford. The annual amount generated from the four housing trust funds in Ohio is less than \$30 million a year or about 40% of Ohio's total HOME allocation. A substantial increase in the federal investment is required.

After over 25 years of housing policy advocacy with and on behalf of low income people, the National Low Income Housing Coalition has come to understand that there is not a single solution to the affordable housing crisis, but rather multiple interventions are required. First, we must preserve the viable subsidized housing stock we already have, preventing further depletion of housing in which federal taxpayers have invested billions of dollars. Gains made in adding to the supply of affordable housing through new production should not be offset by losses in the existing stock. Ohio has the third highest number of Section 8, project-based units in the country, behind only New York and California. Every county in Ohio has at least one Section 8 development. Despite Ohio's efforts to preserve this housing stock; despite many successes in transferring ownership to new owners who will maintain the housing as affordable; and despite preservation being a priority in our Low Income Housing Tax Credit Program, our HOME program, our bond financing,

and our state housing trust fund, Ohio still has 58,000 units (with over 150,000 elderly, disabled, or low income residents) in jeopardy of being lost to the affordable housing supply. Ohio has lost 2900 units where owners have opted out of the Section 8 program and there are 2,000 more units where an opt-out is pending. More money is needed to be able to purchase and renovate buildings, and to keep them affordable. We are pleased that preservation is an eligible activity in both HR 3995 and HR 2349.

Second, we must increase low wage workers' purchasing power in the housing market with increased tenant-based housing assistance or housing vouchers. We must improve the housing market's response to voucher holders by breaking down the barriers to successful voucher use by low income people. Imagine being on the waiting list for a voucher for years on end, all the while struggling to maintain a home while paying an excessive portion of your income on housing costs. Finally you rise to the top of the voucher waiting list and are issued a voucher. You spend weeks searching for a suitable home that you can rent with a voucher, only to come to the end of your time limit without finding a place to use your voucher. You have to relinquish it and go back to the end of the line. In too many communities the voucher program has become an exercise in social Darwinism, rather than an effective intervention in the growing mismatch between what low income people earn and what housing costs.

The third element of a comprehensive housing policy is programs that support building new housing or rehabilitating existing housing. If we are to address the most serious housing problems in America, that is, extreme housing cost burdens, poor

quality housing, and homelessness, we have to couple tenant-based assistance with actual units of housing. The emphasis in recent years on more vouchers as the solution to the affordable housing crisis for extremely low income people is based on the assumption that there is a sufficient supply of housing to rent with vouchers. This assumption contradicts the real experience in community after community where there simply are not enough places to rent that are affordable and accessible with a voucher. Thus there is a need for expanded capital resources for housing production, rehabilitation, and preservation. While there are housing affordability problems for many low and moderate income people, the data are overwhelming that the most acute affordable housing shortage is for households that are extremely low income or with incomes less than 30% of the area median. In Columbus, OH, we have had some success in addressing homelessness through our Rebuilding Lives Initiative, because we have been able to assemble both capital dollars for production or rehabilitation and vouchers for operating subsidies.

Fortunately, the sponsors and co-sponsors of HR 3995 and HR 2349 understand the data and both bills create new sources of funding for housing production that the lowest income people can afford. The three things that these bills have in common that are exemplary are: one, simply acknowledging the need for new production; two, having the good sense to include preservation as an eligible activity; and three, directing significant percentages of the resources to the income group that needs federal assistance the most.

HR 3995 proposes to add a new component to the HOME program that would be exclusively dedicated to rental housing production and preservation for very low

and extremely low income households. The funds would be distributed to states and localities based on a formula that reflects relative need of each community. Each jurisdiction would be required to provide a match, although the match can include other federal funds. We are concerned about the proposed changes to the HOME rents for the production and preservation program, and advise closer examination of that provision to prevent unintended consequences such as accelerating rents.

Our major concern with the HOME proposal in HR 3995 is the use of recaptured Section 8 funds as the source of funding. We remain committed to 100% utilization of Section 8 dollars through improved voucher utilization, and thus object to the redirection of these funds away from their intended purpose. Further, with the differential targeting between the voucher program and this proposal (75% < 30% AMI; 50% < 30% AMI respectively), fewer extremely low income people would be served under this proposal. Finally, the level of Section 8 recaptures does not equal the level of funding that we think is required to seriously impact the housing shortage. This year the City of Columbus has \$1,500,000 in HOME funds to distribute and over \$12,000,000 in requests. If that experience is typical of most cities, you can see the limitations of funding levels that are small incremental increases over current allocations.

Thus, while we think the production and preservation proposal in HR 3995 warrants further exploration, we remain committed to the National Housing Trust Fund as the key to new production and preservation resources. The amount of funding envisioned through the use of FHA profits has enough promise to alter the dynamics of the housing market in a manner that will give the lowest income

families, and thus everyone else, greater housing choice. We know that there are concerns about trust funds in general and the use of FHA profits as the source of capitalizing the national housing trust funds specifically. But in the absence of the political will to allocate substantial new funds to housing production and preservation, this is the most viable approach proposed to date. The most recent actuarial review by Deloitte & Touche reveals a healthy program with extensive earnings forecasted. A copy of the Deloitte & Touche report Executive Summary, with a press release from the HUD Secretary extolling the value of the fund, is attached for your review.

We are grateful to Mr. Sanders for his strong commitment to a major new investment in housing production and preservation, to the 172 members of the House of Representatives who have co-sponsored HR 2349, to the growing number of local elected officials who have endorsed the establishment of a national housing trust fund, and to the over 2000 organizations in every state that have signed on to the national housing trust fund campaign. I would like to enter into the record the most updated list of trust fund endorsers.

We urge all the members of the subcommittee to co-sponsor the National Housing Trust Fund bill in recognition of the severity of the housing crisis. We look forward to working with all of you as you take the lead in the United States House of Representatives in expanding the federal investment in the national housing goal of safe, decent, affordable housing in a suitable environment for all Americans. We can afford to do this; we can't afford not to.

Thank you again for this opportunity to represent the members of the National Low Income Housing Coalition at this important hearing today.