

**Written Testimony of Khalil Shahyd**

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**Committee on Financial Services**

**Hearing entitled:**

**“A Strong Foundation: How Housing is the Key to Building Back a Better  
America.”**

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Hello Chair Waters, Ranking Member McHenry, and distinguished members of the House Committee on Financial Services. I want to thank you for holding this hearing on “A Strong Foundation: How Housing is the Key to Building Back a Better America”.

My name is Khalil Shahyd. I am Managing Director for Environmental and Equity Strategies with the Natural Resources Defense Council (NRDC). NRDC is an international nonprofit organization of scientists, lawyers, and environmental specialists dedicated to advancing sustainable livelihoods, public health and the environment. Founded in 1970, NRDC has more than 3 million members and activists supporting policies to improve quality of life and protect the environment.

At NRDC, we recognize the importance of affordable housing to our work. Housing is key to addressing many of our nation’s environmental challenges, such as climate change, and uneven burdens faced by communities of color due to racialized land use policies that locate hazardous

materials and infrastructure disproportionately in our communities. We also recognize that unless deliberate actions are taken to ensure equity, the policies to address environmental crises could exacerbate the cumulative impact burdens many communities face and addressing the housing crisis provides an important solution to ensuring equitable outcomes.

For the last eight years, we have been a national partner in the Energy Efficiency for All coalition which fights to protect and enhance affordable housing through increased investments in energy efficiency and affordable housing resources for the multifamily housing sector.

Three years ago, we joined the Opportunity Starts at Home Coalition, which brings together non-affordable housing organizations to advocate for policies to expand access to housing. Because the state of our environment is intimately connected to our choices and patterns of residential settlement and development, we fight to make sure people's right to housing is realized by expanding access to the most sustainable, affordable and healthy housing options.

The United States is confronted today by the extraordinary and interconnected crises of the global pandemic, economic recession, the persistence of deep racial injustice, a rapidly destabilizing climate, and threats to the democratic foundations of the nation. Few sessions of Congress have ever shouldered a greater responsibility -- or a greater opportunity. Among the many acts of leadership that will be necessary, making it safely through these crises will require comprehensive and sustained federally led investment to recover, rebuild, and lay the foundation for a more just and stable future.

I am here today to urge Congress to pass the Build Back Better agenda including the critical investments voted for by this Committee for affordable housing development, preservation and

retrofit. Making smart investments in affordable housing will ensure that the Build Back Better agenda addresses the racial disparities in our nation's housing system that disproportionately burdens renters of color with high housing cost while devaluing homeowners in these same communities leading to an ever-widening racial wealth gap.

### There is a housing crisis in America

Make no mistake about it, we are in the midst of a protracted housing crisis that is burdening millions, weakening local economies and leaving families vulnerable to increasing incidents of extreme weather brought about by climate change.

This is a national crisis, in this there are no red states or blue states; we are unified by the fact that --- in no state, metropolitan area, or county in the U.S. can a worker earning the federal or prevailing state or local minimum wage afford a two-bedroom rental home at fair market rent by working a standard 40-hour work week<sup>1</sup>.

Extremely low-income renters in the U.S. face a shortage of 7 million affordable and available rental homes. Only 36 affordable and available homes exist for every 100 extremely low-income renter households. Seventy-one percent (7.7 million) of the nation's 10.9 million extremely low-income renter households are severely housing cost-burdened, spending more than half of their incomes on rent and utilities. Many are forced to make impossible choices between shelter and food, healthcare, education, and other basic needs<sup>2</sup>.

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<sup>1</sup> [https://reports.nlihc.org/sites/default/files/oor/OOR\\_2020.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_2020.pdf)

<sup>2</sup> [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2020.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf)

The 2020 national Housing Wage (the amount needed to earn to afford housing at below 30% of household income) was \$23.96 per hour for a modest two-bedroom rental home, or 3.3 times higher than the federal minimum wage of \$7.25 per hour<sup>3</sup>.

While the private market has never been able to produce an adequate supply of homes for extremely low-income households, the growth of low-wage work exacerbates the problem. Seven of the ten occupations projected to experience the greatest growth over the next decade provide median hourly wages that are insufficient for full-time workers to afford modest apartments<sup>4</sup>. Meaning, the problem is likely to be exacerbated in the coming years. Analysts expect that over the next 10 years more than 400,000 new renter households will enter the rental housing market, many of these households being low income<sup>5</sup>.

The COVID-19 pandemic has deepened the need, with millions still under threat of eviction and more than 8 million people plunging below a poverty line that already greatly undercounts the enormity of this crisis<sup>6</sup>.

Fully funding the Build Back Better agenda will provide important investments to address the housing crisis while creating quality jobs in existing and emerging industries to improve the livelihoods of renters and homeowners struggling with rising housing cost across our nation.

The shortage of affordable housing in major U.S. cities costs our economy \$2 trillion each year in lower wages and productivity, preventing low-income households from moving to areas with

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<sup>3</sup> [https://reports.nlihc.org/sites/default/files/oor/OOR\\_2020.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_2020.pdf)

<sup>4</sup> [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2020.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf)

<sup>5</sup> [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2021.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf)

<sup>6</sup> <https://tcf.org/content/report/defining-economic-deprivation-need-reset-poverty-line/>

more economic opportunities. A lack of affordable housing access additionally prevents families from increasing their earnings and causes a slower gross domestic product (GDP) growth. A 2015 study estimates that between 1964 and 2009, the GDP growth would have been 13.5% higher if there were more affordable housing options for families. This translates into a \$1.7 trillion increase in income overall and \$8,775 in additional wages per worker<sup>7</sup>.

Affordable housing infrastructure also helps local economies and creates jobs by leveraging public and private funds to increase earnings, increase tax revenue, and put people to work. Just one year of construction on 100 affordable rental units can generate \$11.7 million in local income and \$2.2 million in taxes and revenue, and create 161 local jobs, according to the National Association of Home Builders<sup>8</sup>.

In addition, key investments in affordable housing will also help to reduce carbon emissions and protect under-resourced communities from the impact of extreme weather events caused by climate change.

### Addressing the housing crisis is key to equitable climate action

The crisis of climate change and the affordable housing crisis are inextricably linked. Any effort to address our nation's climate crisis is incomplete without significant investments to upgrade our nation's existing and build new high-performing affordable housing.

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<sup>7</sup> <https://www.bloomberg.com/news/articles/2015-05-18/the-urban-housing-crunch-costs-the-u-s-economy-about-1-6-trillion-a-year>

<sup>8</sup> [https://www.housingfinance.com/news/housing-is-infrastructure-why-we-should-make-the-case-to-congress\\_o](https://www.housingfinance.com/news/housing-is-infrastructure-why-we-should-make-the-case-to-congress_o)

Studies have repeatedly shown that we can't meet our climate goals without bold investments in decarbonizing buildings, including energy efficiency and clean heating and cooling<sup>9</sup>. We certainly won't meet them by building status quo homes and buildings that will be used for decades to come. In addition to addressing the climate crisis, what we build today will have a major impact on future energy costs and the resilience of communities from the extreme weather due to emissions thresholds we've already crossed. As we rightfully speed investments in renewable power, we must also aggressively invest in energy efficiency and electric appliances to deliver a clean energy transition that is affordable and reliable<sup>10</sup>.

Homes and buildings in the U.S. account for nearly 40% of U.S. energy consumption and nearly a third of our greenhouse gas emissions. The health and well-being of affordable housing residents are increasingly at risk from extreme weather events and sea-level rise.

The affordable housing provisions in Build Back Better are essential to modernize the nation's housing stock to reduce its carbon footprint and make it more resilient. HUD estimates that its public and assisted housing portfolio produces 13.6 million metric tons of carbon emissions, equivalent to the carbon emitted from 2.9 million vehicles. The affordable housing provisions in Build Back Better will dramatically reduce the carbon impact of HUD housing by upgrading aging and outdated building systems and structures to be more energy efficient.

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<sup>9</sup> <https://www.nationalacademies.org/news/2021/02/new-report-charts-path-to-net-zero-carbon-emissions-by-2050-recommends-near-term-policies-to-ensure-fair-and-equitable-economic-transition-and-revitalization-of-manufacturing-industry>

<sup>10</sup> <https://www.nrel.gov/docs/fy17osti/68214.pdf>

Investing in our nation’s affordable housing to make it more energy-efficient and resilient must be a cornerstone of our nation’s climate strategy. Build Back Better includes significant investments to upgrade public housing, privately-owned subsidized affordable housing, LIHTC properties, and rural housing to reduce carbon emissions and increase resiliency and support the construction of new high-performing affordable housing.

Often, low-income and vulnerable households have very few housing options. They are left to rely on low-quality housing due to residential segregation, long-term neighborhood disinvestment, and deferred maintenance of the housing stock. These homes tend to waste energy so that low-income families pay more per square foot than higher income residents. The result is that nearly one-third of households in the United States struggle to pay energy bills and in fact, about one in five households has been forced to choose between buying food, medicine or other necessities – or paying an energy bill<sup>11</sup>.

Struggling families sometimes spend more than 20 percent of their incomes on electricity and heat—far more than the national average of 2.7 percent. That’s a lot, and for a household it often means deciding between keeping heat or lights on vs paying rent, buying food or paying for medicines or school supplies. Such high energy burdens increase the likelihood that these households will see their utility services shut off at some point. Once shut off, additional fees increase the cost of reestablishing service, and inability to pay leads to arrears that damage credit ratings that make reopening services or even qualifying for better housing difficult or impossible.

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<sup>11</sup> <https://www.eia.gov/todayinenergy/detail.php?id=37072>

High energy burdens also create hidden dangers: “Space heaters involved in 79 percent of fatal home heating fires,” when building heating systems are inadequate<sup>12</sup>.

Increasing the efficiency of residential energy consumption in the U.S. would save more than 500 million CO2 equivalent metric tons of energy annually, making a major contribution to our efforts to avoid dangerous levels of climate change.

Even as we invest in ensuring our housing stock is not contributing to the problem of climate change, we must also ensure to make them resilient against the increasing potential for harm due to existing changes in our nation’s weather patterns causing more frequent extremes such as flooding.

The number of affordable housing units at risk from flooding in coastal areas will triple by 2050<sup>13</sup>. Nearly one-third of the federally assisted housing stock (1.5 million units) is in areas with a very high or relatively high risk of significant impacts from natural hazards.

By 2050, with unchecked carbon emissions, the 100-year flood level (or the flood level with a 1% annual chance of occurring, the definition of a floodplain), could occur about at least 40 times more often at half of U.S. locations studied<sup>14</sup>.

The rising inequality in our nation that also creates uneven burdens of risk due to climate change, it is naïve to believe that “*a rising tide lifts all boats*”. Today, the rising tides driven by global

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<sup>12</sup> <https://www.nfpa.org/news-and-research/news-and-media/press-room/news-releases/2010/space-heaters-involved-in-79-percent-of-fatal-home-heating-fires>

<sup>13</sup> <https://www.climatecentral.org/news/report-coastal-flood-risk-to-affordable-housing-projected-to-triple-by-2050>

<sup>14</sup> <https://iopscience.iop.org/article/10.1088/1748-9326/aa6cb3>



warming are increasing flood threats for thousands of residents, particularly those with the least ability to adapt and recover in low-income communities and neighborhoods.

Flooding can wreak havoc on the lives of residents who live in increasingly vulnerable housing communities, threatening public health and causing profound disruption to livelihoods, education and work.

### [The House Financial Services Committee Framework Should Pass](#)

The House Financial Services (HFS) committee has already advanced a bill proposing historic investments in the federal government's affordable housing programs. The proposed law makes critically necessary investments to preserve the nation's affordable housing stock and will provide tangible relief to millions of renters and aspiring homeowners currently struggling to secure safe and affordable housing.

The bill would offer relief by providing \$75 billion for the voucher program. Of those funds, \$24 billion is earmarked for vulnerable households, including those at risk of homelessness and survivors of domestic violence.

The bill would provide \$15 billion in new funding to expand project-based assistance, with priority given to multifamily projects in priority areas that serve people experiencing homelessness or include accessible units to people with disabilities.

The bill makes a historic and long-overdue investment in the nation's public housing stock by investing \$80 billion into HUD's Capital Fund, which is used to fund rehabilitation and

modernization of public housing units<sup>15</sup>. The U.S. public housing system is a vital resource. Beyond providing a stable source of over a million units of affordable housing, public housing projects are home to some of the most vibrant and diverse communities anywhere in the country. Unfortunately, years of disinvestment have contributed to a massive capital needs backlog and significant habitability issues within the system<sup>1617</sup>.

These funds will allow HUD to fully address its current capital needs, including remediation of immediate health hazards such as lead, mold, and asbestos. The bill also instructs HUD to consider energy and water efficiency and climate resilience when spending the funds, an important step to ensure the public housing system is prepared to weather a climate-impacted future.

The HFS committee bill acknowledges the role that energy efficient affordable housing must play in our nation's climate strategy through the development of the Energy Efficiency and Climate Resilience Grant program. This program will provide \$6 billion to fund direct loans and grants to improve the energy or water efficiency, implement green features, including clean energy generation or building electrification, electric car charging station installations, or address climate resilience of multifamily properties under HUD's Section 202, Section 811 or Project-Based Rental Assistance programs around the nation.

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[https://www.urban.org/sites/default/files/publication/101482/the\\_future\\_of\\_public\\_housing\\_public\\_housing\\_fact\\_sheet\\_1.pdf](https://www.urban.org/sites/default/files/publication/101482/the_future_of_public_housing_public_housing_fact_sheet_1.pdf)

<sup>16</sup> [https://www.nahro.org/wp-content/uploads/2020/04/CAPITAL\\_FUND\\_BACKLOG\\_One-Pager.pdf](https://www.nahro.org/wp-content/uploads/2020/04/CAPITAL_FUND_BACKLOG_One-Pager.pdf)

<sup>17</sup> <https://www.hrw.org/news/2021/04/14/promise-public-housing>

However, the bill is not limited to programs retrofitting housing and apartment units individually. The program addresses community revitalization and resilience in three key programs.

First, the bill more than doubles the Community Development Block Grant program to \$8.5 billion and sets aside \$1 billion to address housing and infrastructure needs in Colonias (a type of unincorporated, low-income, slum area located along the Mexico–United States border region) and \$500 million for manufactured housing communities.

The bill also includes \$7.5 billion for a competitive Community Restoration and Revitalization Fund “for community-led projects that create civic infrastructure to support a community’s social, economic, and civic fabric, create fair, affordable and accessible housing opportunities, prevent residential displacement, acquire and remediate blighted properties, and promote quality job creation and retention.” Of the amounts provided, \$500 million is set aside for supporting community land trusts and shared equity homeownership.

Finally, the bill boosts funding for the Federal Emergency Management Agency’s flood insurance program, including \$3 billion for flood mapping and risk analysis—a vital measure to ensure that vulnerable property owners are prepared to respond to the heightened flood risks presenting by rising ocean levels and increasingly extreme weather.

## Conclusion

To avert the worst impacts of climate change, our policies must ensure both that emissions that cause climate change are reduced and that people can live in safe, affordable housing. As affordable housing becomes more difficult to access and rents continue to increase, the creation of more affordable homes is necessary. With the affordable housing crisis affecting every state,

county, and city in the nation, it is critical now more than ever for Congress to invest in affordable housing infrastructure.

Despite the limitations on data, we can conclude that a housing framework for engaging climate policy should address the following five (5) areas;

- energy use/consumption (efficiency and renewables, integrated housing and ecosystem management)
- location/ housing density and urban sprawl (both incentives to produce more dense housing in cities and suburbs and larger subsidies to help people afford it so that it's not just for the wealthy)
- residential housing and climate resilience (flood insurance reform, disaster risk abatement and emergency relocation and support)
- housing/homeownership subsidies for workers relocating in the wake of industry transition to a green economy (Housing Stabilization Fund)
- healthy homes (addressing health hazards that prohibit green retrofits in existing homes, retrofitting homes with toxic materials such lead based paints, formaldehyde and isocyanates, and mold that cause or exacerbate respiratory and other illnesses will lock in pollutants making homes a hazard rather than a refuge)

Further, reformatting housing policy to address climate change must include an appreciation of the following:

- We cannot meet our climate objectives without major upgrades in housing quality, health and safety.

- We will not meet our climate targets for emissions reduction without near complete retrofit, electrification and decarbonization of housing.
- The housing stock, particularly housing relied upon by low-income families is not adapted for or prepared for climate change.
- Existing policy and programmatic initiatives are inadequate to meet the climate challenge for affordable housing.
- Addressing affordable housing as a priority for climate action can have both direct impacts on emissions but also indirect impacts in improving the capacity of individuals and communities to act and reducing the political resistance to aggressive climate action.

Congress must act to double down on an ambitious strategy to rebuild our nation's economy, infrastructure, and struggling communities. An approach based on leveraging bold and aggressive federal investments in energy efficient, healthy and affordable housing.

Tackling the economic costs and harnessing the economic opportunities of climate change make affordable housing investments worthwhile. But with millions of Americans still struggling to afford a stable home, they are an absolute necessity.

A "whole of government" approach to addressing the climate crisis and the related challenges that confront us, begins with this Congress and must extend to all key Federal agencies including the Department of Housing and Urban Development who must be a larger actor in a just response to climate change. Ensuring a functioning social safety net for all Americans, investing in modernizing our nation's housing infrastructure, will transform the lives of many families in need. It will grow jobs today and set America on the path of economic success for decades to come.

