

Chairwoman Waters, Ranking Member McHenry, thank you for the invitation to testify before you and your Committee. I appreciate the opportunity to discuss the desperate need for further help among families and communities hit hard by COVID-19. While I will focus primarily on housing, I will also discuss other critical needs given the depth and breadth of the crisis.

During my career of public service as Housing Commissioner in New York City and Housing Secretary and Budget Director for President Obama, I have helped families and communities recover after 9/11, the housing crisis and Great Recession, Hurricanes Sandy and Katrina, outbreaks of Ebola and Zika, and numerous other natural and man-made disasters. No matter how different, these disasters share an unfortunate characteristic: those who were the most vulnerable before the crisis were hurt the hardest by the crisis itself. As we have seen in tragic terms, people of color, seniors, people with disabilities, and other groups are disproportionately likely to get sick or die during the COVID-19 crisis, and to suffer from the economic harm it inflicts. Given this reality, it is critical that Congress provide not only direct financial assistance to a broad group of families and small businesses, but also housing and other assistance that is targeted to the most vulnerable to help them recover from the damage.

What's more, this damage compounds historical racism rooted in unequal housing and neighborhoods. Government-sponsored discrimination and segregation contributed to the wide disparities in housing quality, wealth creation and neighborhood opportunity between Black and white households, so it is only right that housing assistance must be a part of the remedy for the unequal impact of COVID-19. It remains deeply unjust that in America, we can predict a child's health, wealth, and other life chances based on the zip code she is born in. I urge Congress to use this moment of crisis to invest in housing assistance and other tools that can begin to remedy this injustice and build a fairer, more inclusive nation.

COVID's impact on Housing:

Before the pandemic, almost 600,000 people experienced homelessness on any given night¹ and almost 11 million people paid more than 50 percent of their income on rent². The current crisis is showing unmistakable signs of deepening America's homeless and housing crisis. Low wage workers have been particularly hard hit by COVID-19, as many of the job losses are heavily concentrated in industries that pay low average wages. Many of these workers were struggling with high housing costs and low incomes before the crisis hit, and now have little or no financial cushion to fall back on.

According to the Census Bureau's weekly Household Pulse Survey, approximately 13.1 million adults — or 1 in 5 renters — were behind on rent for the week ending July 7th. Renters who are

¹ <https://files.hudexchange.info/resources/documents/2019-AHAR-Part-1.pdf>

² https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf

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parents or live with children are more than twice as likely to be behind on rent compared to adults not living with anyone under age 18. Some 7 million children live in a household that is behind on rent, forcing terrible choices between buying enough to eat, medicine to stay healthy and other necessities or avoiding eviction and even homelessness. The Household Pulse Survey was initiated in April, and therefore there is no baseline data from before the pandemic; however, these numbers have increased since the Census Bureau began conducting the survey.

The pandemic demands several housing-related solutions for people with the fewest resources:

- People with low incomes are finding it even harder to pay their rent if they have lost their jobs or seen reductions in their wages (due to reduced shifts at work for example). They need eviction prevention help to pay rent while their jobs are in flux. We must remember that in parts of the country where COVID-19 remains a growing threat, providing adequate resources to these low-income families will not only protect them, but also protect public health by ensuring they do not return to workplaces prematurely and contribute to the spread of the virus.
- People in HUD-assisted housing also need to be protected. While their rent contribution can be reduced based on their income, housing agencies' budgets did not account for this sudden reduction in individual household rent contribution. More resources are needed to fill gaps so that housing agencies can continue distributing voucher assistance, properly maintain public housing properties, and deliver additional pandemic-related services, especially to seniors and people with disabilities.
- People experiencing homelessness need extra help finding shelter, food, and personal hygiene options that also allow them to adhere to CDC social distancing guidelines. Providers need additional resources for outreach to people who live on the street because their needs have also intensified. With business closed, they have fewer places to find food or use the bathroom. We know that several communities are temporarily housing people in hotels and motels, but rental assistance will be needed to avoid returning people to the streets.
- People with complex needs who might end up chronically homeless or require sustained assistance need housing vouchers to stay stably housed. Housing agencies are stretched thin and efforts to address chronic homelessness or other high-need populations may be stalled without additional assistance.

Impact of Families First & CARES legislation:

Early evidence suggests that relief measures included in the Families First Act and the CARES Act, like expanded unemployment benefits; direct stimulus payments, increased food assistance, and an eviction moratorium for most federally subsidized properties, have helped families pay their bills. For example, Harvard economist Raj Chetty and his colleagues at Opportunity Insights found that while spending fell sharply for almost all consumers early in the crisis, it rose

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back to near pre-crisis levels for low-income consumers once they had access to relief measures. Also, the Urban Institute estimates that the expanded unemployment benefits available under the CARES Act have replaced roughly three-quarters of the income that renter households have recently lost. The same wasn't true for higher income households whose spending has remained low. These households have more discretionary spending in regular economic times that they use for children's activities, eating out, buying clothes, and other activities that are limited when business are shut down due to the pandemic. Low-income households spend their income on necessities, and relief measures filled in the gaps created by lost income and increased prices.

Specific to housing, the CARES Act included about \$12 billion for HUD programs and included a moratorium on evictions in federally subsidized properties (several states and localities also implemented eviction moratoriums that filled in the gaps left by the federal moratorium). Communities are making progress utilizing these resources to help households facing housing insecurity. For example, the CARES Act included:

- \$4 billion for homeless services. Localities are using those resources to pay for hotels and motels as temporary housing for people who contract COVID-19 or are at high risk, shelters are being reconfigured, outreach workers are delivering food, personal hygiene supplies, and health care services to people living on the street, and many cities have halted local sweeps that typically disperse people living on the street making it harder to serve them. They are also using these funds for homelessness prevention and for re-housing people in unsheltered locations or congregate facilities.
- About \$3 billion in added funding to provide decent, stable housing to families with rental assistance. This includes \$650 million for public housing, \$1.25 billion for the Housing Choice Voucher program, and \$1 billion for Project-Based Rental Assistance.
- \$5 billion for Community Development Block Grants to cities and states. This includes \$2 billion allocated to states and units of local governments that received an allocation under the FY20 formula. Another \$1 billion will go to states and insular areas based on public health needs, the risk of transmission, the number of coronavirus cases, and economic and housing market disruptions, and the remaining \$2 billion will be allocated to states and units of local government based on the prevalence and risk of COVID-19 and related economic and housing disruptions resulting from coronavirus.
- Over \$450 million to help an array of populations who will have special housing needs at this critical time such as veterans, people experiencing domestic violence at home, youth experiencing homelessness, and Native Americans. This includes:
- \$300 million for HUD's Native American Programs - \$200 million will be distributed through the Native American Housing Block Grants program to help agencies maintain normal operations and support other activities necessary to help people remain stably housed

and healthy during this crisis. \$100 million will be available for grants to expand services related to this crisis.

- \$65 million for the Housing Opportunities for Persons with AIDS program - \$50 million will be distributed via the regular funding formula and \$10 million will be available for grants. These resources can be used for temporary rental assistance, utility payments, or health and social services.
- \$25 million for youth experiencing homelessness who are impacted by the coronavirus

What Congress should do next:

The resources provided in the Families First and CARES Acts did not anticipate that the health and economic crisis would last as long as is now projected. We also know from past recessions that, even if the health pandemic ends in 2021, economic recovery, especially for people with the lowest income, will be slow (even slower for people of color who have low incomes).³ Housing costs are typically a low-income family's largest expense and people already experiencing homelessness need additional help.

To provide a strong, comprehensive response to COVID-19, Congress should help communities provide a combination of rental assistance options that help address short to long term needs. This multi-pronged approach is needed to prevent evictions and other hardship among renters during the pandemic. In particular, the federal response should target resources to three populations; those currently experiencing homelessness; those at risk of homelessness, and those households that will need longer term help to remain housed. The next relief package must also extend the federal eviction and foreclosure moratorium to avert a spike in evictions, which would harm families, further destabilize communities and weaken the economy.

Key elements of this approach include:

- **Funding for eviction prevention.** The Heroes Act provides \$100 billion in funding for short and medium-term rental assistance for low-income households that have insufficient resources to pay their rental costs due to pandemic related financial hardships. This funding will help low-income renters avoid eviction as rent moratoriums and other assistance expire. This funding goes directly to nearly 400 state and local government agencies that are well-positioned to partner with other local agencies to deliver aid efficiently.
- **Emergency housing vouchers.** These would pay rent for households that are homeless, have extremely low incomes and are at risk of homelessness, or are fleeing domestic violence. These vouchers can also help find permanent housing for the thousands of

³ <https://www.cbpp.org/research/federal-budget/cares-act-measures-strengthening-unemployment-insurance-should-continue>

people currently being placed in hotels and motels once the pandemic ends. It is unconscionable that people who are now sleeping indoors in a safe environment might be evicted back onto the streets or into shelters. Both Chairwoman Waters and Senate Banking Ranking Member Sherrod Brown have introduced proposals to provide vouchers to 200,000 households at a cost of \$10 billion. Given the scale of the crisis, I would recommend an even larger investment in emergency housing vouchers.

- **Emergency solution grants for homelessness services.** The House legislation includes \$11.5 billion in funding for homelessness-related services. This funding will help homeless services providers do a variety of things, including reorient their programs so that clients and staff can adhere to social distancing guidance as much as possible, increase outreach to people who are unsheltered, deliver medical respite services to people who contract the virus or are at heightened risk, and rehouse people experiencing unsheltered homelessness who are in temporary or congregate facilities.
- **Prevent shortfalls in rental assistance programs.** Federal rules protect HUD-assisted households that have lost income by allowing them to request a reduction in their rent payment so that they pay no more than 30 percent of their income towards rent. When the rent payment is reduced, the subsidy paid by local housing agencies increases to fill the gap. This sudden increase will strain typically tight housing agency budgets and could cause housing agencies to reduce voucher assistance, struggle to adhere to public health guidance for tenants, or further delay public housing maintenance due to insufficient funds. The Heroes Act provides \$6 billion to cover these cost increases.

Administering Housing Assistance

Legitimate questions have been raised about the capacity of HUD to effectively disburse and administer this critical aid. These concerns have emerged because of HUD's delay in releasing important implementation guidance for the CDBG-CV and ESG-CV funds appropriated in the CARES Act, prompting some members of Congress to consider tasking the Treasury Department with managing emergency rental assistance and other housing relief in the next COVID-19 package. While I agree that we should be concerned, I also believe that we can mitigate the risks with the right statutory parameters and oversight in order to allow for expert career staff to manage these funds and ensure they get into the hands of households who are hardest hit by the pandemic and its economic impact.

The career staff and experts at the Department of Housing and Urban Development are among the finest civil servants I have worked with in my career. Their mission orientation, in-depth knowledge of the housing markets and systems needed to quickly and effectively distribute aid cannot be quickly or easily replaced. The Treasury Department's expertise in the financial markets is unparalleled, but it is not well-suited to address this housing crisis given its lack of experience with programs that deliver funding directly to residents and housing providers rather

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than financial intermediaries. We should provide the government's housing experts with the tools they need to do the job that is needed in this moment.

Rather than diverting housing assistance dollars to Treasury, Congress should consider the following:

- First, ensure that the statutory language is tightly drafted to minimize the need for HUD's interpretation of Congressional intent. This makes the process of developing implementing guidance less subject to politicization and more reliant on career expertise.
- Second, provide technical assistance resources to support recipients and the communities they serve. For example, technical assistance could be used to support strategies for rural areas, historically marginalized populations, youth or survivors of domestic violence. TA can also support compliance with administrative and regulatory requirements and helps the Department with the capacity needed to properly administer the funds now and throughout the term of the program.
- Third, provide adequate funding for HUD to appropriately staff and monitor programs of this size. In my experience with the Recovery Act, term employees provided much-needed capacity to monitor recipients and provide guidance for the program.

In addition to providing housing relief, Congress must take bold aggressive action to address the economic crisis.

The relief policies that were put in place through Families First and CARES are helping people stay afloat and must be extended as the pandemic and its economic consequences continue. The federal government must also take additional steps to help people already struggling to afford the basics avoid slipping into deep poverty. These policies include:

- extending important expansions in unemployment benefits while unemployment remains high and jobs are scarce;
- boosting SNAP – the most effective form of stimulus according to Moody's Analytics – so people can get enough to eat;
- passing the FEED Act to ensure state and local governments can utilize FEMA funding to quickly stand up programs that provide meals to families while putting restaurants back to work;
- providing robust fiscal relief for states, localities, tribal nations, and U.S. territories including an increase in the federal share of Medicaid to meet rising needs for health care and avert deep cuts in education, transportation, and services for struggling residents;

- providing relief funding for childcare to ensure that providers are available when it is safe to reopen and parents can afford childcare when they are able to work;
- ensuring that immigrants and their families, hard hit by the pandemic, have access to the help they need to keep their families afloat; and
- temporarily expanding the Earned Income Tax Credit (EITC) for workers not raising kids at home and the Child Tax Credit for the lowest income children who now receive a partial credit or no credit at all because their incomes are too low.

Chairwoman Waters, Ranking Member McHenry, thank you again for the invitation to testify before you and your Committee. This is a moment of great peril for families and communities, and bold action from Congress is essential. But as my experience in crisis has shown me, if we act quickly and decisively, this nation can emerge from this moment of peril stronger and fairer.