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Written Testimony of Brian Gage
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The Subcommittee on Housing, Community Development, and Insurance Hearing:
“Preserving a Lifeline: Examining Public Housing in a Pandemic.”

Chair Cleaver, Ranking Member Stivers, and distinguished members of the Subcommittee on Housing, Community Development, and Insurance, thank you, as well as Chair Waters and Ranking Member McHenry for the invitation to testify before you about public housing as a lifeline for low-income families during the coronavirus.

The Akron Metropolitan Housing Authority (AMHA) is a public housing authority (PHA) accredited by the Affordable Housing Accreditation Board¹ and recognized by the United States Department of Housing and Urban Development (HUD) as a High Performer for our stewardship of the federal public housing and housing choice voucher programs in Summit County, Ohio. Our public housing program consists of 4,321 apartments and single-family homes that receive federal rental subsidies for low-income families, elderly households, persons with disabilities, and veterans. The agency owns or manages 492 units that are federally subsidized or financed with low-income housing tax credits and/or tax-exempt bonds. AMHA also administers rental subsidy through the housing choice voucher program to 5,366 households. Through the last year, we maintained greater than 98 percent occupancy of our public housing units and set a historic high for utilization of the voucher program.

In March of 2020, our nation faced a public health emergency, and AMHA called upon our essential frontline employees to protect and serve the families living in our communities. We transitioned swiftly into a remote work environment with flexible schedules to ensure staff was safely performing their service to the community. AMHA took direction from federal, state, and local health agencies in addressing the effects of the coronavirus. As health departments, health professionals, first responders and non-profit organizations focused on addressing the virus and preventing the spread of the coronavirus, AMHA and housing authorities across the country focused on meeting the immediate needs of residents in our developments.

Unlike many property owners, public housing agencies are required to provide much more than just housing to a much different population. Most of the public housing population is older, and many have a disability, or are suffering from underlying health conditions and are therefore particularly vulnerable to the coronavirus. The pandemic is disproportionately affecting our communities' vulnerable populations. At AMHA, we witness first-hand how fragile the social safety net is for our low-income families, senior citizens, and families with disabilities. The charge of the public housing program is to not only provide a safe and healthy home for our families to live, but also coordinate the provision of other basic needs for the senior citizens, persons with disabilities and families whom

¹ Housing Accreditation is a voluntary process that recognizes the quality of a housing organization and assists in its improvement by evaluating it against eight industry standards. Affordable Housing Accreditation brings together organizations, residents, community stakeholders, business partners, and regulators to improve governance, management and service delivery, ultimately benefiting the affordable housing industry and the public. Accreditation of affordable housing organizations rests on the belief that public and affordable housing is a necessity to the health and welfare of the population and the economic health of the communities where they exist, and that it requires national standards.

we serve. This includes coordination of the delivery of food, medical care, transportation, and personal protective equipment. Our families regularly call upon us to assist with their financial and mental health.

Efforts to Assist Residents Related to the Coronavirus

Immediately after the onset of the national health emergency, AMHA was able to secure and distribute personal protective equipment for our residents. Over the last year, we provided 4,800 health and wellness bags, including sanitizer and masks. We also realized that many residents were facing transportation challenges and did not want to risk their exposure on mass transit for short trips, for example, a trip to the grocery store. AMHA responded by facilitating 377 food or supply distributions, making available over 70,000 meals or food bags.

While this world was already moving to a more digital culture, the pandemic accelerated the needs of our nation's most vulnerable individuals. Many residents, including senior citizens and families with disabilities, found themselves without digital access as many health care visits went virtual. We also heard from families and school systems that there was a need for connectivity to facilitate remote schooling options. We responded quickly by providing 230 hotspots for families with students to connect, as well as earbuds and headphones to help children concentrate. We are now in the process of providing wireless access in all of the units at four of our properties, and hope to secure funding to provide access to all senior citizens and families living in our public housing.

Through the last few months, it has become apparent that the success of AMHA's efforts to protect public housing residents required government agencies to collaborate and coordinate. Partnering with Summit County Public Health, we provided six sites in the last month for coronavirus testing and vaccination of 524 individuals, including public housing senior citizens and individuals with disabilities. AMHA partnerships with local governments and non-profits resulted in providing \$153,780 of CARES Act Rental Assistance to 159 families that were at risk of eviction or homelessness. AMHA has fostered and perpetuated these relationships through decades of work and collaboration with the community; these partnerships are what makes public housing more than just housing.

The funding that public housing agencies received under the CARES Act facilitated this level of response. On behalf of the residents of AMHA, the Board of Trustees of AMHA, and myself, I want to express gratitude to members of Congress for providing these resources to respond to the pandemic.

As we turn the page from response to recovery, there is a significant workload that has developed because we have been focused on more urgent needs. We estimate that some work will take months to address while other greater capital needs will take years. While we focused on sanitization and making sure that emergency work orders were completed, we accrued a backlog of routine maintenance items that we now must quickly address.

We also deferred routine inspections during the health emergency and are now back to conducting those inspections, which in turn generate more routine work orders. We expect that the next 12-18 months will be spent playing catch up to get our properties back onto a standard routine maintenance schedule. This surge in work orders post pandemic will result in a higher cost of operations as we progress through recovery. This provides great opportunity for housing agencies to expand our role

as job creators in our communities. Unfortunately, the current formula calculations for operating subsidy and capital funds for the upcoming years do not contemplate this additional work and the opportunity to get our communities back to work.

How the Committee, Congress, and HUD can Help Public Housing Authorities

As the above-noted activities demonstrate, passage of the CARES Act enabled PHAs to address the pandemic through expanded critical services to residents and through adjustments in work protocols. These funds have been critical to Housing Choice Voucher and Public Housing Operating accounts, providing the necessary support to agencies to quickly respond and continue to help residents throughout the pandemic. What we have not received that would also be extremely helpful is some level of emergency capital funding.

1. Capital Funding as Part of an Infrastructure Package

Public housing is a unique and crucial affordable housing resource for nearly two million people in just over one million homes. In many cities and towns across the nation, senior citizens, veterans, persons with disabilities, and families with children rely on public housing. In some instances, no other source of housing could take its place more readily or affordably. Yet the rate of deterioration outpaces the rate of investment, and the amount needed to address annual accrual needs has far exceeded yearly federal appropriations. The total Capital Fund backlog estimate today is about \$70 billion, yet Congressional funding fails to meet even the annual accrual needs, estimated to be over \$3.4 billion.

Some level of emergency capital funding, similar to that provided under the American Reinvestment and Recovery Act of 2009 (ARRA), would be extremely helpful for PHAs to address immediate emergency capital needs around the country prior to any larger housing infrastructure investment. Under ARRA, PHAs were efficient, effective, and innovative in using allotted capital funds on projects that bolstered economic growth, created jobs, improved opportunities and quality of life for residents, and increased energy efficiency. The Government Accountability Office found that 99.9% of all public housing ARRA capital funds were obligated and expended under accelerated timeframes. With \$4 billion in capital funds, researchers found that agencies created 26 jobs for every \$1 million spent on capital projects and generated nearly \$12.5 billion in national economic activity.² Investing in public housing infrastructure helps to provide a decent quality of life for families, creates jobs, and acts as a regional economic stimulus.

These significant benefits to the economy are an additional reason for Congress to support housing as part of any infrastructure legislation and would be beneficial to AMHA's public housing infrastructure, which has been accumulating deferred capital needs for decades. Recently, AMHA conducted a portfolio-wide capital needs analysis that indicated \$300 million of capital needs in the next 10 years to replace systems that will be beyond their useful life. This recovery is a moment in time that could allow us to simultaneously spur employment and invest in public housing structures to assure the sustainability of our housing assets for the long term.

² Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements, Commissioned by PHADA, CLPHA, and NAHRO with funding from the Housing Authority Insurance (HAI) Group, 2011.

AMHA recognizes the leadership of House Financial Services Committee Chairwoman Maxine Waters, and appreciates her sponsoring the Housing is Infrastructure Act of 2020, which calls for \$70 billion for the Public Housing Capital Fund. AMHA supports this legislation and strongly urges Congress and the Administration to work together to address this long overdue investment in public housing. By addressing housing as part of any infrastructure bill, legislators will also be addressing other national priorities, including:

Coronavirus Pandemic. Only one in five households eligible for federal housing assistance receives it. This situation is sure to grow worse as the coronavirus crisis continues, under which tens of millions of Americans have filed for unemployment. Preserving public housing units and returning to occupancy those units that have deteriorated and are therefore currently uninhabitable could allow housing authorities to quickly address the health and safety needs of many lower-income families. These resources will be critical through a protracted economic recovery period even after the pandemic ends.

Racial Equity. The Capital Fund has starved for over two decades, which has caused serious deterioration of hundreds of thousands of public housing units. HUD estimates that approximately 10,000–12,000 public housing units are lost annually due to chronic underfunding and the consequent accelerating deterioration. In Akron, two-thirds of the residents living in public housing are minorities, while nationally, half of all households residing in public housing are minorities, and this population has suffered disproportionately from the substandard condition of much public housing³. Making capital funding a priority will help address the disparate impact of deteriorated public housing on communities of color while providing additional decent, safe homes to lower income households. Addressing public housing capital needs also helps respond to the health disparities in many communities of color and will result in reduced health risks, including lead-based paint, mold, and allergy triggers, such as, rodent and insect infestation. A 2016 Brookings report found that substandard housing conditions disproportionately affect black families “...and lead to health problems such as asthma, lead poisoning, heart disease, and neurological disorders.”⁴

Energy Efficiency and Conservation. Investing in public housing infrastructure would result in the replacements of old systems that are expensive and not efficient to operate. AMHA has used public housing program financing under HUD’s Energy Performance Contracting program, as well as local utility program to install some energy efficient improvements, and while these help, they are not as effective where basic infrastructure needs go unmet. For example, efficient new boilers will not save what they should if the distribution piping is leaking, and taking advantage of solar energy is not possible on a deteriorated roof. Comprehensive modernization is truly the best answer for reduced consumption of fossil fuels achieved by a variety of measures, including more efficient HVAC, domestic hot water, and lighting systems; enhanced thermal barriers in building envelopes, including insulation and high efficiency windows and doors; increased utilization of non-carbon energy sources including solar, geo-thermal and wind; and energy efficient appliances. Other related enhancements that would be accomplished in infrastructure investments include water conservation measures; resilient design features that mitigate damage caused by extreme weather (including hurricanes and floods), which is occurring far more frequently; and design modifications to facilitate recycling.

³ According to HUD’s Resident Characteristics Report, 50 percent of households residing in public housing are minorities while, according to the Census Bureau, only 40 percent of U.S. households are minorities.

⁴ Time for justice: Tackling race inequalities in health and housing, Dana Bowen Matthew, Edward Rodrigue, and Richard V. Reeves, October, 2016

2. HUD Waivers

Since the start of the pandemic, industry associations and PHAs have worked to identify, clarify, and implement the much-needed waivers authorized by the CARES Act and the HUD Secretary. Many of the operational changes that PHAs have implemented in response to the pandemic have demonstrated alternative but effective means of managing programs, some of which were previously not permissible.

The waivers provided by the CARES Act and HUD have been crucial in allowing PHAs to continue fulfilling their mission on the front lines. PHAs appreciate the extensions, additional waivers, and clarifications provided by HUD (included in HUD Notice PIH 2020-33), but they are insufficient. One such issue relates to HUD's scoring of PHAs for annual Housing Choice Voucher Program inspections through HUD's Section Eight Management Assessment Program (SEMAP), which measures the performance of PHAs that administer the voucher program in 14 key areas.

Areas assessed under SEMAP include conducting annual inspections, selecting households from the waiting list, leasing households with vouchers, ensuring that rents paid to landlords are reasonable, establishing utility allowance schedules annually, and setting payments standards. The pandemic significantly affected responsibilities under the voucher program as agencies address more pressing health, safety, and other important daily needs of residents. The inspections issue is particularly sensitive for both PHAs and residents, the latter of whom generally wish to minimize the number of visitors to their homes. It would be extremely helpful if HUD would continue to delay scoring under SEMAP and issue advisory scores only. This is the approach used in public housing, and it is unclear why this is not the standard utilized for the voucher program.

The recent American Rescue Plan Act includes \$5 billion for emergency vouchers. In the time of recovery, it becomes important to reflect on what our agencies do well in both the public housing and voucher program. The Act leverages public housing agencies decades of experience in operating a voucher program. Addressing the needs of the community and avoiding displacement of families that have become at risk of homelessness, HUD should provide flexibility for the use of funding and extend waivers for implementation to ensure PHAs serve our families quickly and efficiently.

There are many other waivers that will help residents and PHAs continue to get through the pandemic safely. AMHA, along with other PHAs and industry associations, looks forward to working with HUD and Congress to take the necessary steps to improve the efficiency and effectiveness of our country's housing assistance programs.

3. HUD Waiver on Self Inspections

In addition to the previous section on waivers, AMHA supports the action of the Public Housing Authorities Directors Association (PHADA), of which AMHA is a member, in requesting that HUD provide an extension of the existing CARES Act Waiver PH-12, through 2021, to waive the requirement that each PHA conduct an inspection of each public housing unit annually.

While PHAs, including AMHA, are interested in returning to conducting inspections, making routine repairs, and other ongoing maintenance and management functions as soon as possible, protecting the

health and safety of residents, employees, contractors, and the general public takes precedence. Reinstatement of an across-the-board inspection requirement may create additional and unnecessary risk.

Despite recent progress, the pandemic is not yet controlled, and much remains unknown. Overwhelmingly, tenants want to minimize visits to their homes and inspectors are reluctant to enter occupied units. Their concerns and hesitancy are well founded and are supported by the advice and recommendations of the CDC and other public health advisors to minimize contacts, especially in indoor spaces. In this risky and constantly evolving environment, PHAs should be able to make their own determinations based on local health risk conditions, management assessments of property risk, and available resources, as to when and how to resume various inspection and maintenance protocols.

PHADA noted in correspondence⁵ to HUD that HUD's Real Estate Assessment Center (REAC), which oversees the physical inspection processes of public housing, is not conducting third party inspections at most properties because of health and safety concerns for HUD contractors. Agencies and the industry associations believe this same standard should apply to PHA staff tasked with conducting self-inspections. In response to industry concerns, HUD has suggested alternative inspection protocols, including remote video inspections and/or grouping inspections near the end of the year, but these are not practical solutions for most PHAs.

Closing Comments

I want to thank the Chairman, Ranking Member, and the Subcommittee on Housing, Community Development, and Insurance for the opportunity to provide testimony on the important issues affecting residents and PHAs during the pandemic. AMHA is available for follow-up questions and to provide guidance to the subcommittee and HUD on best practices and the many ways Congress and HUD can help residents and PHAs across the country to not only get through this pandemic, but to thrive long after it has passed.

Respectfully Submitted,

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⁵ <https://bit.ly/3cBRnH4>